

CEPA

<p>Sectors or sub-sectors</p>	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p>
<p>Specific commitments</p>	<p>1. To allow Macao service suppliers to provide, in the form of wholly-owned operations, commission agents' services and wholesale trade services and to set up wholly-owned foreign trading companies in the Mainland.¹</p> <p>2. To apply for the setting up of wholesale commercial enterprises in the Mainland on a wholly-owned, equity joint venture, or contractual joint venture basis, Macao service suppliers must fulfill the following conditions:</p> <p>The average annual sales value of a Macao service supplier in the preceding 3 years is not less than US\$30 million; the assets in the preceding year is not less than US\$10 million; the minimum registered capital for setting up an enterprise in the Mainland is RMB 50 million. For setting up a wholesale commercial enterprise in the Central and Western Region², the average annual sales value of a Macao service supplier in the preceding 3 years is not less than US\$20 million; the minimum registered capital is RMB 30 million.</p>

¹ The wholesale trade services and commission agents' services provided by Macao service suppliers in the Mainland in respect of books, newspapers, magazines, pharmaceutical products, pesticides, mulching film, chemical fertilizers, processed oil and crude oil remain subject to Mainland's commitments to members of the World Trade Organization.

² In this Annex, the Central and Western Region include Central Region and Western Region. Western Region refers to 12 provinces/autonomous regions/municipalities including Chongqing, Sichuan, Guizhou, Yunnan, Tibet, Shanxi, Gansu, Qinghai, Ningxia, Xinjiang, Inner Mongolia and Guangxi; and Xianxi Tugia-Miao Autonomous Prefecture of Hunan Province, Enshi Tugia-Miao Autonomous Prefecture of Hubei Province and Yanbian Korean Autonomous Prefecture of Jilin Province. Central Region refers to 8 provinces including Heilongjiang, Jilin, Shanxi, Henan, Hubei, Hunan, Anhui and Jiangxi.

	<p>3. To apply for the setting up of foreign trading companies in the Mainland on a wholly-owned, equity joint venture or contractual joint venture basis, the Macao service suppliers must fulfil the following conditions:</p> <p>The average annual trade value with the Mainland of a Macao service supplier in the preceding 3 years is not less than US\$10 million; for setting up an foreign trading company in the Central and Western Region, the average annual trade value with the Mainland of a Macao service supplier in the preceding 3 years is not less than US\$5 million; the minimum registered capital for setting up a company in the Mainland is RMB 20 million; for setting up an foreign trading company in the Central and Western Region, the minimum registered capital is RMB 10 million.</p> <p>4. There are no geographic restrictions for Macao service suppliers to provide, in the form of wholly-owned operations, commission agents' services and wholesale trade services in the Mainland.</p>
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Sectors or sub-sectors	4. Distribution services
	C. Retailing services (excluding tobacco)
Specific commitments	<p>1. To allow Macao service suppliers to set up wholly-owned retail commercial enterprises in the Mainland.³</p> <p>2. To apply for the setting up of retail commercial enterprises in the Mainland on a wholly-owned, equity joint venture or contractual joint venture basis, Macao service suppliers must fulfil the following conditions:</p> <p>The average annual sales value of a Macao service supplier in the preceding 3 years will not be less than US\$100 million; the minimum assets in the previous year will be US\$10 million; the minimum registered capital for setting up an enterprise in the Mainland will be RMB 10 million. For setting up a retail commercial enterprise in the Central and Western Region, the minimum registered capital will be RMB 6 million.</p> <p>3. To allow Macao service suppliers to set up retailing enterprises in all cities at the prefectural level in the Mainland, and cities at the county level in Guangdong Province.</p> <p>4. To allow Macao service suppliers to set up wholly owned retailing enterprises in the Mainland for sale of motor vehicles.⁴</p> <p>5. To allow Macao permanent residents with Chinese citizenship to set up, in accordance with the relevant laws, regulations and administrative regulations, individually owned stores in Guangdong to provide retailing services</p>

³ The retailing services provided by Macao service suppliers in the Mainland in respect of books, newspapers, magazines, pharmaceuticals, pesticides, mulching film, chemical fertilizers, staple food, vegetable oil, edible sugar, cotton and processed oil remain subject to Mainland's commitments to members of the World Trade Organization.

⁴ Chain stores with more than 30 outlets remain subject to Mainland's commitments to members of the World Trade Organization.

Sectors or sub-sectors	4. Distribution services
	D. Franchising
Specific commitments	To allow Macao service suppliers to engage, in the form of wholly-owned operations, in franchising in the Mainland. ⁵

⁵ The respective regulation will be promulgated separately.

Supplement to CEPA

Sectors or sub-sectors	4. Distribution services A. Commission agents' services (excluding salt and tobacco) B. Wholesale trade services (excluding salt and tobacco)
Specific commitments	To allow the commission agent and wholesale trade enterprises, established by Macao service suppliers in the Mainland on a wholly-owned basis, to operate services in respect of books, newspapers, magazines, pharmaceuticals products, pesticides and mulching films with effect from 1 November 2004. ⁶

⁶ The commission agents' and wholesale trade enterprises set up by Macao service suppliers in the Mainland in respect of chemical fertilizers, processed oil and crude oil remain subject to Mainland's commitments to members of the World Trade Organization

Sectors or sub-sectors	4. Distribution services
	C. Retailing services (excluding tobacco)
Specific commitments	<p>1. To allow retail trade enterprises, established by Macao service suppliers in the Mainland on a wholly-owned basis, to operate services in respect of books, newspapers, magazines, pharmaceutical products, pesticides, mulching films and processed oil with effect from 1 November 2004.⁷</p> <p>2. To allow Macao service suppliers to set up, in the form of wholly-owned operations, retail enterprises in the Mainland for motor vehicles in accordance with the relevant motor vehicle distribution rules in the Mainland.⁸ The application qualification requirement for setting up the above enterprises are waived for Macao service suppliers.⁹</p>

⁷ Chain stores with more than 30 outlets remain subject to Mainland's commitments to members of the World Trade Organization. The retailing trade enterprises set up by Macao service suppliers in the Mainland in respect of chemical fertilizers, staple food, vegetable oil, edible sugar, and cotton remain subject to Mainland's commitments to members of the World Trade Organization.

⁸ Chain stores with more than 30 outlets remain subject to Mainland's commitments to members of the World Trade Organization.

⁹ The application conditions are: the average annual sales value of a Macao service supplier in the preceding 3 years is not less than US\$100 million; the assets in the previous year is not less than US\$10 million; the minimum registered capital for setting up a retail enterprise for motor vehicles in the Mainland is RMB10 million; while the minimum registered capital for setting up a retail enterprise for motor vehicles in the Central and Western Region, is RMB 6 million.

Supplement II to CEPA

<p>Sectors or sub-sectors</p>	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p>
<p>Specific commitments</p>	<p>1. To allow Macao service suppliers to operate commission agents' services in respect of chemical fertilizers, processed oil and crude oil, and wholesale trade services and retailing services in respect of chemical fertilizers, on a wholly-owned, equity joint venture, or contractual joint venture basis.</p> <p>2. For the same Macao service supplier which opens more than 30 stores accumulatively in the Mainland, if the commodities for sale include books, newspapers, magazines, automobiles (this restriction to be lifted from 11 December 2006), pharmaceutical products, pesticides, mulching films, chemical fertilizers, staple food, vegetable oil, edible sugar and cotton, and the above commodities are of different brands and come from different suppliers, the Macao service supplier is allowed to become the controlling shareholder, with the proportion of capital contribution not exceeding 51%¹⁰.</p>

¹⁰ If the commodity for sale is processed oil, Mainland's commitments to members of the World Trade Organization are still applicable.

Supplement V to CEPA

<p>Sectors or sub-sectors</p>	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p> <p>D. Franchising</p>
<p>Specific commitments</p>	<p>For the same Macao service supplier which opens more than 30 stores accumulatively in the Mainland, if the commodities for sale include books, newspapers, magazines, pharmaceutical products, pesticides, mulching films, chemical fertilizers, staple food, vegetable oil, edible sugar and cotton, and the above commodities are of different brands and come from different suppliers, the Macao service supplier is allowed to become the controlling shareholder, with the proportion of capital contribution not exceeding 65%.¹¹</p>

¹¹ If the commodity for sale is processed oil, Mainland's commitments to members of the World Trade Organization are still applicable

Supplement IV to CEPA

<p>Sectors or sub-sectors</p>	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p> <p>D. Franchising</p>
<p>Specific commitments</p>	<p>For the same Macao service supplier which opens more than 50 stores accumulatively in the Mainland, if the commodities for sale include pharmaceutical products, pesticides, mulching films, chemical fertilizers, vegetable oil, edible sugar and cotton, and the above commodities are of different brands and come from different suppliers, the Macao service supplier is allowed to become the controlling shareholder, with the proportion of capital contribution not exceeding 65%.¹²</p>

¹² If the commodity for sale is processed oil, Mainland's commitments to members of the World Trade Organization are still applicable

Supplement V to CEPA

<p>Sectors or sub-sectors</p>	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p> <p>D. Franchising</p>
<p>Specific commitments</p>	<p>For the same Macao service supplier which opens more than 30 stores accumulatively in the Mainland, if the commodities for sale include pharmaceutical products, pesticides, mulching films, chemical fertilizers, vegetable oil, edible sugar and cotton, and the above commodities are of different brands and come from different suppliers, the Macao service supplier is allowed to run business on a wholly-owned basis.¹³</p>

¹³ If the commodity for sale is processed oil, Mainland's commitments to members of the World Trade Organization are still applicable

Supplement VI to CEPA

Sectors or sub-sectors	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p> <p>D. Franchising</p>
Specific commitments	<p>The minimum registered capital requirement for publication distribution enterprises set up by Macao service suppliers in the Mainland will be the same as that for Mainland enterprises.</p>

Supplement VII to CEPA

Sectors or sub-sectors	<p>4. Distribution services</p> <p>A. Commission agents' services (excluding salt and tobacco)</p> <p>B. Wholesale trade services (excluding salt and tobacco)</p> <p>C. Retailing services (excluding tobacco)</p> <p>D. Franchising</p>
Specific commitments	<p>To allow distribution enterprises set up by Macao service suppliers in the Mainland to distribute books published in Macao. The Macao books to be distributed must be imported by the State authorized publication import agents.</p>