APPENDIX 1 TO ANNEX X

FIRST LIST OF RESERVATIONS OF HONG KONG, CHINA

1. Where appropriate, non-conforming measures are referenced to the Provisional Central Product Classification ("CPC") as set out in Statistical Office of the United Nations Statistical Papers, Series M, No. 77, Provisional Central Product Classification, 1991 ("CPC code") and on the basis of the Services Sectoral Classification List WTO document MTN.GNS/W/120.

2. This List sets out, pursuant to paragraph 1(a) of Article 3.17 of the Agreement, Hong Kong, China's existing measures that are not subject to some or all of the obligations imposed by:

(a) Article 3.4 (Most-Favoured-Nation Treatment);

(b) Article 3.5 (Market Access); or

(c) Article 3.6 (National Treatment).

3. Each entry in this List sets out the following elements:

(a) **Sector** refers to the sector in which the entry is made;

(b) **Industry Classification** refers, for the purpose of clarity, and where applicable, to the activity covered by the entry according to the CPC code;

(c) **Obligations Concerned** specifies the obligation(s) referred to in Paragraph 2;

(d) **Measures** identify measures for which the entry is made. A measure cited in the Measures element:

(i) means the measure as amended, continued, or renewed, and as in force at the date of entry into force of the Agreement; and

(ii) includes any subordinate measure adopted or maintained under the authority of and consistent with the measure; and

(e) **Description** sets out the non-conforming measure to which the entry applies.

4. The following terms used in the Description element shall have the following meanings:

(a) "Mode 1" means the supply of a service from the Area of a Party into the Area of another Party

(b) “Mode 2” means the supply of a service in the Area of a Party to the service consumer of another Party

(c) “Mode 3” means the supply of a service by a service supplier of a Party, through commercial presence in the Area of another Party.

5. In accordance with paragraph 1 (a) of Article 3.17 of the Agreement, the Articles of the Agreement specified in the Obligations Concerned element of an entry do not apply to the measures as described in the Description element of that entry.

6. Where an inconsistency arises in relation to the interpretation of an entry, the Description element of the entry shall prevail to the extent of the inconsistency.

I-HKC-1

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|---|---|---|
| **Sector** | Business Services<br>Professional Services<br>Accounting, Auditing and Book Keeping Services | |
| **Industry Classification** | CPC 862 | Accounting, Auditing and Book Keeping Services |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) | |
| **Measures** | Section 29 of the Professional Accountants Ordinance (Cap. 50) | |
| **Description** | Provision of statutory auditing services is limited to corporate practices and natural persons licenced as certified public accountants (practising), either as sole proprietors or in partnership. | |

I-HKC-2

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|---|---|
| **Sector** | Business Services<br>Professional Services<br>Architectural Services |
| **Industry Classification** | CPC 8671 Architectural Services |
| **Obligations Concerned** | National Treatment (Article 3.6) |
| **Measures** | Section 13 of the Architects Registration Ordinance (Cap. 408) |
| **Description** | To be registered as a Registered Architect, a person has to have one year's relevant experience in Hong Kong, China before the date of his application for registration; and to be ordinarily resident in Hong Kong, China. |

I-HKC-3

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|---|---|---|
| **Sector** | Business Services<br>Professional Services<br>Engineering Services<br>Integrated Engineering Services | |
| **Industry Classification** | CPC 8672 | Engineering Services |
| | CPC 8673 | Integrated Engineering Services |
| **Obligations Concerned** | National Treatment (Article 3.6) | |
| **Measures** | Section 12 of the Engineers Registration Ordinance (Cap. 409) | |
| **Description** | To be registered as a Registered Professional Engineer, a person has to have one year's relevant experience in Hong Kong, China before the date of his application for registration; and to be ordinarily resident in Hong Kong, China. | |

I-HKC-4

| | | |
|---|---|---|
| **Sector** | Business Services<br>Professional Services<br>Urban Planning and Landscape Architectural Services | |
| **Industry Classification** | CPC 8674 | Urban Planning and Landscape Architectural Services |
| **Obligations Concerned** | National Treatment (Article 3.6) | |
| **Measures** | Section 12 of the Planners Registration Ordinance (Cap. 418)<br>Section 12 of the Landscape Architects Registration Ordinance (Cap. 516) | |
| **Description** | To be registered as a Registered Professional Planner, a person has to have one year's relevant experience in Hong Kong, China before the date of his application for registration; and to be ordinarily resident in Hong Kong, China.<br><br>To be registered as a Registered Landscape Architect, a person has to have one year's relevant experience in Hong Kong, China before the date of his application for registration; and to be ordinarily resident in Hong Kong, China. | |

I-HKC-5

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|---|---|---|
| **Sector** | Business Services<br>Rental/Leasing Services without Operators relating to Ships<br><br>Transport Services<br>Maritime Transport Services | |
| **Industry Classification** | CPC 83103 | Rental/Leasing Services without Operators relating to Ships |
| | CPC 7211 | Passenger Transportation |
| | CPC 7212 | Freight Transportation |
| | CPC 7213 | Rental of Vessels with Crew |
| **Obligations Concerned** | National Treatment (Article 3.6) | |
| **Measures** | Section 23B of the Inland Revenue Ordinance (Cap. 112) | |
| **Description** | Income derived from international operation of ships registered in the Hong Kong Shipping Register is exempted from Hong Kong, China's profit tax. | |

I-HKC-6

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|---|---|
| **Sector** | Business Services<br>Other Business Services<br>Services incidental to Fishing |
| **Industry Classification** | CPC 882 Services incidental to Fishing |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Section 12 of the Merchant Shipping (Local Vessel) Ordinance (Cap. 548) |
| **Description** | Fishing vessels must be certificated. To be certificated as a Local Vessel Class III “fishing vessel” plying within the waters of Hong Kong, China, if the owner of the vessel is an individual, the owner shall be an individual who holds a valid Hong Kong Identity Card and who is ordinarily resident in Hong Kong, China. |

I-HKC-7

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|---|---|
| **Sector** | Business Services<br>Other Business Services<br>Services incidental to Manufacturing<br><br>Transport Services<br>Services auxiliary to all Modes of Transport<br>Storage and Warehousing Services |
| **Industry Classification** | CPC 884+885 Services incidental to Manufacturing except for 88442<br><br>CPC 742 Storage and Warehousing Services |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Sections 7 & 8A of the Dutiable Commodities Ordinance (Cap. 109)<br>Regulation 22 of the Dutiable Commodities Regulations (Cap. 109A) |
| **Description** | To apply for a licence for the manufacture or storage of dutiable commodities under the Dutiable Commodities Ordinance (Cap. 109), the applicant has to appoint a responsible person to be held responsible for the running and management of the premises concerned. The responsible person has to be a Hong Kong resident holding a valid Hong Kong Identity Card. |

I-HKC-8

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|---|---|---|
| **Sector** | Business Services<br>Other Business Services<br>Services incidental to Manufacturing | |
| **Industry Classification** | CPC 8847 | Manufacture of Rubber and Plastics Products, on a fee or contract basis |
| | CPC 885 | Services incidental to the Manufacture of Metal Products, Machinery and Equipment |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) | |
| **Measures** | Sections 5(1), 5(2)(c)(v) and 30 of the Prevention of Copyright Piracy Ordinance (Cap. 544) | |
| **Description** | To apply for a licence for the manufacture of optical discs or stampers under the Prevention of Copyright Piracy Ordinance (Cap. 544), the applicant has to be a Hong Kong resident holding a valid Hong Kong Identity Card. | |

I-HKC-9

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|---|---|---|
| **Sector** | Business Services<br>Other Business Services<br>Related Scientific and Technical Consulting Services | |
| **Industry Classification** | CPC 8675 | Related Scientific and Technical Consulting Services |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) | |
| **Measures** | Section 12 of the Land Survey Ordinance (Cap. 473)<br>Section 12 of the Surveyors Registration Ordinance (Cap. 417) | |
| **Description** | Certain statutory land boundary survey services are required to be carried out by Authorised Land Surveyors registered under the Land Survey Ordinance (Cap. 473). To be qualified for registration as an Authorised Land Surveyor, a person has to attain one year local land boundary survey experience in Hong Kong, China.<br><br>To be registered as a Registered Professional Surveyor under the Surveyors Registration Ordinance (Cap. 417), a person has to have one year's relevant experience in Hong Kong, China before the date of his application for registration; and to be ordinarily resident in Hong Kong, China. | |

I-HKC-10

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|---|---|---|
| **Sector** | Construction and Related Engineering Services[1] | |
| **Industry Classification** | CPC 513 | General Construction Work for Civil Engineering |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) | |
| **Measures** | Section 4 of the Buildings Ordinance (Cap. 123)<br>Regulation 3 of the Building (Administration) Regulations (Cap. 123A)<br>Section 13 of the Architects Registration Ordinance (Cap. 408)<br>Section 12 of the Engineers Registration Ordinance (Cap. 409)<br>Section 12 of the Surveyors Registration Ordinance (Cap. 417)<br>Part I of the Buildings Ordinance (Cap. 123) | |
| **Description** | Non-exempted construction and building works shall be carried out by statutory building agents, including Authorised Persons ("AP"), Registered Structural Engineers ("RSE"), Registered Geotechnical Engineers ("RGE"), Registered Contractors ("RC") and Technically Competent Persons ("TCP").<br><br>To register as an AP, RSE or RGE, a person shall be a Registered Architect ("RA"), Registered Professional Engineer ("RPE") in the relevant disciplines or Registered Professional Surveyor ("RPS") and have one year's relevant professional experience in Hong Kong, China. To register as a RA or RPE in the relevant disciplines or RPS, a person shall be ordinarily resident in Hong Kong, China.<br><br>To register as an RC, the key personnel of the applicant (which can be a corporation) shall possess adequate working experience, some of which has to be gained in Hong Kong, China.<br><br>To be qualified as a TCP, a person shall possess site experience in Hong Kong, China. | |

[1] For railway construction and project implementation services, please refer to II-HKC-25 under Hong Kong, China's Second List of Reservations.

Prescribed inspection and prescribed repair to buildings and windows shall be carried out by statutory building agents, including Registered Inspectors ("RI"), Qualified Persons ("QP") and RC.

To register as an RI, a person shall be an RA, RPE in the relevant disciplines or RPS in the relevant divisions and shall possess adequate relevant working experience, some of which has to be gained in Hong Kong, China.

To be qualified to act as a QP, a person shall be an AP or RSE or RI or qualified RC who shall possess relevant experience in Hong Kong, China as stated above.

I-HKC-11

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| **Sector**<br><br>**Industry Classification** | Financial Services<br>Insurance and insurance-related services<br>• Direct Insurance (including co-insurance): Life and Non-life |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Sections 2(3), 6(1), 7, 8(3)(e), 66(3)(a) of the Insurance Companies Ordinance (Cap. 41)<br>Item 11(a) of the Guidance Note 1 - Authorisation Guidelines issued by the Office of the Commissioner of Insurance pursuant to Section 4A(3) of the Insurance Companies Ordinance (Cap. 41) |
| **Description** | With respect to Modes 1 and 2, if the supply of the service involves solicitation of business or marketing by the service supplier, only an incorporated company which maintains an office in Hong Kong, China as its place of business and authorised by the Insurance Authority, or an association of underwriters which maintains an office in Hong Kong, China as its place of business and approved by the Insurance Authority is permitted to carry on insurance business in or from Hong Kong, China. In the case of the former, the company has to take the form of a subsidiary, branch or representative office, although insurance business may not be carried out through a representative office. The chief executive appointed by the authorised insurer shall normally reside in Hong Kong, China.<br><br>With respect to Mode 1, non-resident insurance companies cannot supply insurance services (including maritime, aviation and transport (MAT) insurance) through an intermediary authorised in Hong Kong, China if the supply of the service involves solicitation of business or marketing by the service supplier. It is only in circumstances where, if an insurance broker is requested by his client or as a result of the absence of suitable insurance products available locally, then the insurance broker can refer or arrange a contract of insurance with an insurer authorised in other jurisdiction but not authorised in Hong Kong, China. In that case, the insurance broker shall advise his client of the unauthorised status of the insurer and obtain a written acknowledgement of the fact from the client. |

With respect to Mode 3, only an incorporated company authorised by the Insurance Authority, or an association of underwriters approved by the Insurance Authority is permitted to carry on insurance business. In the case of the former, commercial presence must take the form of a subsidiary, branch or representative office, although insurance business may not be carried out through a representative office. The chief executive appointed by the authorised insurer shall normally reside in Hong Kong, China.

A representative office is considered a promotion (for non-business purpose only) and liaison office and can only serve some auxiliary functions such as conduct market research, collect business statistics and establish contacts with prospective customers and partners. It cannot conduct any profit generating business activities.

I-HKC-12

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|---|---|
| **Sector** | Financial Services |
| **Industry Classification** | Insurance and insurance-related services<br>• Reinsurance and retrocession |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Sections 2(3), 6(1), 7, 8(3)e, 51(b) and 66(3)(a) of the Insurance Companies Ordinance (Cap. 41)<br>Item 1(1), Part 1 of the Third Schedule to the Insurance Companies Ordinance (Cap. 41)<br>Item 11(a) of the Guidance Note 1 - Authorisation Guidelines issued by the Office of the Commissioner of Insurance pursuant to Section 4A(3) of the Insurance Companies Ordinance (Cap. 41) |
| **Description** | With respect to Modes 1 and 2,<br>(i) the insurance company must be a company incorporated outside Hong Kong, China and has no agent nor place of business in Hong Kong, China; or<br>(ii) for service suppliers which do not meet the foregoing conditions, if the supply of the service involves solicitation of business or marketing by the service supplier, only an incorporated company which maintains an office in Hong Kong, China as its place of business and authorised by the Insurance Authority, or an association of underwriters which maintains an office in Hong Kong, China as its place of business approved by the Insurance Authority is permitted to carry on insurance business in or from Hong Kong, China. In the case of the former, the company has to take the form of a subsidiary, branch or representative office, although insurance business may not be carried out through a representative office. The chief executive appointed by the authorised insurer shall normally reside in Hong Kong, China.<br>With respect to Mode 3, only an incorporated company authorised by the Insurance Authority or an association of underwriters approved by the Insurance Authority is permitted to carry on insurance business. In the case of the former, commercial presence must take the form of a subsidiary, branch or representative office, although |

insurance business may not be carried out through a representative office. The chief executive appointed by the authorised insurer shall normally reside in Hong Kong, China.

I-HKC-13

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|---|---|
| **Sector**<br><br>**Industry Classification** | Financial Services<br>Insurance and insurance-related services<br>• Insurance intermediation, such as brokerage and agency<br>• Services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Sections 65, 69, 70 of the Insurance Companies Ordinance (Cap. 41)<br>Part III item (A) of the "Minimum Requirements for Insurance Brokers" issued by the Office of the Commissioner of Insurance pursuant to Sections 69(2) and 70(2) of the Insurance Companies Ordinance (Cap. 41) |
| **Description** | With respect to Modes 1 and 2, if the supply of the services involves solicitation of business or marketing by the service supplier, the service supplier must be an insurance broker authorised by the Insurance Authority, a member of an approved body of insurance brokers or an appointed insurance agent. To be authorised as an insurance broker by the Insurance Authority or to be admitted as a member of an approved body of insurance brokers, a person has to maintain a place of business in Hong Kong, China. To be admitted as a member of an approved body of insurance brokers, the person has to be an incorporated company with a registered business in Hong Kong, China. A chief executive of an insurance broker has to be a Hong Kong Permanent Resident or Hong Kong Resident whose employment visa conditions do not restrict him from being engaged in insurance broking business. A responsible officer or technical representative of an insurance agency company and an individual agent must be a Hong Kong Permanent Resident or Hong Kong Resident whose employment visa conditions do not restrict him from acting as an insurance agent. |

I-HKC-14

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|---|---|
| **Sector** | Financial Services |
| **Industry Classification** | Banking and other financial services (excluding insurance)<br>• Acceptance of deposits and other repayable funds from the public |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Sections 12 and 74 of the Banking Ordinance (Cap. 155)<br>Paragraph 13 of the Seventh Schedule to the Banking Ordinance (Cap. 155)<br>Sections 11 and 12 of the Banking Ordinance (Cap. 155); and paragraph 2.14 of the Guide to Authorisation issued by the Hong Kong Monetary Authority<br>Administrative Requirement of the Hong Kong Monetary Authority including Chapter 9 on Authorisation of Virtual Banks in the Guide to Authorisation issued by the Hong Kong Monetary Authority in September 2002 |
| **Description** | All authorised institutions (i.e. licensed banks, restricted licence banks and deposit-taking companies) shall maintain a physical presence in Hong Kong, China. They must appoint a chief executive, and not less than one alternative chief executive, each of whom shall be an individual and ordinarily resident in Hong Kong, China.<br><br>An overseas bank seeking to establish a locally incorporated full licensed bank must:<br><br>(i) have maintained a locally incorporated restricted licence bank or deposit taking company (or any combination thereof) in Hong Kong, China for at least three continuous years before they can apply for approval from the Hong Kong Monetary Authority for upgrading to a full licensed bank; or<br><br>(ii) have maintained a branch in Hong Kong, China for not less than three continuous years before they can apply for approval from the Hong Kong Monetary Authority to subsidiarise the operation of the branch by transferring the branch operation to a locally incorporated company.<br><br>In the case of an overseas bank seeking to establish a representative office in Hong Kong, China, such offices are prohibited from taking deposits and undertaking banking business in general. |

I-HKC-15

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|---|---|
| **Sector** | Financial Services |
| **Industry Classification** | Banking and other financial services (excluding insurance)<br>• Trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise the following:<br>- money market instruments (cheques, bills, certificate of deposits, etc.)<br>- foreign exchange<br>- derivative products including futures and options<br>- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements etc.<br>- transferable securities |
| **Obligations Concerned** | Market Access (Article 3.5)<br>National Treatment (Article 3.6) |
| **Measures** | Securities and Futures Ordinance (Cap. 571)<br>Rules of recognised exchange companies approved under the Securities and Futures Ordinance |
| **Description** | With respect to Mode 3,<br>• only corporations incorporated in Hong Kong, China may become members of exchange companies recognised under the Securities and Futures Ordinance (in addition, natural persons born in Hong Kong, China or resident in Hong Kong, China for five of the preceding seven years or partnerships composed of such persons may also become members of the Stock Exchange of Hong Kong Limited[2]);<br>• for dealing in securities or commodities futures, there is a residence requirement in Hong Kong, China in respect of a sole proprietor, or, in the case of a partnership or company, in respect of at least one partner or director, who is registered as a dealer. |

[2] The residence requirement for memberships can be waived for persons of good reputation with substantial experience of dealing in securities.

I-HKC-16

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| **Sector** | Financial Services<br>Banking and other financial services (excluding insurance)<br>• Participation in issues of all kinds of securities, including underwriting and placement as agent (whether publicly or privately) and provision of services related to such issues |
| **Industry Classification** | |
| **Obligations Concerned** | National Treatment (Article 3.6) |
| **Measures** | Securities and Futures Ordinance (Cap. 571) |
| **Description** | With respect to Mode 3, if registration as a dealer is required, as it is in the case of public issues, the limitations as for dealers in I-HKC-15 shall apply. |

I-HKC-17

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|---|---|---|
| **Sector** | Tourism and Travel Related Services | |
| **Industry Classification** | CPC 7471 | Travel Agencies and Tour Operators Services |
| **Obligations Concerned** | Market Access (Article 3.5) | |
| **Measures** | Section 11 of the Travel Agents Ordinance (Cap. 218)<br>Travel Agents Licence Licencing Guide issued by the Travel Agents Registry | |
| **Description** | With respect to Mode 3, only a company may operate tours and open branch offices[3]. | |

[3] "Company" means a company incorporated in Hong Kong, China under the Companies Ordinance, or a company incorporated outside Hong Kong, China which establishes a place of business and registered as such in Hong Kong, China under the Companies Ordinance.