

## *Distribution Services (1)*

- 1. What are the approval and application procedures in the Mainland for Hong Kong companies to set up distribution enterprises under the CEPA? What are the relevant rules and regulations?**

Eligible Hong Kong service suppliers can enjoy CEPA's preferential treatments when entering Mainland's distribution market. These include commission agents' services, wholesale trade services, retailing services and franchising. Since Hong Kong service suppliers are regarded as foreign investors, the Mainland's general rules and regulations currently in force for foreign-invested enterprises, for example the "*Measures for the Administration of Foreign Investment in Commercial Fields*" and the "*Company Law of the People's Republic of China*", should be followed. In addition, there are specific regulations for running foreign-invested businesses in the wholesale, retailing and franchising sectors. These regulations set out the approval and application procedures, the approved business scope, and the implementation of preferential treatments under CEPA. Full texts of the regulations can be found in the Department's Information Database on CEPA Service Sectors webpage <http://www.tid.gov.hk/english/cepa/tradeservices/distrib.html> which also provides an Easy Guide to Investment with details on setting up distribution enterprises in the Mainland.