

**Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)  
Second Phase of Trade Liberalization (CEPA II)  
Specific Commitments on “Cinema Theatre Services”  
and “Chinese Language Motion Pictures and Motion Pictures Jointly  
Produced” and Related Implementation Details**

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Introduction

On the basis of the “Specific Commitments on Liberalization of Trade in Services” as contained in Annex 4 to CEPA, the Mainland and Hong Kong signed the “Supplementary Agreement to CEPA” on 27 October 2004 to further liberalize the Mainland market for services and service suppliers of Hong Kong in respect of “Cinema theatre services” and “Chinese language motion pictures and motion pictures jointly produced” with effect from 1 January 2005.

Cinema theatre services

2. Currently, Hong Kong service suppliers are only permitted to construct, renovate and operate cinema theatres on an equity joint venture or contractual joint venture basis with Mainland companies, with shareholding not exceeding 75%. Under the Supplementary Agreement to CEPA, Hong Kong service suppliers are also permitted to construct or renovate cinema theatres for the operation of film screening business on a wholly-owned basis in the Mainland.

3. The details of implementing this specific commitment are as follows:

- (a) A company with a Certificate of Hong Kong Service Supplier issued by the Trade and Industry Department (TID) of Hong Kong Special Administrative Region (HKSAR) can make an application to the Ministry of Commerce of the People’s Republic of China via the local foreign trade and economic supervisory department of the province or city where the services are proposed to be supplied.
- (b) Upon approval of the Mainland authorities, the Hong Kong service supplier is required to construct or renovate cinema theatres for the operation of film screening business on a wholly-owned basis in compliance with “Provisional Regulation on Investment in Cinemas by Foreign Investors”, Decree No. 21 and Supplementary Provisions to the “Provisional Regulation on Investment in Cinemas by Foreign Investors, Decree No. 49 of the State Administration of Radio, Film and Television (SARFT) ( 國家廣播電影電視總局令第21 號《外商投資電影院暫行規定》及令第49 號《外商投資電影院暫行規定》的補充規定).

#### Chinese language motion pictures and motion pictures jointly produced

4. Currently, the films of Mainland-Hong Kong co-produced motion pictures must be processed in the Mainland. Under the Supplementary Agreement to CEPA, the films of Mainland-Hong Kong co-produced motion pictures are permitted to be processed outside the Mainland, subject to the approval of relevant Mainland authorities.

5. The details of implementing this specific commitment are as follows:

- (a) The Hong Kong company can apply direct to the SARFT. The contact person is Mr Gu Guoqing (谷國慶先生) (Tel. No.: 86090429, Fax: 86090429).
- (b) Upon approval of the SARFT, the Hong Kong company is required to go through the exportation procedures according to “Measures for the Administration of Chinese-Foreign Cooperative Film Production”, Decree No. 31 of the SARFT (國家廣播電視總局令第31號《中外合作攝製電影片管理規定》).

6. Currently, Hong Kong companies are not permitted to operate film distribution business in the Mainland. Under the Supplementary Agreement to CEPA, Hong Kong service suppliers are permitted to establish wholly-owned companies in the Mainland on a pilot basis to engage in the distribution of Mainland-produced motion pictures, subject to the approval of relevant Mainland authorities.

7. The details of implementing this specific commitment are as follows:

- (a) A company with a Certificate of Hong Kong Service Supplier issued by the TID of HKSAR can apply to the SARFT direct. The contact person is Mr Gu Guoqing (谷國慶先生) (Tel. No.: 86090429, Fax: 86090429).
- (b) Upon approval of the SARFT, the Hong Kong service supplier is required to establish a wholly-owned company in the Mainland on a pilot basis to engage in the distribution of Mainland-produced motion pictures according to “Regulation on Film Administration”, Decree No. 342; “Interim Rules on Entry Requirements for Film Enterprises”, Decree No. 43; and Supplementary Provisions to the “Interim Rules on Entry Requirements for Film Enterprises”, Decree No. 50 of the SARFT (國家廣播電視總局令第342號《電影管理條例》、令第43號《電影企業經營資格准入暫行規定》及令第50號《電影企業經營資格准入暫行規定》的補充規定).

Television and Entertainment Licensing Authority  
Hong Kong Special Administrative Region Government  
May 2005