

**CONTROLLING OFFICER'S REPLY**

**SB142**

**(Question Serial No.1771)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (2) Anti-narcotics Investigation

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Security

Question:

Regarding enforcement against space oil drug, will the Government inform this Committee of the following:

What enforcement actions have been taken since the inclusion of etomidate into the First Schedule to the Dangerous Drugs Ordinance at the end of February 2025?

Asked by: Hon CHAN Hak-kan (LegCo internal reference no.: 8)

Reply:

The Customs and Excise Department (C&ED) has stepped up enforcement efforts and adopted a holistic approach in combating “space oil drug” at the levels of import, distribution and retail. Regarding the interception at boundary control points, C&ED has also strengthened its intelligence analysis and risk management in order to select cargoes and passengers for examination precisely. Besides, etomidate, the main active ingredient of “space oil drug”, has been added to the databases of the “Raman spectrometers” and the “ion scanners” to enhance detection capability.

From the listing of etomidate and its three analogues under the Dangerous Drugs Ordinance on 14 February 2025 to 14 March 2025, C&ED detected a total of 10 related cases with 18 suspected etomidate infused capsules and 14 grams of suspected etomidate and its analogues in powder form seized, and arrested 9 persons.

- End -

**CONTROLLING OFFICER'S REPLY****SB143****(Question Serial No. 2721)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (1) Control and EnforcementControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for SecurityQuestion:

Regarding the smuggling of raw meat and eggs and the enforcement actions taken, please provide:

the numbers of interceptions targeting illegally imported raw meat and raw eggs conducted by the Customs and Excise Department and the numbers of cases with seizures in the past 3 years (2022-23 to 2024-25), with a breakdown by control point.

Asked by: Hon HO Chun-yin, Steven (LegCo internal reference no.: 15)

Reply:

Pursuant to the Imported Game, Meat, Poultry and Eggs Regulations (Cap. 132AK), each consignment of imported game, meat, poultry and eggs must be accompanied by a health certificate issued by the issuing entity of the place of origin and/or import permission of the Food and Environmental Hygiene Department (FEHD). Offenders are liable on conviction to a maximum fine of \$50,000 and six-month imprisonment. Besides, under the Import and Export Ordinance (Cap. 60), it is required to apply for an import licence from FEHD for the import of frozen meat, chilled meat, frozen poultry or chilled poultry, and application procedures are specified in FEHD's website. These import requirements for food are imposed by the Government for public health reasons and the relevant policies fall under the purview of the Environment and Ecology Bureau.

The numbers of cases with seizures of illegally imported raw meat and raw eggs detected by the Customs and Excise Department (C&ED) at various control points in the past 3 years are tabulated below:

<b>Control Point</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Heung Yuen Wai	1	35	423
Shenzhen Bay	135	507	380
Lok Ma Chau	2	224	375
Hong Kong-Zhuhai-Macao Bridge	11	87	311

<b>Control Point</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
West Kowloon Station of the Guangzhou-Shenzhen-Hong Kong Express Rail Link	0	83	181
Lo Wu	0	32	95
Lok Ma Chau Spur Line	0	31	86
Man Kam To	11	36	81
Hong Kong International Airport	5	11	17
Sha Tau Kok	1	0	11
China Ferry Terminal	0	6	1
Hong Kong - Macau Ferry Terminal	0	0	1
Kai Tak Cruise Terminal	0	0	0
<b>Total</b>	<b>166</b>	<b>1 052</b>	<b>1 962</b>

If the above cases are suspected of contravening the Imported Game, Meat, Poultry and Eggs Regulations, they will be referred to FEHD for follow-up actions. In addition, C&ED does not maintain record of the numbers of interceptions targeting illegally imported raw meat and raw eggs.

- End -

**CONTROLLING OFFICER'S REPLY**

**SB144**

**(Question Serial No. 1874)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Security

Question:

The Customs and Excise Department indicates that it has all along been applying risk management and intelligence exchange and analysis to combat various types of smuggling activities. Such measures include monitoring and inspecting passengers, cargoes and conveyances at various control points. In this connection, will the Government advise on the following:

Since it is suggested that equipment such as X-ray machines should be used extensively at various boundary control points to enhance the inspection of items brought by arrival passengers and on inbound vehicles, has the Government considered the suggestion? If yes, what are the details? If not, what are the reasons?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 35)

Reply:

To enhance detection capability and clearance efficiency, the Customs and Excise Department is making use of artificial intelligence (AI) and big data analytics to facilitate risk management, and has fully deployed advanced non-intrusive inspection equipment, such as Computed Tomography Scanners with AI functions, auto-detection devices for X-ray checkers, Smart Under Vehicle Robots, Platform for X-ray Image Evaluation, Vehicle Inspection and Strategic Analysis System, etc., in the inspection and clearance of passengers, cargoes and vehicles at various boundary control points.

- End -

**CONTROLLING OFFICER'S REPLY**

**SB222**

**(Question Serial No. 3913)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Security

Question:

It is mentioned under the Programme that the Customs and Excise Department (C&ED) prevents and detects the smuggling of contraband, including narcotics, firearms, strategic goods, dutiable commodities, articles which infringe copyright or trade descriptions, and any other articles the importation or exportation of which is prohibited by law, through actions at control points and regular land and maritime patrols within the territory of Hong Kong; as well as administers two regulatory regimes for the Money Service Operators and for the Dealers in Precious Metals and Stones. In this regard, please inform this Committee of the following:

1). It is expected that upon the commissioning of Terminal 2, C&ED will deploy additional manpower to carry out inspections. What are the manpower expenditures involved? Is it necessary to hire additional manpower? If yes, what are the details? If not, what are the reasons?

Asked by: Hon KWOK Ling-lai, Lillian (LegCo internal reference no.: 39)

Reply:

Following the commissioning of the Three-Runway System and Terminal 2 at Hong Kong International Airport, the related passenger facilities will commence operation by phases based on passenger traffic demand. As the manpower required in each phase varies, the Customs and Excise Department (C&ED) will review its manpower needs in a timely manner to ensure that there will be sufficient manpower to cope with the relevant work. In 2025-26, C&ED's estimated expenditure under the Programme "Control and Enforcement" is \$4,797 million, involving an estimated number of 6 158 posts. As carrying out customs clearance and enforcement work to facilitate efficient cross-boundary passenger and cargo flows constitutes part of the work of the Department, it is difficult to quantify the expenditure separately.

- End -

**CONTROLLING OFFICER'S REPLY**

**SB223**

**(Question Serial No. 3727)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Security

Question:

The Customs and Excise Department (C&ED) has served as the World Customs Organization (WCO) Vice-Chairperson for the Asia/Pacific (A/P) Region from 2024 to 2026. What are the specific details of C&ED's work plan during the tenure? What are the specific details of the resources required by C&ED for the operation of the Secretariat Office of the WCO Vice-Chairperson for the A/P Region during the period, including the number of staff provided, the ranks and establishment of the staff involved as well as the associated expenditures on emoluments and fringe benefits? In view of the HKSAR Government's current requirement for all departments to reduce their recurrent expenditures, will C&ED meet the expenditure related to the Secretariat Office by deployment of staff or reduction of other departmental resources? If yes, what is the related plan? If not, what are the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 61)

Reply:

During its two-year tenure (2024 to 2026) as the World Customs Organization (WCO) Vice-Chairperson for the Asia/Pacific (A/P) Region, the Customs and Excise Department (C&ED) has been actively driving regional development agendas, co-ordinating regional affairs, leading members in addressing various challenges and facilitating the formulation and implementation of regional strategic plans, in a bid to foster mutual co-operation among members of the A/P region in striving to combat illegal activities of transnational criminal syndicates and facilitate the logistics, economic and trade development in the region, thus assisting Hong Kong to better play its role as a super-connector and a super value-adder.

The specific work plan of C&ED includes the organisation of around 20 international or regional conferences, workshops, joint enforcement actions and capacity building plans. In 2024, C&ED hosted a series of regional conferences. Apart from the regular A/P Regional Contact Points Meeting and the Regional Private Sector Group - Asia Pacific Meeting, other thematic co-operation meetings were also held, covering areas such as intelligence exchange, combating illicit cigarettes, canine enforcement, anti-money laundering, and risk management and intelligence analysis. These meetings gathered representatives from around the world to communicate and exchange views on relevant issues. The focuses of

2025 are the organisation of the WCO A/P Regional Heads of Customs Administrations Conference, as well as meetings and co-operation programmes on Authorized Economic Operators, data strategies, e-commerce, Smart Customs, and the protection of the environment and wildlife, with a view to fostering connections among law enforcement agencies in the A/P region, and promoting trade facilitation measures and development in the region.

Through the Youth Ambassadors Programme for the Secretariat Office of the WCO Vice-Chairperson for the A/P Region, C&ED also provides opportunities for young people (including members of the Customs Youth Leader Corps) to participate and assist in the events organised by the WCO Vice-Chairperson for the A/P Region, aiming to develop promising youth leaders with social responsibility, national identity and international perspective.

There are currently 11 posts in the Secretariat Office of the WCO Vice-Chairperson for the A/P Region of C&ED, of which 9 are internally deployed to the Secretariat Office within C&ED while only 1 Assistant Commissioner of Customs and Excise and 1 Assistant Superintendent of Customs and Excise are newly created time-limited posts for 2 years (2024 to 2026) to cope with the work of the Secretariat Office. The total additional expenditure on emoluments incurred as a result of the creation of the 2 time-limited posts for the period is \$7.73 million. Details of the posts in the Secretariat Office are as follows:

<b>Rank</b>	<b>Number</b>
Assistant Commissioner of Customs and Excise	1
Superintendent of Customs and Excise	1
Assistant Superintendent of Customs and Excise	1
Senior Inspector of Customs and Excise	2
Inspector of Customs and Excise	3
Senior Customs Officer	1
Customs Officer	1
Personal Secretary I	1

C&ED will flexibly deploy internal resources as circumstances require and mobilise other Customs officers in a timely manner to assist in various activities organised by the WCO Vice-Chairperson for the A/P Region.

- End -

**CONTROLLING OFFICER'S REPLY****SB224****(Question Serial No. 3728)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (2) Anti-narcotics InvestigationControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for SecurityQuestion:

“Etomidate”, commonly known as “space oil”, has become the most popular new drug in the territory recently. The Security Bureau has listed etomidate and its three analogues (metomidate, propoxate and isopropoxate) as dangerous drugs since 14 February this year. In this regard, what are the specific crime data on “space oil” including the numbers of abusers, the age groups of abusers, the numbers of persons arrested for selling “space oil”, the quantities seized and the amount of money involved in the past 2 years?

After the listing of “space oil” as a dangerous drug, what are the specific plans and measures to combat “space oil”?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 63)

Reply:

The Customs and Excise Department (C&ED) has been striving to combat all kinds of drug trafficking activities and timely adjusts enforcement strategies to cope with the challenges posed by emerging drugs or substances of abuse. The relevant figures of “space oil drug” detected by C&ED in the past 2 years are as follows:

	<b>2023</b>	<b>2024</b>
<b>Number of cases</b>	1	19
<b>Quantity seized</b>	309.8 grams	23.5 kilograms
<b>Number of persons arrested</b>	1	15
<b>Total value of dangerous drugs (HKD)<sup>1</sup></b>	\$15,490	\$13 million

<sup>1</sup> In terms of the prevailing market value of the drugs seized



According to the statistics compiled by the Central Registry of Drug Abuse under the Narcotics Division (ND) of the Security Bureau (SB), the number of reported abusers of “space oil drug” across the territory in 2023 was less than 5 and that in 2024 was 300, of which 226 were young abusers under the age of 21.

C&ED has stepped up enforcement efforts and adopted a holistic approach in combating “space oil drug” at the levels of import, distribution and retail. Regarding the interception at boundary control points, C&ED has also strengthened its intelligence analysis and risk management in order to select cargoes and passengers for examination precisely. Besides, etomidate, the main active ingredient of “space oil drug”, has been added to the databases of “Raman spectrometers” and “ion scanners” to enhance detection capability. C&ED will continue to strengthen intelligence exchange and co-operation with Mainland and overseas law enforcement agencies. In the light of the drug trafficking trends, C&ED will formulate targeted plans and conduct joint operations with Mainland and overseas law enforcement agencies in a timely manner to enhance enforcement effectiveness.

In addition, C&ED has been working closely with ND of SB in striving to strengthen anti-drug publicity. We also send officers to deliver anti-drug talks at schools and organise diversified anti-drug publicity and education programmes through Customs YES to further remind the public of the harmful effects of “space oil drug” and its regulation by legislation.

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB112**

**(Question Serial No. 2819)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Regarding the measures mentioned by the Government to combat unfair trade practices and offer better protection to consumers who make prepayments, will the Government inform this Committee of:

- (1) whether it can provide the progress of the relevant study and the legislative timetable after consolidating various views on the proposal to introduce a statutory cooling-off period since the closure of a chain fitness and beauty group;
- (2) the numbers of successful prosecution cases instituted under the Trade Descriptions Ordinance (Cap. 362) in the past 2 years;
- (3) the numbers of reported cases received by the Government under the above Ordinance and the types of industries involved in the past 2 years in table form.

Asked by: Hon CHU Kwok-keung (LegCo internal reference no.: 31)

Reply:

We are aware that different sectors of the community have put forward various suggestions in respect of offering better protection to consumers who make prepayments. These include stipulating a statutory cooling-off period, imposing a cap on the length of prepayment contracts and the prepayment amounts, etc. The Commerce and Economic Development Bureau is conducting an in-depth study into different suggestions, considering their pros and cons and feasibility, with reference to the practices in other jurisdictions and taking into account relevant factors (including the economic environment, operating situation of relevant industries, relevant complaint figures and experience of law enforcement agencies, etc.), with a view to formulating appropriate strategies to strengthen the protection of consumers' rights and interests.

In the past 2 years, the number of complaints received by the Customs and Excise Department relating to the Trade Descriptions Ordinance, the major industries involved and the number of successful prosecutions are tabulated as follows:

	<b>2023</b>	<b>2024</b>
Number of complaints	18 982 <sup>Note</sup>	12 436
Major industries involved	<p>Goods: Online shopping platforms (miscellaneous goods such as baby products, clothing and footwear), food and beverage, ginseng products and dried seafood/Chinese and western medicines, electrical and electronic products, supermarkets, department stores and convenience stores</p> <p>Services: Education, beauty and hairdressing, travel, furniture, decoration and interior design, fitness and yoga, tickets for sports and cultural activities</p>	<p>Goods: Online shopping platforms (miscellaneous goods such as baby products, clothing and footwear), food and beverage, ginseng products and dried seafood/Chinese and western medicines, electrical and electronic products, toys and games, supermarkets, department stores and convenience stores</p> <p>Services: Fitness and yoga, beauty and hairdressing, pain-relief treatment and massage, education, furniture, decoration and interior design, travel, tickets for sports and cultural activities, broadcasting, telecommunications and network equipment</p>
Number of successful prosecutions	40	34

Note: 11 565 cases were related to the sudden closure of an online diaper retailer suspected of engaging in wrongly accepting payment.

- End -

**CONTROLLING OFFICER'S REPLY****CEDB113****(Question Serial No. 3109)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

The Customs and Excise Department (C&ED) will strengthen enforcement actions against false trade descriptions and unfair trade practices in respect of both goods and services. Will the Government inform this Committee of:

1. the manpower and resources allocated to combat the aforesaid unlawful acts by C&ED; and
2. the numbers of offending shops against which enforcement actions were taken by C&ED (with a breakdown by type of shops), as well as the numbers of persons and tourists involved in each of the past 5 years?

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 38)Reply:

In 2024-25, 231 Customs and Excise Department (C&ED) officers are responsible for the enforcement of the Trade Descriptions Ordinance (TDO), involving an expenditure on emoluments of around \$144 million.

From 2020 to 2024, C&ED initiated a total of 608 cases for investigation against the suspected contravention of the TDO by traders, involving 486 complainants, among whom 9 were tourists. The relevant enforcement figures by year are tabulated as follows:

Year	Number of cases initiated for investigation	Number of shops involved	Major industries involved
2020	142	117	Ginseng products and dried seafood/Chinese and western medicines, food and beverage, home and cleaning products, supermarkets, department stores and

<b>Year</b>	<b>Number of cases initiated for investigation</b>	<b>Number of shops involved</b>	<b>Major industries involved</b>
			convenience stores, furniture, decoration and interior design, employment agency
<b>2021</b>	120	102	Food and beverage, furniture, decoration and interior design, electrical and electronic products, home and cleaning products, health supplements and products
<b>2022</b>	107	97	Food and beverage, electrical and electronic products, furniture, decoration and interior design, home and cleaning products, beauty and hairdressing
<b>2023</b>	96	92	Food and beverage, ginseng products and dried seafood/Chinese and western medicines, furniture, decoration and interior design, home and cleaning products, electrical and electronic products, health supplements and products
<b>2024</b>	143	99	Ginseng products and dried seafood/Chinese and western medicines, electrical and electronic products, food and beverage, clothing and accessories, motor vehicles
<b>Total</b>	<b>608</b>	<b>507</b>	-

- End -

**CONTROLLING OFFICER'S REPLY**

**CEDB156**

**(Question Serial No. 3320)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) -

Programme: (3) Intellectual Property Rights and Consumer Protection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Commerce and Economic Development

Question:

Provision for 2025-26 is \$64.4 million higher than the revised expenditure for the previous year. This is mainly due to the increased provisions for salary increments and filling of vacancies. In this connection, will the Government inform this Committee of the following:

1. What are the details of the current vacancies, including the titles, ranks, duties and salary expenditures of the posts, whether they are permanent or supernumerary posts and the job descriptions? Can these vacancies be filled by redeployment of manpower from the existing establishment?
2. What enforcement actions were taken against persons and syndicates involved in offences relating to infringement of intellectual property rights in the past 5 years? What are the details?
3. It is mentioned in Matters Requiring Special Attention in 2025-26 that the Customs and Excise Department will work with the Commerce and Economic Development Bureau to consider the way forward for offering better protection to consumers who make prepayments. Has the Government drawn up any relevant plans and measures? If yes, what are the details? If not, what are the reasons?

Asked by: Hon CHAN Pui-leung (LegCo internal reference no.: 49)

Reply:

There is an increase in the estimated provision for 2025-26 in respect of Programme (3) "Intellectual Property Rights and Consumer Protection" of the Customs and Excise Department (C&ED) as compared with the revised estimate for 2024-25. This is mainly due to the provision reserved for salary increments and the possibility of filling vacancies, including the following permanent posts responsible for the regulation and enforcement relating to the enhanced protection of the rights and interests of consumers.

<b>Rank</b>	<b>Number</b>
Assistant Superintendent of Customs and Excise	2
Senior Inspector of Customs and Excise	7
Inspector of Customs and Excise	9
Chief Customs Officer	3
Senior Customs Officer	18
Customs Officer	44
Senior Trade Controls Officer	1
Trade Controls Officer	2
Assistant Trade Controls Officer	4

In respect of enhancing the protection of consumers who make prepayments, different sectors of the community have put forward various suggestions. These include imposing a cap on the length of prepayment contracts and the prepayment amounts, and stipulating a statutory cooling-off period, etc. The Commerce and Economic Development Bureau, together with C&ED, are conducting an in-depth study into different suggestions and considering their pros and cons and feasibility, with reference to the practices in other jurisdictions and taking into account relevant factors (including the economic environment, operating situation of relevant industries, relevant complaint figures and experience of law enforcement agencies, etc.), with a view to formulating appropriate strategies to strengthen the protection of consumers' rights and interests. C&ED will continue to review the need to fill the above vacancies to ensure the proper use of manpower resources.

With regard to protection of intellectual property rights (IPR), C&ED has adopted a holistic approach in combating IPR infringement crimes across different levels, including cross-boundary transshipment, local retail and online activities, etc. C&ED also reviews its enforcement strategy and effectiveness in a timely manner. Details of infringement cases detected by C&ED in the past 5 years are set out below:

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Number of cases detected</b>	591	715	523	703	783
<b>Number of persons arrested</b>	296	403	334	330	330
<b>Total value of seizures (\$ million) (HKD)</b>	110	166	180	288	309

- End -

**CONTROLLING OFFICER'S REPLY****CEDB157****(Question Serial No. 3480)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): (-) -Programme: (3) Intellectual Property Rights and Consumer ProtectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Commerce and Economic DevelopmentQuestion:

Regarding the enforcement of the Trade Descriptions Ordinance (Cap. 362), will the Government inform this Committee of the following:

1. How many complaints about pet food or products were received in each of the past 3 years? What follow-up actions were taken by the Government in response to the complaints received, including figures on investigations and prosecutions;
2. Did the Government conduct proactive spot checks on pet food or products in the past 3 years? If yes, what are the details? If not, what are the reasons?

Asked by: Hon LEUNG Hei, Edward (LegCo internal reference no.: 103)

Reply:

From 2022 to 2024, the number of complaints received by the Customs and Excise Department (C&ED) involving traders suspected of contravening the Trade Descriptions Ordinance (TDO) in the provision of pet food or supplies and the related enforcement figures are tabulated below <sup>Note:</sup>

<b>Year</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
<b>Number of complaints</b>	13	18	53	84
<b>Number of investigations</b>	0	0	1	1
<b>Number of prosecutions</b>	0	0	0	0

Note: Of the 84 complaints received in the past 3 years, after investigation by C&ED, 83 complaints were closed since they were not in contravention of the TDO. The remaining 1 case is still under investigation.

C&ED did not conduct any proactive spot check on traders offering pet food or supplies. However, C&ED conducts inspections from time to time during various trade exhibitions, and will take appropriate enforcement actions immediately if traders are suspected of contravening the TDO in the provision of pet food or supplies.

- End -



**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)001**

**(Question Serial No. 0285)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Government has indicated that it will continue to step up enforcement against illicit cigarette activities and strengthen smoking cessation services, publicity and education. In this connection, will the Government inform this Committee of:

1. the quantity of illicit cigarettes successfully seized by the Customs and Excise Department (C&ED) and the market value involved in the past year;
2. the expenditure incurred by C&ED for the launch of the new Duty Stamp System;
3. whether the relevant government departments will explore the imposition of heavier penalties for the smuggling of illicit cigarettes?

Asked by: Hon LAM Shun-chiu, Dennis (LegCo internal reference no.: 2)

Reply:

1. The quantity of duty-not-paid cigarettes seized locally by the Customs and Excise Department (C&ED) in 2024 was about 555 million sticks with a market value of about \$2,466 million.

2. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. C&ED will restructure internal manpower resources, and plans to engage 7 retired staff members, including 1 Inspector of Customs and Excise, 3 Senior Customs Officers and 3 Customs Officers, to support the work, involving an annual expenditure of about \$4.11 million.

3. C&ED is working with relevant bureaux to explore the increase in penalties for the offences relating to duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109), including raising the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment, as well as raising the penalties for compoundable offences (i.e. imposing penalty instead of prosecution).

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)002**

**(Question Serial No. 1160)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

Regarding tobacco control policies, will the Government inform this Committee:

1) whether additional measures will be taken to combat the sale of illicit cigarettes?

Asked by: Hon HO Kwan-yiu, Junius (LegCo internal reference no.: 31)

Reply:

1) The Customs and Excise Department (C&ED) will continue to strengthen its risk assessment and intelligence analysis, and maintain close intelligence exchange with the Mainland and overseas law enforcement agencies to combat cross-boundary cigarette smuggling activities. In addition, C&ED is working with relevant bureaux to explore the implementation of a series of new measures to enhance enforcement effectiveness. These include:

- (1) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes in order to enhance enforcement effectiveness;
- (2) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109) (DCO) from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment;
- (3) increasing the penalties for offences compoundable under the DCO (i.e. imposing penalty instead of prosecution); and
- (4) listing offences related to dealing with, possession of, selling or buying duty-not-paid cigarettes under the DCO in the Organized and Serious Crimes Ordinance (Cap. 455) to enable C&ED to apply for freezing illicit proceeds associated with illicit cigarette activities.

Apart from stepping up enforcement efforts, C&ED will continue to enhance publicity and public education by holding talks for schools and youth groups, displaying posters and banners, etc. in order to promote anti-illicit cigarettes message across different levels of the community.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)003****(Question Serial No. 1318)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (1) Control and Enforcement, (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

It is mentioned under the Programme that the Customs and Excise Department (C&ED) prevents and detects the smuggling of contraband, including narcotics, firearms, strategic goods, dutiable commodities, articles which infringe copyright or trade descriptions, and any other articles the importation or exportation of which is prohibited by law, through actions at control points and regular land and maritime patrols within the territory of Hong Kong; as well as administers two regulatory regimes for the Money Service Operators and for the Dealers in Precious Metals and Stones. In this regard, please inform this Committee of the following:

- 1). The quantities of illicit cigarettes seized and the numbers of persons prosecuted in the past 3 years, and whether the Government has considered strengthening the manpower for the prosecution of illicit cigarette cases. If yes, what are the expenditures involved? If not, what are the reasons?
- 2). Has C&ED adopted any advanced artificial intelligence (AI) inspection equipment in the inspection of dutiable commodities? If yes, what are the details? If not, what are the reasons?

Asked by: Hon KWOK Ling-lai, Lillian (LegCo internal reference no.: 39)Reply:

- 1). The quantities of duty-not-paid cigarettes seized locally and the numbers of persons prosecuted by the Customs and Excise Department (C&ED) in the past 3 years are tabulated below:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
Quantity of seizure (million sticks)	688	593	555
Number of persons prosecuted#	698	1 065	1 363

# Cases with prosecution instituted during the year.

In addition, 2 107, 9 838 and 19 074 persons were compounded and fined by C&ED at boundary control points for bringing in cigarettes exceeding the duty-free concessions in 2022, 2023 and 2024 respectively.

C&ED will flexibly deploy existing resources to assist in anti-illicit cigarette work as circumstances require.

2). C&ED has been taking forward the Smart Customs development to enhance clearance efficiency by making use of artificial intelligence (AI) and big data analytics, and has deployed advanced inspection equipment, such as Computed Tomography Scanners with AI functions, auto-detection devices for X-ray checkers, Smart Under Vehicle Robots, Platform for X-ray Image Evaluation, Vehicle Inspection and Strategic Analysis System, etc. to assist in risk analysis, as well as in the inspection and clearance of passengers, cargoes and vehicles at boundary control points.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)004**

**(Question Serial No. 1913)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

During 2025-26, the Customs and Excise Department (C&ED) will continue to strengthen enforcement actions against illicit cigarette activities, especially in respect of cross-boundary smuggling and telephone-order peddling. Will the Government inform this Committee of:

1. the manpower and resources allocated to combating illicit cigarette activities by C&ED in each of the past 3 years;
2. ways to effect regional co-operation with other Customs administrations in combating the smuggling of illicit cigarettes; and
3. the details and timeline of introducing the Duty Stamp System.

Asked by: Hon SHIU Ka-fai (LegCo internal reference no.: 37)

Reply:

1. In the past 3 financial years, the Customs and Excise Department (C&ED) deployed 61 officers each year dedicated to combating illicit cigarette activities. The expenditures on emoluments involved are tabulated below:

Financial year	Expenditure involved (\$ million)
2022-23	28.98
2023-24	30.23
2024-25	31.13

In addition, front-line Customs officers deployed at various entry and exit points are also involved in the interception of illicit cigarettes. Since they are tasked with other clearance duties at the same time, C&ED is unable to separately provide the expenditure involving in their interception of illicit cigarettes.

2. C&ED will continue to strengthen liaison and intelligence exchange with the Mainland and overseas law enforcement agencies, including Mainland Customs, the Australian Border Force, Japan Customs, Singapore Customs, etc. in order to more effectively combat cross-boundary cigarette smuggling activities.

C&ED and the Australian Border Force cohosted the “Regional Conference on Combating Illicit Cigarettes” in November 2024. The conference gathered various law enforcement agencies responsible for combating illicit cigarettes in the Asia-Pacific region to share their experiences and strategies in combating illicit cigarettes, with a view to enhancing the enforcement capabilities of regional Customs members in this field.

3. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant’s recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry’s accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)005**

**(Question Serial No. 2110)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

With regard to enforcement against illicit cigarette activities, will the Government inform this Committee of:

1. the manpower and resources incurred in implementing such work;
2. the respective quantities of illicit cigarettes seized via different channels, the numbers of persons arrested, the numbers of persons prosecuted and the average level of penalty in respect of cross-boundary smuggling and telephone-order peddling in the past 3 years;
3. the expenditures incurred in the introduction of the Duty Stamp System mentioned under matters of this financial year, and whether it will be implemented in the current year; if yes, the details; if not, the reasons.

Asked by: Hon LEUNG Hei, Edward (LegCo internal reference no.: 104)

Reply:

1. In 2024-25, the Customs and Excise Department (C&ED) had an establishment of 61 officers dedicated for the combating of illicit cigarette activities, involving approximately \$31.13 million of expenditure on emoluments. In addition, front-line Customs officers deployed at various entry and exit points are also involved in the interception of illicit cigarettes. Since they are tasked with other clearance duties at the same time, C&ED is unable to separately provide the expenditure involved in their interception of illicit cigarettes.

2. The quantities of duty-not-paid illicit cigarettes seized locally via different channels and the numbers of persons arrested by C&ED in the past 3 years are tabulated as follows:

		<b>2022</b>	<b>2023</b>	<b>2024</b>
Inbound smuggling	Quantity seized (million sticks)	590	494	347
	Number of persons arrested	134	435	693
Storage, distribution and peddling	Quantity seized (million sticks)	98	98	205
	Number of persons arrested	567	718	815
Incoming persons bringing in excessive duty-free cigarettes and dealt with by compounding	Quantity seized (million sticks)	0.4	1.7	2.7
	Number of persons arrested	2 107	9 838	19 074
<b>Total (Note 1)</b>	Quantity seized (million sticks)	<b>688</b>	<b>593</b>	<b>555</b>
	Number of persons arrested	<b>2 808</b>	<b>10 991</b>	<b>20 582</b>

Note 1: The figures of illicit cigarettes seized may not add up to the total due to rounding.

The numbers of persons prosecuted and the penalties for offences relating to illicit cigarettes in the past 3 years are tabulated below:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
Number of persons prosecuted (Note 2)	698	1 065	1 363
Penalties (Note 3)	A fine of \$100 to \$24,000 and an imprisonment of 8 to 605 days	A fine of \$100 to \$36,000 and an imprisonment of 2 to 600 days	A fine of \$100 to \$68,000 and an imprisonment of 1 to 840 days

Note 2: Cases with prosecution instituted during the year

Note 3: Cases with trial concluded during the year

3. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.



Based on the consultant's recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry's accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

To implement the Duty Stamp System, C&ED will restructure internal manpower resources, and plans to engage 7 retired staff members, including 1 Inspector of Customs and Excise, 3 Senior Customs Officers and 3 Customs Officers, to support the work, involving an annual expenditure of about \$4.11 million.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)006**

**(Question Serial No. 2662)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1) The number of persons compounded for offences relating to illicit cigarettes substantially increased by 9 236 from 9 838 in 2023 to 19 074 in 2024. How will the Customs and Excise Department (C&ED) step up random checks at various entry and exit points in the new financial year?

Will C&ED adopt new policy measures to combat illicit cigarettes in the new financial year? If yes, what are the details? If not, what are the reasons?

2) To combat illicit cigarettes and “cheap whites”, C&ED has earlier on proposed to assign a unique “identification code” to every duty-paid cigarette stick or package of cigarettes. What is the specific implementation timetable for the “identification code” scheme? What are the manpower resources and expenditures involved in the implementation of the “identification code” scheme? Did C&ED evaluate the effectiveness of the scheme in combating illicit cigarettes and “cheap whites”? If yes, what were the evaluation results? If not, what were the reasons?

Asked by: Hon WONG Chun-sek, Edmund (LegCo internal reference no.: 4)

Reply:

1) The Customs and Excise Department (C&ED) will continue to strengthen its risk assessment and intelligence analysis, and maintain close intelligence exchange with the Mainland and overseas law enforcement agencies to combat cross-boundary cigarette smuggling activities. In addition, C&ED is working with relevant bureaux to explore the implementation of a series of new measures to enhance enforcement effectiveness. These include:

- (1) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes in order to enhance enforcement effectiveness;
- (2) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109) (DCO) from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment;
- (3) increasing the penalties for offences compoundable under the DCO (i.e. imposing penalty instead of prosecution); and
- (4) listing offences related to dealing with, possession of, selling or buying duty-not-paid cigarettes under the DCO in the Organized and Serious Crimes Ordinance (Cap. 455) to enable C&ED to apply for freezing illicit proceeds associated with illicit cigarette activities.

2) To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant's recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry's accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

To implement the Duty Stamp System, C&ED will restructure internal manpower resources, and plans to engage 7 retired staff members, including 1 Inspector of Customs and Excise, 3 Senior Customs Officers and 3 Customs Officers, to support the work, involving an annual expenditure of about \$4.11 million.

We expect that the introduction of the Duty Stamp System and the implementation of measures such as raising the penalties for offences relating to illicit cigarettes will increase the deterrence effect on cigarette smuggling activities and strengthen the enforcement capability of C&ED, thereby enhancing the effectiveness of combating illicit cigarettes (including "cheap whites").

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(Tsy)088**

**(Question Serial No. 3833)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

It is mentioned in Matters Requiring Special Attention in 2025-26 under Programme (4) that the Customs and Excise Department (C&ED) will continue to strengthen enforcement actions against illicit cigarette activities, especially in respect of cross-boundary smuggling and telephone-order peddling. In this connection, will the Government inform this Committee of the following:

- 1) the quantities of illicit cigarettes seized in local illegal activities in each of the past 5 years (2020-21 to 2024-25), with a breakdown by smuggling channel;
- 2) the numbers of cases of illicit cigarette activities detected by C&ED, the numbers of persons arrested and their age distribution in each of the past 5 years (2020-21 to 2024-25);
- 3) the estimate and staff establishment of C&ED for combating illicit cigarette activities in the past 5 years (2020-21 to 2024-25);
- 4) the resources involved in and manpower requirement reduced as a result of the application of technology to combat illicit cigarette activities in the past 5 years (2020-21 to 2024-25);
- 5) whether additional manpower and estimated expenditure will be allocated to combat illicit cigarette activities in 2025-26; and
- 6) the details of measures to enhance enforcement efficiency against illicit cigarette activities in 2025-26?

Asked by: Hon KAN Wai-mun, Carmen (LegCo internal reference no.: 52)

Reply:

1) The quantities of duty-not-paid illicit cigarettes seized locally by the Customs and Excise Department (C&ED) via different channels in the past 5 years are tabulated as follows:

	Quantity of seizure (million sticks)				
	2020	2021	2022	2023	2024
Inbound smuggling	98	190	590	494	347
Storage, distribution and peddling	95	180	98	98	205
Incoming persons bringing in excessive duty-free cigarettes and dealt with by compounding	0.4	0.6	0.4	1.7	2.7
<b>Total</b>	<b>193</b>	<b>371</b>	<b>688</b>	<b>593</b>	<b>555</b>

Note: The figures may not add up to the total due to rounding.

2) The numbers of cases involving duty-not-paid cigarettes seized locally by C&ED, the numbers of persons arrested and their age information in the past 5 years are as follows:

	2020	2021	2022	2023	2024
Number of cases	3 111	3 917	3 192	11 659	21 192
Number of persons arrested	2 496	3 536	2 808	10 991	20 582

The age distribution of the persons arrested is as follows:

Age	2020	2021	2022	2023	2024
Aged under 21	40	59	66	165	319
Aged 21 and above	2 456	3 477	2 742	10 826	20 263
<b>Total</b>	<b>2 496</b>	<b>3 536</b>	<b>2 808</b>	<b>10 991</b>	<b>20 582</b>

3) In the past 5 financial years, C&ED deployed 61 officers each year dedicated to combating illicit cigarette activities. The expenditures on emoluments involved are tabulated below:

Financial year	Expenditure involved (\$ million)
2020-21	26.27
2021-22	28.27
2022-23	28.98
2023-24	30.23
2024-25	31.13

In addition, front-line Customs officers deployed at various entry and exit points are also involved in the interception of illicit cigarettes. Since they are tasked with other clearance duties at the same time, C&ED is unable to separately provide the expenditure involved in their interception of illicit cigarettes.

4) C&ED has actively deployed advanced inspection equipment, including Computed Tomography Scanners with artificial intelligence functions and auto-detection devices for X-ray checkers to combat illicit cigarette activities more effectively. The non-recurrent expenditure involved in purchasing the scanners and detection devices in the past 5 years was about \$58 million.

By making use of advanced inspection equipment, C&ED aims to streamline workflow in order to expedite customs clearance and step up enforcement against relevant offences, thus allowing more manpower resources to be allocated for work such as conducting higher-level analysis and formulating targeted enforcement actions and strategies. C&ED has also strengthened its risk assessment to screen more high-risk cargoes for examination in order to enhance enforcement effectiveness. In 2024, C&ED detected a total of 40 large-scale cigarette smuggling cases (i.e. case involving more than 500 000 sticks of cigarettes), about a 1.2-fold increase compared with 18 cases in 2020, achieving remarkable enforcement results. Besides, the introduction of advanced equipment can reduce physical examination of cargoes by front-line officers to help secure their occupational safety and health.

5 and 6) C&ED will flexibly deploy existing resources to assist in anti-illicit cigarette work as circumstances require. Besides, C&ED will continue to strengthen its risk assessment and intelligence analysis, and maintain close intelligence exchange with the Mainland and overseas law enforcement agencies to combat cross-boundary cigarette smuggling activities. C&ED is working with relevant bureaux to explore the implementation of a series of new measures to enhance enforcement effectiveness. These include:

- (1) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes in order to enhance enforcement effectiveness;
- (2) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes under the Dutiable Commodities Ordinance (Cap. 109) (DCO) from the existing \$1 million fine and two-year imprisonment on summary conviction to a \$2 million fine and seven-year imprisonment on indictment;
- (3) increasing the penalties for offences compoundable under the DCO (i.e. imposing penalty instead of prosecution); and
- (4) listing offences related to dealing with, possession of, selling or buying duty-not-paid cigarettes under the DCO in the Organized and Serious Crimes Ordinance (Cap. 455) to enable C&ED to apply for freezing illicit proceeds associated with illicit cigarette activities.

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)089****(Question Serial No. 4000)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding the revenue from Tobacco under Subhead 050 of Head 1 – Duties, the revised estimate for 2024-25 is about \$3.8 billion, which accounts for around 40% of the original estimate of \$9 billion for 2024-25. In this connection:

What are the changes in the quantities of illicit cigarettes seized by the Customs and Excise Department following the increase in tobacco duty in 2024-25 when compared with the seizures in the past 2 years?

Asked by: Hon MA Fung-kwok (LegCo internal reference no.: 10)Reply:

The quantities of duty-not-paid cigarettes seized locally by the Customs and Excise Department in the past 3 years are tabulated below:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Quantity of seizure (million sticks)</b>	688	593	555

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)090****(Question Serial No. 4004)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

1. Will the Government inform this Committee of, in each of the past 5 years, the numbers of illicit cigarette cases detected; the quantities of illicit cigarettes seized, their market values and dutiable values; and whether statistics have been compiled on the share of sales of “cheap whites” in the cigarette market in Hong Kong? If yes, what are the details? If not, what are the reasons; and
2. Some tobacco companies reflect that the sale of illicit cigarettes is prevalent on online platforms. The rampant activities cannot be eradicated despite tip-offs, thus jeopardising the interests of proper licensees in the trade. What measures will the Government take to combat the illicit cigarette market and step up efforts to plug the loopholes in the illegal sale of illicit cigarettes?

Asked by: Hon CHAN Pui-leung (LegCo internal reference no.: 30)Reply:

1. The information on the cases of duty-not-paid cigarettes seized locally by the Customs and Excise Department (C&ED) in the past 5 years is as follows:

	2020	2021	2022	2023	2024
<b>Number of cases</b>	3 111	3 917	3 192	11 659	21 192
<b>Quantity seized (million sticks)</b>	193	371	688	593	555
<b>Market value (\$ million)</b>	530	1,022	1,896	2,049	2,466
<b>Total amount of duty payable (\$ million)</b>	368	707	1,311	1,401	1,808

C&ED does not maintain statistics on the sales of “cheap whites” in the market.



2. C&ED has been closely monitoring online sale of illicit cigarettes. When suspected cases are detected, C&ED will contact the websites or social media platforms concerned immediately for investigation and follow-up actions, including blocking the accounts concerned.

Moreover, C&ED will also refer complaints received about websites promoting illicit cigarettes to the Tobacco and Alcohol Control Office of the Department of Health for follow-up actions. According to the Smoking (Public Health) Ordinance (Cap. 371), no person shall display or cause to be displayed, or publish or distribute for the purpose of display, any smoking product advertisement in any form (including flyers or online advertisements).

- End -

**CONTROLLING OFFICER'S REPLY****FSTB(Tsy)091****(Question Serial No. 4005)**Head: (31) Customs and Excise DepartmentSubhead (No. & title): ()Programme: (4) Revenue Protection and CollectionControlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)Director of Bureau: Secretary for Financial Services and the TreasuryQuestion:

Regarding enforcement against tobacco products in the past 3 years, will the Government inform this Committee of the following:

1. With regard to enforcement against illicit cigarette activities, how many cases involving the smuggling of tobacco and illegal trade in duty-not-paid tobacco were detected by the Customs and Excise Department (C&ED) each year? What were the quantities of tobacco and the total value involved?
2. Further to the above, what were the numbers of persons arrested and the percentage of young people among them?
3. To step up enforcement against illicit cigarette activities, it is noted that C&ED intends to affix anti-forgery labels to duty-paid cigarettes. What is the work progress?

Asked by: Hon CHAN Hak-kan (LegCo internal reference no.: 8)

Reply:

1. The relevant information on cases involving the smuggling of tobacco and illegal trade in duty-not-paid tobacco detected by the Customs and Excise Department (C&ED) in the past 3 years is as follows:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Number of cases</b>	133	387	617
<b>Quantity (kilogrammes)</b>	176	9 475	59 305
<b>Total value (\$ million)</b>	0.9	49.75	279.6

2. The numbers of persons arrested in the aforesaid cases are as follows:

	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Number of persons arrested</b>	104	308	549
<b>Number of persons aged under 21 (%)</b>	2 (1.9%)	8 (2.6%)	6 (1.1%)

3. To take forward the Duty Stamp System, C&ED commissioned a consultant to conduct a study on the establishment of the system, related operation mode and the complementary measures. The study was completed in end-2024. Having taken into account factors such as practicability, safety and cost-effectiveness, the consultant recommended that the Duty Stamp System should only apply to cigarettes at this stage by affixing a duty-paid label to every retail package of cigarettes.

Based on the consultant's recommendations, C&ED will invite cigarette manufacturers to participate in a pilot scheme on the Duty Stamp System in mid-2025 to test the actual operation and technical issues of the Duty Stamp System for enhancement. The concrete timing for the implementation of the system is subject to an array of factors, including the time required for legislative amendments, types of the labelling system, complexity of the regulation system, readiness of the industry, the grace period to be granted having regard to the industry's accumulated stocks, etc. Having considered the relevant factors, we suggest that the system should be implemented in phases with the first phase expected to be launched in the fourth quarter of 2026 at the earliest and the full implementation is targeted for the second quarter of 2027. C&ED will announce the implementation details in due course.

- End -

**CONTROLLING OFFICER'S REPLY**

**S-FSTB(Tsy)01**

**(Question Serial No. S034)**

Head: (31) Customs and Excise Department

Subhead (No. & title): ()

Programme: (1) Control and Enforcement, (4) Revenue Protection and Collection

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

1. The quantity of illicit cigarettes seized via the channels of storage, distribution and peddling substantially increased from 98 million sticks in 2023 to 205 million sticks in 2024. What are the reasons?
2. The Government only provided the expenditures on emoluments of the 61 officers dedicated to combating illicit cigarette activities in the past 5 years. Apart from the manpower expenditure, what are the other expenditures including those on upgrading of equipment?
3. When were the Computed Tomography Scanners and auto-detection devices for X-ray checkers amounting to \$58 million procured? Are they used in areas other than anti-illicit cigarette work? If yes, what is the effectiveness?
4. The Customs and Excise Department (C&ED) is working with relevant bureaux to explore the implementation of a series of new measures (including the introduction of a duty stamp system) to enhance enforcement effectiveness. What is the current progress of the legislative amendment exercise involved?

Asked by: Hon KAN Wai-mun, Carmen

Reply:

1. Since the full resumption of normal travel between the Mainland and Hong Kong in 2023, the Customs and Excise Department (C&ED) has found that illicit cigarette syndicates began to adopt the mode of “ants moving home” by smuggling illicit cigarettes into Hong Kong in batches in a bid to minimise the financial loss incurred by seizure of illicit cigarettes. In the light of the situation and considering that the increase in tobacco duty announced in the 2024-25 Budget may provide a greater incentive for illicit cigarette smuggling, C&ED has adjusted its enforcement strategies and stepped up actions against large-scale illicit cigarette storage centres downtown in order to intercept the supply chain of illicit cigarettes. As a result, there was a substantial increase in the quantity of illicit cigarettes seized via the channels of storage, distribution and peddling in 2024.
2. The resources involved in combating illicit cigarette activities by C&ED have been included in the general operating expenditure. C&ED does not maintain a breakdown of expenditures other than the manpower expenditure.
3. C&ED procured the Computed Tomography Scanners and auto-detection devices for X-ray checkers amounting to \$58 million between 2021 and 2023 to enhance clearance efficiency and detect contraband, including cigarettes, dangerous drugs, explosives, firearms, weapons, etc., in a more effective and efficient manner. The deployment of such advanced inspection equipment helps enhance the overall enforcement effectiveness of C&ED. The total number of cases detected by C&ED in 2024 rose by more than threefold as compared to 2020, with a significant increase in cases involving illicit cigarettes, dangerous drugs and smuggled items.
4. The Government announced the “10 tobacco control measures” in June last year while stepping up actions against illicit cigarettes activities was accorded the highest priority. Relevant measures include (i) introducing a Duty Stamp System to differentiate duty-paid cigarettes from duty-not-paid cigarettes; (ii) requiring tobacco products being sold at a price lower than the tobacco duty need to be proved duty-paid; (iii) increasing the maximum penalty for dealing with, possession of, selling or buying duty-not-paid cigarettes; and (iv) listing the relevant offences in relevant schedule of the Organized and Serious Crimes Ordinance (Cap. 455). The Health Bureau plans to submit the amendment bill on the above tobacco control measures to the Legislative Council at the end of April this year. C&ED is actively working with relevant bureaux on the implementation details.

- End -

**CONTROLLING OFFICER'S REPLY**

**FSTB(FS)173**

**(Question Serial No. 1730)**

Head: (31) Customs and Excise Department

Subhead (No. & title): (-) Not Specified

Programme: (1) Control and Enforcement

Controlling Officer: Commissioner of Customs and Excise (CHAN Tsz-tat)

Director of Bureau: Secretary for Financial Services and the Treasury

Question:

The Customs and Excise Department (C&ED) licenses and supervises Money Service Operators (MSOs) under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance and takes enforcement action against unlicensed MSOs. Please inform this Committee of the following:

1. C&ED issued or renewed a total of 299 MSO licences last year. What were the respective numbers of newly issued and renewed licences?
2. In recent years, there have been cases of remittances to the Mainland made by money changers being frozen. What were the numbers of enforcement actions taken by C&ED regarding similar cases in the past 5 years? What were the details?

Asked by: Hon LEUNG Tsz-wing, Dennis (LegCo internal reference no.: 13)

Reply:

- (1) The numbers of Money Service Operator (MSO) licences newly issued and renewed by the Customs and Excise Department (C&ED) in 2024 were 60 and 239 respectively.
- (2) C&ED did not receive any request for assistance concerning remittances to Mainland bank accounts via MSOs being frozen from 2020 to 2022. C&ED received such requests for assistance from a total of 871 persons between 2023 and 2024, involving 92 MSOs and a total amount of about RMB55 million. C&ED has contacted all the persons requesting assistance and taken follow-up actions with the related MSOs to facilitate bilateral negotiations to resolve the situations. With C&ED's intervention, 307 of such persons have settled their cases of frozen remittances, involving a total amount of about RMB17 million. C&ED will enhance collaboration with relevant Mainland authorities to assist the affected members of the public.

C&ED attaches great importance to the compliance situation of remittance service. Through compliance inspections and various regulatory measures, C&ED ensures that

licensed MSOs comply with customer due diligence, record keeping and other licensing requirements stipulated in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615). If a licensed MSO is found to be non-compliant, C&ED will take swift enforcement actions. Apart from criminal sanctions, offenders may be subject to disciplinary actions or administrative sanctions such as licence revocation. Furthermore, through various channels such as press releases, social media, educational seminars and publicity materials, C&ED promotes the importance of providing and using compliant money services, and reminds members of the public to refrain from using the services of unlicensed MSOs.

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