

## *Individually Owned Stores – 2008 Liberalization Measures*

- 1. What are the new liberalization measures for the individually owned stores under Supplement V to CEPA? What are the differences between the liberalization measures for individually owned stores and other service sectors under CEPA?**

With effect from 1 January 2009, Hong Kong permanent residents with Chinese citizenship are allowed to set up individually owned stores **in any location in Mainland** employing no more than 8 persons in **2 new business sectors**, namely, building-cleaning service and advertising production services but excluding franchising operation.

In addition, Hong Kong permanent residents with Chinese citizenship are also allowed to set up individually owned stores **in Guangdong Province** employing no more than 8 persons in **2 new business sectors**, namely, trade brokerage and commission agency services (excluding auction) and renting and leasing services (excluding the renting and leasing of housing premises), but excluding franchising operation.

The latest liberalisation measures will offer more opportunities for Hong Kong residents to set up their businesses in the Mainland.

Different from the other CEPA liberalization measures on trade in services, Hong Kong permanent residents with Chinese citizenship can set up individually owned stores in the Mainland without the need to apply for a Hong Kong service supplier certificate and without being subject to the approval procedures applicable to foreign investments. It helps to increase the flexibility for Hong Kong residents to invest and tap the business opportunities in the Mainland. The CEPA provisions on individually owned stores are complementary to the other liberalization measures under CEPA trade in services, bringing more and different investments opportunities to Hong Kong residents.

- 2. What services are included under “trade brokerage and commission agency” and “renting and leasing services”?**

Under the *National Economic Industrial Classification* published by the National Bureau of Statistics of China, “trade brokerage

and commission agency” (6380) refers to activities by commission agents, merchandise brokers and auctioneers; sales agency activities conducted specifically for a certain manufacturing enterprise; the provision of business opportunities to the buying and selling parties or execution of merchandise transaction activities on behalf of entrusting clients as the agent. However, it is specified in this liberalization measure that “trade brokerage and commission agency” does not include auctioning.

Under the *National Economic Industrial Classification*, “renting and leasing services” (73) includes renting and leasing of machinery equipment as well as cultural and daily commodities. However, it is specified in this liberalization measure that “renting and leasing services” does not include the renting and leasing of housing premises.

**3. What are the relevant regulations and procedures for Hong Kong residents to set up individually owned stores in the Mainland under the CEPA?**

You may wish to browse the Department’s Information Database on CEPA Service Sectors webpage [http://www.tid.gov.hk/english/cepa/tradeservices/files/individual\\_factsheets.pdf](http://www.tid.gov.hk/english/cepa/tradeservices/files/individual_factsheets.pdf) which provides an Easy Guide to Investment with reference information on the relevant major laws and regulations, approved scopes of business, restrictions on operations, procedures of registration, etc. applicable to individually owned stores set up by Hong Kong residents in the Mainland.