

**Summary of Goods Subject to Zero Tariff under CEPA II**

| Types of Goods     | Examples of Goods under Current Production <sup>Note 1</sup>   | Examples of Goods <sup>Note 2</sup> Proposed to be Produced                       | Range of Tariffs on Major Goods  |   |       |
|--------------------|--|---|----------------------------------|---|-------|
|                    |  |   | Current Applied Tariff Rates (%) | China's Bound Tariff Rates under WTO Accession(%) |       |
|                    |  |   |                                  | Year 2006   | Final |
| Aquatic Products   | Certain live, fresh, chilled or frozen fishes, shrimps and prawns, crabs, cuttle fishes, squids, octopuses, abalone, other crustaceans or molluscs; etc.   | Certain frozen fishes; fresh, chilled or frozen fish fillets and fish meats; etc. | 5-17                             | 5-17  | 5-17  |
| Food and Beverages | Certain diary products; certain coffee and tea; certain prepared meats and aqua food products; certain sugar confectioneries and cocoa preparations; certain preparations of flour (e.g. noodles, breads, biscuits, pastry, moon cakes); certain preparations of fruits and vegetables; certain fruit juices; sauces, gourmet powder, and certain other condiments and seasonings; soup and broth; mineral water, distilled water, aerated water and certain other non-alcoholic beverages; etc. | Certain diary products; certain ginseng products; chicken essence; etc.           | 3-51.4                           | 3-49.1  | 3-40  |

<sup>Note 1</sup> Totally 540 tariff codes. The products enjoy zero tariff from 1 January 2005.

<sup>Note 2</sup> Totally 189 tariff codes. After the applicant has put the proposed goods into production, the Hong Kong Trade and Industry Department shall conduct verification jointly with the Hong Kong Customs and Excise Department and inform the Ministry of Commerce. The Mainland shall, after confirmation by both sides, release the relevant imports on zero tariff basis in line with "CEPA" upon presentation of the certificates of origin issued by the Hong Kong issuing authorities.

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|-----------------------------|--|---|----------------------------------|---|--------|
|                             |  |   | Current Applied Tariff Rates (%) | China's Bound Tariff Rates under WTO Accession(%) |        |
|                             |  |   |                                  | Year 2006   | Final  |
| Chemical Products           | Limestone flux; certain cements and ashes; certain chemical gases; certain chemical compounds; tanning substances; incense; certain surface active agents, cleaning agents, substance processing preparations, polishes, glues; fuels for lighters; exposed and developed cinemategraphic films; certain chemical preparations for photographic uses; artificial graphite; insecticides; disinfectants; certain chemicals for industrial use; etc. | Silver nitrate; certain dyeing substances; etc.                             | 4-16                             | 4-16  | 4-16   |
| Pharmaceutical Products     | Medicaments containing cephamycins and certain other antibiotics; certain medicaments containing hormones; certain medicaments containing alkaloids; etc.  | gamma globulin; absorbent cotton, gauze, bandages and medical wadding; etc. | 3-6                              | 3-6   | 3-6    |
| Plastic and Rubber Products | Certain plastics in primary form; certain plastic plates, sheets, films, foils, strips and tubes etc; certain plastic bags, carboys, bottles, lids, stoppers, building materials and articles of apparels, etc.; styrene-butadiene rubber; reclaimed rubber; certain wastes and scrapes of rubber; certain retreated tyres of rubber; certain articles of vulcanized rubber; etc.  | Certain plastics in primary form; certain articles of polyurethane; etc.    | 6.5-25                           | 6.5-25  | 6.5-25 |

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|  |  |  | Current Applied Tariff Rates (%) | China's Bound Tariff Rates under WTO Accession(%) |       |
|  |  |  |                                  | Year 2006   | Final |
| Leather and Fur Products                       | Certain articles of leather; apparels of fur and clothing accessories of fur; fur hats; etc.   | Certain Leather of sheep, lamb, goat and swine; handbags, apparels and clothing accessories of leather or composition leather; some types of furskins; artificial fur and articles of artificial fur; etc. | 8-23                             | 8-23  | 8-23  |
| Textiles and Clothing                          | Certain yarns and fabrics; certain overcoats, wind-cheaters, anoraks, skirts, trousers, suits, pajamas, swimming suits, underwear; etc.  | Certain yarns and fabrics; certain overcoats, anoraks, wind-cheaters, skirts, track-suits; etc.  | 5-25                             | 5-25  | 5-25  |
| Metal Products                                 | Certain semi-manufactured platinum and palladium; certain steel materials; certain articles of steel and iron; certain articles of copper, aluminum and other base metal; etc.   | Specified steel materials, stainless steel products, aluminum products; etc.   | 3-18                             | 3-18  | 3-18  |
| Mechanical, Electrical and Electronic Products | Concrete pumps; parts of liquid pumps; certain compressors, filtering machines and their parts; certain packing machines; certain lifting machinery and equipment; certain drilling machines and their parts; certain batteries; certain discs for laser reading systems and cards with a magnetic stripe; certain electric circuit apparatus; certain electric cables and wires; other specified machinery, electrical appliances and their parts; etc. | Certain oxygen producers; certain filtering or purifying machinery and dust collectors; certain electric tools; certain signaling apparatus; uninterrupted power supply; etc.                              | 4-30                             | 4-30  | 4-30  |

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|                |  |   | Current Applied Tariff Rates (%) | China's Bound Tariff Rates under WTO Accession(%) |       |
|                |  |   |                                  | Year 2006   | Final |
| Others         | Certain optical lenses; certain optical elements; certain photographic apparatus; certain construction materials; certain games and sports requisites; vacuum flasks; etc. | Certain medical apparatus; certain checking instruments; certain glass products; certain mattresses and articles of bedding; etc. | 0-25                             | 0-25  | 0-25  |

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