APPENDIX 1 TO ANNEX X

SECOND LIST OF RESERVATIONS OF HONG KONG, CHINA

1. Where appropriate, 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(b) of Article 3.17 of the Agreement, the specific sectors, sub-sectors, or activities for which Hong Kong, China may maintain existing, or adopt new or more restrictive, measures that do not conform with 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; and

(d) **Description** sets out the nature and/or scope of the measures in the sectors, sub-sectors or activities covered by the entry.

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(b) 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 sectors, sub-sectors, and activities 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.

II-HKC-1

Sector	All Sectors
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to: • the provision of public law enforcement, ambulance services, correctional services and fire fighting services; and • the following, to the extent that they are social services established for a public purpose: - health; - education; - housing; - training; - transport; - public utilities; - social security; and - social welfare.

II-HKC-2

Sector	All Sectors
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	With respect to subsidies, including government-supported loans, guarantees and insurance, or to any conditions attached to the receipt or continued receipt of such subsidies, whether or not such subsidies are offered exclusively to domestic services, service consumers or service suppliers, Hong Kong, China reserves the right to adopt or maintain any measure that is not inconsistent with Hong Kong, China's obligations under *GATS*.

II-HKC-3

Sector	All Sectors
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure affecting the presence of natural persons and supply of service through such presence in a manner not inconsistent with the commitments made in Hong Kong, China's List of Commitments on Movement of Natural Persons under this Annex.

II-HKC-4

Sector	Business Services Professional Services	
Industry Classification	CPC 861	Legal Services
	CPC 9312	Medical and Dental Services
	CPC 93191	Services provided by Midwives, Nurses, Physiotherapists and Para-medical Personnel
		Other Professional Services*
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)	
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.	

* This refers to the services covered by item k. of sub-sector "A. Professional Services" under the Sector "Business Services" of MTN.GNS/W/120.

II-HKC-5

Sector	Business Services Research and Development Services
Industry Classification	CPC 851-853 Research and Development Services
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to research and development services.

II-HKC-6

Sector	Business Services Rental/Leasing Services without Operators (except relating to ships)	
Industry Classification	CPC 83104	Rental/Leasing Services without Operators relating to Aircraft
	CPC 83101, 83102 & 83105	Rental/Leasing Services without Operators relating to other Transport Equipment
	CPC 832	Other Rental/Leasing Services without Operators
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)	

Description

Hong Kong, China reserves the right to adopt or maintain any measure with respect to:

1. rental/leasing services without operators relating to aircraft (CPC 83104) and other land transport equipment (CPC 83105);

2. rental/leasing services without operators concerning private cars (CPC 83101) and goods transport vehicles (CPC 83102) (except for Mode 3 and for the Market Access obligation for Mode 2);

3. other rental / leasing services without operators (CPC 832); and

4. rental / leasing services without operators relating to air transport.

II-HKC-7

Sector	Business Services Other Business Services	
Industry Classification	CPC 87909	Other Business Services not elsewhere classified
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)	
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.	

II-HKC-8

Sector	Energy Business Services Manufacturing Distribution Services Storage and Warehouse Services
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to energy services, except in respect of the following services (other than those relating to electricity): (a) services incidental to mining (CPC 883 and CPC 5115); (b) commission agents' services – limited to sales on a fee or contract basis of fuels, metals, ores (part of CPC 62113); (c) wholesale trade services of solid, liquid and gaseous fuels and related products (CPC 62271); (d) retail sales of fuel oil, bottled gas, coal and wood (CPC 63297); and (e) bulk storage services of liquids or gases (except in respect of air and rail) (part of CPC 74220). Activities in the energy services include the importation, generation or manufacture, transmission, distribution, storage, supply, sale and use of energy.

II-HKC-9

Sector	Communication Services Postal Services
Industry Classification	CPC 7511 Postal Services
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to postal services.

II-HKC-10

Sector	Communication Services Courier Services
Industry Classification	CPC 7512 Courier Services
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to courier services, except for Mode 3 and Market Access obligation for Mode 2 (limited to the provision of services on a fee or contract basis for the delivery of documents and parcels, but excluding services reserved to the Post Office under the Post Office Ordinance).

II-HKC-11

Sector	Communication Services Telecommunication Services
Industry Classification	(a) Voice Telephone Services (b) Packet-switched Data Transmission Services (c) Circuit-switched Data Transmission Services (d) Telex Services (e) Telegraph Services (f) Facsimile Services (g) Private Leased Circuit Services (o) Other
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to:- 1. services specified in categories (a), (b), (c) and (f) above for international services, (except for resale based for which Hong Kong, China reserves the right of, in respect of Mode 3, not allowing public external telephone service[4], restricting connection to the public-switched telephone network (PSTN) at the Hong Kong end for self-provision of external satellite circuits and virtual private network service and not allowing gateway station for mobile satellite traffic for mobile satellite service.); 2. services specified in categories (d), (e) and (g) above for international services; 3. services specified in category (o) above for local services, except for: (i) mobile radio telephone services including Cellular and Personal Communications Services; (ii) mobile data services; and (iii) radio paging services; 4. services specified in category (o) above for international services, except for: (i) self-provision of external satellite circuits for a company if the messages originated from or received at the Hong Kong end are intended for the company, its holding, subsidiary or affiliated

[4] "External telephone services" only include person to person voice communications with places outside Hong Kong, China.

companies; or for an organisation if the messages originated from or received at the Hong Kong end are intended for the common business or activities of the organisation;

(ii) virtual private network service (resale-based only); and

(iii) mobile satellite service,

for which (sub-paragraphs (i)-(iii) in this paragraph) Hong Kong, China reserves the right of, in respect of Mode 3, not allowing public external telephone service[5], restricting connection to the PSTN at the Hong Kong end for self-provision of external satellite circuits and virtual private network service and not allowing gateway station for mobile satellite traffic for mobile satellite service.

[5] "External telephone services" only include person to person voice communications with places outside Hong Kong, China.

II-HKC-12

Sector	Communication Services Audiovisual Services
Industry Classification	CPC 9612 Motion Picture Projection Services
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to motion picture projection services, except for motion picture projection services in cinema (part of CPC 96121)

II-HKC-13

Sector	Communication Services Audiovisual Services	
Industry Classification	CPC 9613	Radio and Television Services
	CPC 7524	Radio and Television Transmission Services
		Other Audiovisual Services*
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)	
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.	

* This refers to the services covered by item f. of sub-sector “D. Audiovisual services” under the sector “Communication Services” of MTN.GNS/W/120.

II-HKC-14

Sector	Communication Services Other Communication Services*
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to other communication services.

* This refers to the services covered by sub-sector "E. Other" under the sector "Communication Services" of MTN.GNS/W/120.

II-HKC-15

Sector	Construction and Related Engineering Services[6]
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to construction and related engineering services, except for: (a) general construction work for civil engineering (CPC 513) to which I-HKC-10 applies; (b) building completion and finishing work – interior design services: limited to specialised consulting services related to the post-construction design and fitting out of interior living and working spaces (Part of CPC 517) (other than Mode 1); and (c) other – project management services: limited to the supervision and coordination of construction projects but do not cover engineering or architectural services (other than Mode 1).

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

II-HKC-16

Sector	Distribution Services
Industry Classification	Other Distribution Services*
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to other distribution services.

* This refers to the services covered by sub-sector "E. Other" under the sector "Distribution Services" of MTN.GNS/W/120.

II-HKC-17

Sector	Educational Services
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to educational services.

II-HKC-18

Sector Financial Services

Industry Classification

Obligations Concerned Market Access (Article 3.5)
National Treatment (Article 3.6)

Description Hong Kong, China reserves the right to adopt or maintain any measure with respect to financial services, except for:

(a) direct insurance (including co-insurance): life and non-life (other than Mode 1 and Mode 2 with respect to statutory insurances which require such insurances to be purchased from an insurer authorised in Hong Kong, China);

(b) reinsurance and retrocession;

(c) insurance intermediation, such as brokerage and agency;

(d) services auxiliary to insurance, such as consultancy, actuarial, risk assessment and claim settlement services;

(e) acceptance of deposits and other repayable funds from the public (other than Mode 1);

(f) lending of all types, including consumer credit, mortgage credit, factoring and financing of commercial transaction (other than Mode 1);

(g) financial leasing (other than the National Treatment obligation for Mode 1 and Mode 2);

(h) all payment and money transmission services, including credit, charge and debit cards, travellers cheques and bankers drafts (other than Mode 1);

(i) guarantees and commitments (other than the National Treatment obligation for Mode 1 and Mode 2);

(j) trading for own account or for account of customers, whether on an exchange, in an over-the-counter market or otherwise the following (other than Mode 1, and the National Treatment obligation for Mode 2):,
- money market instruments (cheques, bills, certificate of deposits, etc.)

- foreign exchange
- derivative products including futures and options
- exchange rate and interest rate instruments, including products such as swaps, forward rate agreements etc.
- transferable securities

(k) 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 (other than Mode 1 and the National Treatment obligation for Mode 2);

(l) asset management, such as cash or portfolio management, all forms of collective investment management, pension fund management, custodial depository and trust services (other than Mode 1, and the National Treatment obligation for Mode 2);

(m) advisory and other auxiliary financial services on all the activities listed in subparagraph 5(a)(v) to (xv) of the GATS Annex on Financial Services, including credit reference and analysis, investment and portfolio research and advice, advice on acquisitions and on corporate restructuring and strategy (other than the Market Access obligation for Mode 1 in respect of commodity trading and investment advisory service and the National Treatment obligation for Mode 1 and Mode 2); and

(n) provision and transfer of financial information, and financial data processing and related software by providers of other financial services (other than the National Treatment obligation for Mode 1 and Mode 2)

to which I-HKC-11, I-HKC-12, I-HKC-13, I-HKC-14, I-HKC-15 and I-HKC-16 apply respectively.

For the Mode 1 and Mode 2 mentioned in sub-paragraphs (g), (i) - (n) above, Hong Kong, China reserves the right not to allow a service supplier from the Area of another Party to solicit business or to conduct marketing in Hong Kong, China.

II-HKC-19

Sector	Health Related and Social Services
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to health related and social services, except for: (a) Mode 2 in respect of hospital services (CPC 93110); and (b) Mode 2 in respect of other human health services not elsewhere classified (CPC 93199).

II-HKC-20

Sector	Tourism and Travel Related Services
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to tourism and travel related services, except for: (a) hotel services (CPC 6411); (b) other lodging services (limited to CPC 64191, CPC 64192, CPC 64194 and CPC 64195 only) (other than Mode 1 and the National Treatment obligation for Mode 2); (c) restaurant and catering services (CPC 642 and CPC 643) (other than Mode 1 and the National Treatment obligation for Mode 2); and (d) travel agencies and tour operator services (limited to the business of obtaining for clients carriage and/or accommodation outside Hong Kong, China and the provision of related services such as the furnishing of travel information, advice and planning (part of CPC 7471)), to which I-HKC-17 applies.

II-HKC-21

Sector	Recreational, Cultural and Sporting Services (other than audiovisual services)
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to recreational, cultural and sporting services, except for: (a) entertainment services (CPC 9619) (other than services provided by authors, composers, sculptors, entertainers and other individual artists (CPC 96192), circus, amusement park and similar attraction services (CPC 96194) and other entertainment services n.e.c. (CPC 96199)); and (b) library and archives services (CPC 9631) (other than Mode 1 and the National Treatment obligation for Mode 2).

II-HKC-22

Sector	Transport Services Maritime Transport Services
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to: 1. cabotage[7] transport; and 2. provision of certain port services (pilotage; anchorage, berth and berthing services; towing and tug assistance; provisioning, fuelling and watering; garbage collecting and ballast waste disposal; port captain's services; navigation aids; shore-based operational services essential to ship operation, including communications, water and electrical supplies; and emergency repair facilities). However, no measures shall be applied which deny international maritime transport service suppliers reasonable and non-discriminatory access to the above port services.

[7] "Cabotage" covers transportation of passengers or goods between a point in Hong Kong, China and another point in Hong Kong, China, as well as traffic originating and terminating in the same point in Hong Kong, China provided that this traffic remains within the waters of Hong Kong, China.

II-HKC-23

Sector	Transport Services - Internal Waterways Transport - Space Transport - Road Transport Services - Pipeline Transport - Other Transport Services*
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.

* This refers to the services covered by sub-sector “I. Other Transport Services” under the sector “Transport Services” of MTN.GNS/W/120.

II-HKC-24

Sector	Transport Services Air Transport Services or Related Services in Support of Air Services
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.

II-HKC-25

Sector	Transport Services - Rail Transport Services - Railway Construction and Project Implementation
Industry Classification	
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.

II-HKC-26

Sector	Transport Services Services Auxiliary to All Modes of Transport	
Industry Classification	CPC 741	Cargo-handling services
	CPC 742	Storage and Warehousing services, including distribution centre services and materials handling and equipment services such as container station and depot services
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)	
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to: 1. cargo-handling services in respect of air and rail; and 2. storage and warehousing services, including distribution centre services and materials handling and equipment services such as container station and depot services, in respect of air and rail.	

II-HKC-27

Sector	Other Services not Included Elsewhere	
Industry Classification	CPC 95	Services of Membership Organisations
	CPC 97	Other Services
	CPC 98	Private Households with Employed Persons
	CPC 99	Services provided by Extraterritorial Organisations and Bodies
Obligations Concerned	Market Access (Article 3.5) National Treatment (Article 3.6)	
Description	Hong Kong, China reserves the right to adopt or maintain any measure with respect to the services as set out above.	

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