

For information

On 9 October 2024

**LEGISLATIVE COUNCIL
PANEL ON COMMERCE, INDUSTRY, INNOVATION AND
TECHNOLOGY**

**AMENDMENTS TO
THE AGREEMENT ON TRADE IN SERVICES OF THE
MAINLAND AND HONG KONG CLOSER ECONOMIC
PARTNERSHIP ARRANGEMENT (CEPA)**

INTRODUCTION

This note informs Members of the Agreement signed on 9 October 2024 between the Ministry of Commerce and the Hong Kong Special Administrative Region Government (HKSARG) under the framework of CEPA to amend the Agreement on Trade in Services (the Services Agreement) under CEPA again in order to further open up to Hong Kong the services market of the Mainland, thereby giving Hong Kong enterprises and professional sectors more preferential treatment to tap into the Mainland market.

DETAILS

Background

2. The Services Agreement was signed in November 2015 and implemented since June 2016. It covers the Mainland's liberalisation commitments for Hong Kong services industry provided under CEPA, basically achieving liberalisation of trade in services between the Mainland and Hong Kong. The two sides signed an agreement in November 2019 to

amend the Services Agreement and add new liberalisation measures which have been implemented since June 2020.

3. Since the implementation of the amended Services Agreement, the HKSARG has from time to time followed up with the trade regarding the implementation of the liberalisation measures. The Chief Executive announced in the 2023 Policy Address that the Government would actively seek to enrich the contents of CEPA, providing the trade with greater room for development and allowing them to better tap into the vast business opportunities brought about by the rapid development of the country as well as the national and international dual circulation strategy. In this regard, the HKSARG started a new round of consultations on services liberalisation under the framework of CEPA with the Ministry of Commerce and other relevant ministries since November 2023. The Mainland has positively responded to proposals of the trade in Hong Kong for services liberalisation in various sectors in the Mainland. After months of consultations, the two sides signed an agreement on 9 October 2024 to make further amendments to the Services Agreement (the Amendment Agreement II).

Mainland's New Liberalisation Measures

4. The Amendment Agreement II introduces new liberalisation measures in a number of services sectors which Hong Kong enjoys competitive advantages, including removing or relaxing restrictions on equity shareholding and business scope in the establishment of enterprises, and relaxing qualification requirement, etc., thus making it easier for Hong Kong service suppliers and professionals to set up enterprises and develop business in the Mainland.

5. Details of the new liberalisation measures¹ are set out in the **Annex**, and specific examples are as follows:

¹ Some of the liberalisation measures relating to construction and related engineering services, financial services and tourism services under the Amendment Agreement II were implemented earlier.

Construction and Related Engineering Services

- (a) To allow Hong Kong general practice surveying enterprises to provide professional services in Guangdong Province through filing of records, facilitating related enterprises to start businesses and provide services in Guangdong Province.
- (b) To allow Hong Kong engineering construction consultant enterprises which have completed filing of records to bid for consultancy services projects in joint venture in compliance with the laws in the nine Pearl River Delta municipalities in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA), creating more business opportunities to Hong Kong construction and related engineering consultants.

Film Services

- (c) To remove the restriction on investment in enterprises engaging in film production by Hong Kong service suppliers, which will foster the development of film industries in the two places.
- (d) To allow the enterprises established by Hong Kong service suppliers and approved by the relevant Mainland authorities to operate distribution of imported buy-out Hong Kong motion pictures. The measure will broaden the business scope in the Mainland for the Hong Kong film industry.

Television Services

- (e) To remove the quantitative restriction on Hong Kong people participating as principal creative personnel in online television dramas, which will help increase the flexibility for Hong Kong people to participate in production of online television dramas, promoting cooperation between the television industries of the two places.

- (f) To allow imported dramas produced in Hong Kong to be broadcast during prime time in television stations in the Mainland after obtaining approval from the National Radio and Television Administration, providing Hong Kong dramas with more room for development in entering the Mainland market and promoting in-depth cultural integration between the two places.

Tourism Services

- (g) To optimise the implementation of the 144-hour visa-exemption policy for foreign group tours entering Guangdong from Hong Kong through increasing the number of inbound control points and expanding the area allowed to stay to the whole of Guangdong Province, and to provide facilitation for Mainland travel agents when receiving group tours at West Kowloon Station of the High Speed Rail. The measures will encourage the Hong Kong's travel trade to develop more multi-destination travel products targeting foreign visitors and attract more overseas visitors to visit the Mainland via Hong Kong. This can further support Hong Kong's development into an international tourism hub and a core demonstration zone for multi-destination tourism, benefiting the tourism sectors of the two places.
- (h) To support cruise companies to arrange international cruise itineraries involving port-of-call in the Mainland cruise ports in accordance with the laws. In respect of Mainland visitors participating in such cruise itineraries, they can travel to Hong Kong in transit to join all sorts of cruise itineraries, by presenting their passports and confirmation documents of the relevant cruise itineraries. The measure will facilitate Mainland cruise passengers to participate in international cruise itineraries involving both Hong Kong and ports in the Mainland, thereby attracting cruise companies to develop more cruise itineraries of this kind.

Financial Services

- (i) To remove the asset requirement of not less than USD2 billion as at the end of the most recent year for the Hong Kong financial institutions which invest in shares of insurance companies. This will lower the entry requirement for Hong Kong financial institutions to gain access to the Mainland insurance market.
- (j) To remove the restriction prohibiting foreign bank branches established by Hong Kong service suppliers from conducting bank cards services.
- (k) To consider extending the scope of eligible products under the mutual market access programme by including REITs (i.e. Real Estate Investment Trusts); to continuously promote and enhance Cross-boundary Wealth Management Connect Pilot Scheme and the Mainland-Hong Kong Mutual Recognition of Funds scheme; and to continuously promote the cross listing arrangement of the Mainland and Hong Kong ETF (i.e. open-ended index-tracking exchange-traded funds) as well as enhance Southbound Trading and Northbound Trading under Bond Connect. Relevant measures will further promote the concerted development of the capital markets in the two places, and reinforce Hong Kong's status as an international financial centre and offshore Renminbi business centre.

Telecommunication Services

- (l) To allow Hong Kong service suppliers to distribute in the Mainland telephone service cards which can be used globally but cannot be activated in the Mainland, enabling Hong Kong service suppliers to engage in broader scope of businesses.
6. The above-mentioned measures will allow Hong Kong enterprises and professionals to enjoy more preferential treatment than other external investors when providing services in the Mainland market. At the same time,

since the implementation of the Services Agreement, the Mainland has introduced a number of new liberalisation measures which are applicable to all external investors (including investors from Hong Kong) under the ongoing policy of opening up to external investment. The Mainland agrees to take this opportunity to include the measures in the Amendment Agreement II, in order to maintain CEPA as the most liberal free trade agreement of the Mainland and provide Hong Kong service suppliers with clearer legal certainty when entering the Mainland market.

7. Apart from expanding Mainland's liberalisation in a number of services sectors to Hong Kong, the Amendment Agreement II also brings along institutional innovation and collaboration enhancement. Amongst others, the Amendment Agreement II includes:

- (a) Addition of “allowing Hong Kong-invested enterprises to adopt Hong Kong law” and “allowing Hong Kong-invested enterprises to choose for arbitration to be seated in Hong Kong” as facilitation measures for Hong Kong investors: (i) supporting Hong Kong-invested enterprises registered in the pilot municipalities of the GBA to adopt Hong Kong law or Macao law as the applicable law in their contracts and (ii) supporting Hong Kong-invested enterprises registered in the nine Pearl River Delta municipalities in the GBA to choose Hong Kong or Macao as the seat of arbitration.

The two new measures above expand their current geographical coverage (the former from pilot implementation in Qianhai of Shenzhen to the pilot municipalities of the GBA, and the latter from pilot implementation in Pilot Free Trade Zones to the nine Pearl River Delta municipalities in the GBA) and will leverage Hong Kong's unique advantages in international legal and dispute resolution services, facilitate the internationalisation of the business environment of the GBA for the benefits of Hong Kong-invested enterprises, benefit the collaborative development of the legal and dispute resolution sectors of the two places, encourage Mainland enterprises to use Hong Kong

as a springboard to expand to overseas and foreign investors to use Hong Kong as a gateway to the Mainland.

- (b) Addition of commitments in domestic regulation to ensure the transparency, predictability and efficiency of regulations on trade in services, so as to align with high-standard international economic and trade rules, cutting red tapes and lowering trade costs when enterprises supply their services in a market, facilitating services trade; as well as
- (c) Removal of the period requirement on Hong Kong service suppliers to engage in substantive business operations in Hong Kong for three years in most services sectors, allowing Hong Kong start-ups to enjoy the preferential treatment under CEPA in a shorter time and attracting enterprises and talents from around the world to gain a foothold in Hong Kong and explore the Mainland market, thus increasing local employment, promoting Hong Kong's economic development and giving full play to Hong Kong's roles as "super connector" and "super value-adder".

Hong Kong's Liberalisation Measures

8. Besides the additional commitments in domestic regulation as mentioned in paragraph 7 above, following the past practice, Hong Kong will not impose any new discriminatory measures on Mainland's services and service suppliers in the areas of services covered in the Amendment Agreement II.

CONCLUSION

9. The Mainland has been Hong Kong's top services trading partner for many years. The total services trade between the two places amounted to HKD306.2 billion (28% of Hong Kong's total services trade) in 2022. The continuous economic development of the Mainland leads to an increase in the demand for quality services. The liberalisation measures under CEPA have facilitated our trade to explore the huge potential of the services market

of the Mainland and further deepened the economic and trade cooperation between the two places. As at end September 2024, 1,976 enterprises were approved to be Hong Kong service suppliers under CEPA, with 3,421 certificates of Hong Kong service suppliers issued. The most popular sectors in terms of certificates issued are transport and logistics, distribution, air transport, placement and supply services of personnel, and advertising services.

10. The Amendment Agreement II will create more favourable conditions and open up greater room for Hong Kong service suppliers to thrive in the Mainland market, and at the same time enable them to make contribution to the national development of new quality productive forces and solid progress in promoting high-quality development, against the uncertain prospects of the global political economic situation and rising trade protectionism. The Amendment Agreement II further lowers the market access thresholds and helps sustain the first-mover advantage of our trade in the Mainland market. It also ensures that Hong Kong service suppliers and their services will continue to enjoy the most preferential treatment and most favourable conditions for development in the Mainland. The Amendment Agreement II facilitates Hong Kong in fully capitalising on our distinctive advantages of enjoying strong support of the Motherland and being closely connected to the world under the “One Country, Two Systems” principle, proactively integrating into our national development and allowing us to better tap into the vast business opportunities brought about by the rapid development of the country as well as the national and international dual circulation strategy.

IMPLEMENTATION OF THE AMENDMENT AGREEMENT II

11. The Amendment Agreement II will be implemented on 1 March 2025.

PUBLICITY

12. A briefing was held immediately on the day of signing the Amendment Agreement II to introduce the new liberalisation measures to major trade associations and organisations. Information papers introducing the content of the Amendment Agreement II will also be issued to various trade-related advisory bodies and trade associations. The Trade and Industry Department (TID) maintains a dedicated website to provide the public with the latest information on the Amendment Agreement II.

BACKGROUND

13. The Mainland and Hong Kong signed CEPA in 2003. Thereafter, pursuant to Article 3 of CEPA, the two sides have progressively broadened and enriched the content of CEPA to meet the aspirations of Hong Kong service providers in exploring the Mainland market and to deepen the economic and trade cooperation with the Mainland. CEPA has now become a comprehensive and modern free trade agreement underpinned by four agreements, namely the Agreement on Trade in Goods, the Services Agreement, the Investment Agreement, and the Agreement on Economic and Technical Cooperation², covering all facets of our economic and trade relationship with the Mainland and promoting further liberalisation and facilitation of trade and investment between the two places.

14. The legal text of the Amendment Agreement II is available at TID's website at:

http://www.tid.gov.hk/english/cepa/legaltext/cepa_legaltext.html

Commerce and Economic Development Bureau
Trade and Industry Department

² For details, please refer to the Panel on Commerce and Industry's information papers Year 2015-16 No. CB(1)213/15-16(01), Year 2016-17 No. CB(1)1234/16-17(01), Year 2018-19 No. CB(1)311/18-19(03), and Year 2019-20 No. CB(1)173/19-20(01) respectively.

Annex

**The Mainland's New Liberalisation Measures on Trade in Services
under the Amendment Agreement II**

Services Sectors	New Liberalisation Measures	Nature	Benefits
Accounting services	➤ When determining the duration of residency in the Mainland for Hong Kong certified public accountants who hold the Mainland certified public accountant qualification and practise as partners of accounting firms in the Mainland, the days spent on travelling between the Mainland and Hong Kong are counted towards the days of residency in the Mainland, and any part of a day is counted as a full day.	Relaxing the qualification requirement	Facilitating Hong Kong accountants to develop business in the Mainland.
Construction and related engineering services	➤ To allow town planning enterprises on the list of consultants of the Government of the Hong Kong Special Administrative Region to provide strategic planning, conceptual planning, urban studies and design, etc. except master planning and detailed planning services in Guangdong Province after filing of records.	Relaxing the qualification requirement	Facilitating related enterprises to start businesses and provide services in Guangdong Province.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Construction and related engineering services	➤ To extend the scope of the “Interim Guidelines for the Management of Hong Kong Engineering Construction Consultant Enterprises and Professionals Starting Business and Practising in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) Cities” to allow general practice surveying enterprises to provide professional services in the nine Pearl River Delta municipalities in the GBA and also in Guangdong Province through filing of records.	Relaxing the qualification requirement	Facilitating related enterprises to start businesses and provide services in Guangdong Province.
	➤ To allow Hong Kong professional enterprises on the list of the Government of the Hong Kong Special Administrative Region approved by the Development Bureau to provide construction cost related services in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone after filing of records.	Relaxing the qualification requirement	Facilitating related enterprises to start businesses and provide services in Qianhai.
	➤ To allow Hong Kong engineering construction consultant enterprises which have completed filing of records to bid for consultancy services projects in joint venture in compliance with the laws in the nine Pearl River Delta municipalities in the GBA.	Relaxing the restriction on bidding	Creating more business opportunities to Hong Kong construction and related engineering consultants.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Medical and dental services	<ul style="list-style-type: none"> ➤ To allow Hong Kong permanent residents, who have acquired a medicine degree or above from the University of Hong Kong, or the Chinese University of Hong Kong, and who have completed one-year uninterrupted internship under the supervision of a practising doctor in a Tier 3 (tertiary) hospital in the Mainland and passed an assessment, to sit the Mainland's qualification examination. A "medical practitioner's qualification certificate" of the Mainland will be issued to those who pass the examination. 	Relaxing the qualification requirement	Helping Hong Kong professionals to develop their business in the Mainland.
Real estate services	<ul style="list-style-type: none"> ➤ To provide facilitation for Hong Kong property management enterprises and professionals to develop business in the Mainland. 	Facilitation measure	Facilitating and encouraging Hong Kong property management enterprises and professionals to develop business in the Mainland.
Advertising services	<ul style="list-style-type: none"> ➤ To allow Hong Kong service suppliers to provide advertising services in the mode of cross-border supply. 	Relaxing the restriction on business scope	Helping Hong Kong enterprises and professionals to develop their business in the Mainland.
	<ul style="list-style-type: none"> ➤ To provide more preferential treatment to Hong Kong service suppliers to develop online media agency services in the Mainland. 	Facilitation measure	Helping Hong Kong enterprises and professionals to develop their business in the Mainland.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Market research and public opinion polling services	➤ To remove the restriction on the provision of market investigation services to equity joint venture, whereas the Mainland party shall continue to be the controlling shareholder for broadcast and television rating surveys, and the shareholding of the Mainland party shall not be less than 67% and the legal representative shall be of Chinese nationality for social investigation.	Removing the restriction on equity shareholding	Allowing more flexibility in operations by Hong Kong service suppliers.
Testing and certification services	➤ To expand the geographical scope of factory inspection under the China Compulsory Certification (CCC) System that can be undertaken by certification bodies in Hong Kong in cooperation with Mainland CCC certification bodies from CCC product manufacturers in the whole Mainland to CCC product manufacturers in any place.	Relaxing the restriction on business scope	Providing certification bodies in Hong Kong and Mainland with more room for cooperation, and facilitating certification bodies in Hong Kong to serve the Mainland consumer goods (including goods imported into Mainland from other places) market.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Testing and certification services	➤ To expand the geographical scope of selection of post-certification test samples at factories manufacturing CCC products that can be undertaken by certification bodies in Hong Kong in cooperation with Mainland CCC certification bodies from CCC product manufacturers in the whole Mainland to CCC product manufacturers in any place.	Relaxing the restriction on business scope	Providing certification bodies in Hong Kong and Mainland with more room for cooperation, and facilitating certification bodies in Hong Kong to serve the Mainland consumer goods (including goods imported into Mainland from other places) market.
Services incidental to agriculture, hunting and forestry	➤ To relax the restriction on the shareholding proportion of Hong Kong service suppliers from not exceeding 49% to not exceeding 66% for the selection of new species and seed production of wheat; and to relax the restriction on the shareholding proportion of Hong Kong service suppliers from not exceeding 49% to not exceeding 66% for the selection of new species and seed production of corn in the Mainland Pilot Free Trade Zones and the Hainan Free Trade Port..	Relaxing the restriction on equity shareholding	Allowing more flexibility in operations by Hong Kong service suppliers.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Services incidental to energy distribution	<ul style="list-style-type: none"> ➤ To remove the restriction that “the Mainland party shall be the controlling shareholder for engaging in the construction and operation of networks of water supply and drainage in the Mainland municipalities outside the Guangdong Province with population over 0.5 million and in municipalities in the Guangdong Province with population over 1 million”. 	Removing the restriction on equity shareholding	Wholly-owned businesses can have more flexibility in operations.
Related scientific and technical consulting services	<ul style="list-style-type: none"> ➤ To permit engaging in scientific and technical consulting services related to hydraulic engineering in the In-depth Cooperation Zone in Hengqin. ➤ To stipulate that mining right holders are not subject to restriction in survey and mapping, compilation of maps and geological surveying when carrying out work within the scope of their mining rights. 	<p>Removing the restriction on business scope</p> <p>Removing the restriction on business scope</p>	<p>Bringing new development opportunities for the industry.</p> <p>Bringing new development opportunities for the industry.</p>

Services Sectors	New Liberalisation Measures	Nature	Benefits
Audiovisual services (Television)	<p>➤ To remove the quantitative restriction on Hong Kong people participating as principal creative personnel in online television dramas.</p> <p><u>Imported dramas</u></p> <p>➤ To allow imported dramas produced in Hong Kong to be broadcast during prime time in television stations in the Mainland after obtaining approval from the National Radio and Television Administration.</p> <p><u>Other television programmes</u></p> <p>➤ To permit terrestrial and satellite television channels in Hong Kong to obtain the landing right to broadcast within specific areas such as hotels, guesthouses, etc. in the Mainland after obtaining approval from the National Radio and Television Administration.</p>	<p>Removing the quantitative restriction on participation in production by Hong Kong people</p> <p>Relaxing the restrictions on broadcasting</p> <p>Relaxing the restrictions on broadcasting</p>	<p>Increasing the flexibility in production of online television dramas, promoting cooperation between the television industries of the two places.</p> <p>Facilitating the entry of Hong Kong-produced television dramas to the Mainland market and promoting in-depth cultural integration between the two places.</p> <p>Providing terrestrial and satellite television channels with more development opportunities in the Mainland.</p>

Services Sectors	New Liberalisation Measures	Nature	Benefits
Banking and securities services	<ul style="list-style-type: none"> ➤ To continuously promote the cross listing arrangement of the Mainland and Hong Kong ETF (i.e. open-ended index-tracking exchange-traded funds). ➤ To consider extending the scope of eligible products under the mutual market access programme by including REITs (i.e. Real Estate Investment Trusts). ➤ To continuously promote and enhance Cross-boundary Wealth Management Connect Pilot Scheme that supports Mainland residents in the GBA in purchasing wealth management products sold by Hong Kong banks and eligible Hong Kong licensed corporations, through Hong Kong banks and eligible Hong Kong licensed corporations, and Hong Kong residents in purchasing wealth management products sold by Mainland banks and Mainland securities companies, through Mainland banks and Mainland securities companies in the GBA. ➤ To continuously enhance Southbound Trading and Northbound Trading under Bond Connect. 	<p>Relaxing the restriction on business scope</p> <p>Policy support</p> <p>Relaxing the restriction on business scope</p> <p>Relaxing the restriction on business scope</p>	<p>Promoting the development of the securities markets in both places.</p> <p>Promoting the development of the securities markets in both places.</p> <p>Promoting cross-boundary investment services, bringing more business opportunities to the industry in both Mainland and Hong Kong, as well as increasing the investment options for residents in both places.</p> <p>Facilitating trading in bond markets of the two places and promoting the bond market development in Hong Kong.</p>

Services Sectors	New Liberalisation Measures	Nature	Benefits
Tourism and travel related services	<p><u>Travel agencies</u></p> <p>➤ Investment of setting up travel agents in the Pilot Free Trade Zones shall be approved by the authorities of the Pilot Free Trade Zones.</p>	Streamlining the approving procedures	Facilitating Hong Kong industry to develop in the Mainland.
	<p><u>Individual Visit Scheme</u></p> <p>➤ To further expand the applicable cities of the Individual Visit Scheme.</p>	Relaxing the restriction on business scope	Attracting more eligible Mainland residents to visit Hong Kong for tourism, which can support the development of Hong Kong tourism industry and benefit the travel related industries.
	<p><u>Visa-exemption transit policy</u></p> <p>➤ To provide facilitation for Mainland travel agents when receiving group tours at West Kowloon Station of the High Speed Rail.</p>	Facilitation measure	Facilitating the business of multi-destination tourism provided by the travel trade in both places.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Tourism and travel related services	<p>➤ Optimising the implementation of the 144-hour visa-exemption policy for foreign group tours entering Guangdong from Hong Kong through increasing the number of inbound control points and expanding the area allowed to stay.</p>	Relaxing the restriction on business scope	Facilitating Hong Kong's tourism industry to develop more multi-destination travel products targeting foreign visitors, which can attract more overseas visitors to visit Hong Kong and the Mainland via Hong Kong. This can further support Hong Kong in developing into an international tourism hub and a core demonstration zone for multi-destination tourism, benefiting the tourism sectors of both places.

Services Sectors	New Liberalisation Measures	Nature	Benefits
Tourism and travel related services	<p><u>Cruise tourism</u></p> <p>➤ To support cruise companies to arrange international cruise itineraries involving port-of-call in the Mainland cruise ports in accordance with the laws. In respect of Mainland visitors participating in such cruise itineraries, they can travel to Hong Kong in transit to join all sorts of cruise itineraries, by presenting their passports and confirmation documents of the relevant cruise itineraries.</p>	Policy support	Facilitating the Mainland cruise passengers to participate in international cruise itineraries involving both Hong Kong and ports in the Mainland, thereby attracting cruise companies to develop more cruise itineraries of this kind.
Professional and technical personnel qualification examinations	<p>➤ To allow eligible Hong Kong residents to take the Mainland's qualification examinations for teachers. Those who pass the examination can apply for recognition of the corresponding qualification certificate.</p>	Relaxing the restriction on qualification examination	Helping Hong Kong professionals to enter the Mainland for development.