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**Editor's Notes:**

With Supplement X to CEPA coming into effect on 1 January, additional and more in-depth liberalization content of a number of service sectors was introduced, which made it more favourable for Macao enterprises to enter the Mainland market. The financial services sector of Macao also made full use of the privilege of CEPA. A Macao bank first entered Hengqin to set up a representative office at the beginning of this year. With the step-up of infrastructure urgently under construction, the need for different financial and banking services would certainly increase, bringing greater business opportunities for the banking sector of Macao to develop. 2014 Annual Shenzhen-Macau Cooperation Meeting was held in Macao. The two sides signed the “Agreement on Strengthening Trade and Economic Exchange and Cooperation” as well as the “Memorandum on Cooperation in Tourism”. The signing of agreements strengthened the function of Macao as a platform for cooperation between China and Portuguese Speaking Countries, and created favourable conditions to promote cooperation in tourism between Shenzhen and Macao.

***1. Conclusion of the Results of CEPA***

Supplement X to CEPA was signed on 30 August last year, and came into effect from 1 January 2014. Aside from deepening the liberalization content of 28 existing service sectors, Supplement X also continued with the Early and Pilot measures in Guangdong, further relaxed the restrictions on region of operation to Fujian, added the content of

“contractual service provider”, as well as further strengthened cooperation in the area of trade and investment facilitation. Since the signing of CEPA, the total number of liberalization measures through which the Mainland relaxed the market access conditions for Macao service suppliers reached 383. Moreover, Supplement X to CEPA clearly stated that the two sides would strengthen cooperation in the areas of commodity inspection, certification, accreditation and standardization management, as well as intellectual property protection.

Regarding Trade in Goods, goods exported to the Mainland under CEPA privileges amounted to MOP 110 million, which rose by 6.4% when compared with the amount of MOP104 million in 2012. Total amount of tariff saving was MOP10.53 million, which increased by 13.3% when compared with the amount of MOP9.29 million in 2012. Major products involved were copper clad laminates, clothing and stamps, etc. For Trade in Services, a total of 9 "Macao Service Supplier" certificates were issued in 2013, which was the same as the number of certificates issued in 2012. The enterprises issued with the certificates primarily engaged in service sectors of medical and dental, convention and exhibition, etc. As for professional qualification examinations, in 2013, 119 residents had been issued with National Vocational Qualification Examination Certificates of different levels under different subjects such as flower arrangement, baby-sitting and Chinese-style cooking, which totaled 1,751 residents since October 2005. Furthermore, Macao Identification Services Bureau issued 82 certificates of permanent resident identity in 2013, which accumulated to a total of 2,031 certificates. These certificates were supposed to be submitted to the Mainland for setting up individually owned stores, which mainly centralized in Guangdong province.

Considering that some of the residents and enterprises in Macao were relatively less familiar with the rules and regulations about investing in the Mainland, as well as enabling them to timely master more information about the development status of CEPA, several seminars and conferences were held in 2013, such as the “Seminar on Investment Policy of China 2013” held in Macao on 25 April. This seminar was jointly held by the Ministry of Commerce of the PRC and Secretariat for Economy and Finance of the Macao SAR government, with the aim to allow the business and industrial sectors of Macao to have a more in-depth understanding of the policy and direction of the macro economic development of China, while enabling the Macao enterprises to better grasp the new opportunities to develop in the Mainland by fully making use of the privileges of CEPA, and to look for more room for cooperation and development through complementing the advantages of the Mainland and Macao.

In order to assist the Macao industry and commerce sector to develop in the Mainland market as well as strengthen the protection of trademarks, Macao Economic Services held

a seminar under the theme of “Examination Standards of Trademarks and Strategy for Protection of Branding Rights in the Mainland” on 12 November 2013, inviting several experts to Macao through the State Administration for Industry and Commerce. Examination procedures and standards of trademarks in the Mainland as well as policy to protect the rights of trademark entering the Mainland market were introduced. Not only did it enable the industry to better understand the Mainland trademark registration system and enhance competitive advantages by making use of branding strategies, but was also advantageous for the Mainland to strengthen promotion and promulgation of the policies and measures under CEPA.

In addition, to effectively drive promotion and implementation of CEPA in the different provinces and municipalities in the Mainland, and assist officials of the Mainland Business System to better understand and master the content of CEPA, the Ministry of Commerce of PRC held “CEPA Training for the Mainland Business System” from 19 to 20 November 2013 in Nanjing of Jiangsu Province for a total of more than 130 officials of business system from different provinces and municipalities of the whole country. Macao Economic Services also sent representatives to participate and explained the implementation of CEPA in Macao.

The deepening of liberalization of CEPA every year brought significant contribution to the economic integration of the two places, injecting new motivating elements for the continuous trade development between the two places. Besides strengthening the business and trade relation of both sides, a strong foundation was also built to implement full liberalization of Trade in Services.

## ***2. The first Macao bank entered Hengqin to set up a representative office by making use of CEPA***

Macao SAR government has been supporting the financial services sector of Macao to enter the Mainland market by making use of CEPA, and actively striving to lower the access thresholds in accordance with the current situation of the banking sector of Macao. In the content of Supplement IX to CEPA signed in July 2012, considering the business need of Macao banks to take part in the development of Hengqin, it was agreed that the total asset requirement at the end of the year for Macao banks to set up branches or body corporates in Hengqin was lowered to USD 4 billion, which was a privilege policy for Macao banks to enter Hengqin.

The opening ceremony of the Hengqin representative office of a Macao bank was held on 24 January 2014, which made it the first foreign-funded bank and Macao region bank to be allowed to enter Hengqin by making use of CEPA. According to the “Regulations of

the People’s Republic of China for the Administration of Foreign-funded Banks”, for a bank to set up a foreign bank branch in the Mainland, a representative office has to be set up first and then application can be made after one year. The establishment of that representative office marked a new stage for the financial services sector of Macao to develop in the Mainland, especially in Hengqin. It would be one of the important achievements of promoting the construction of Hengqin New Area as well as financial cooperation between Guangdong and Macao. Looking to the future, with Hengqin further accelerating its pace of development, this will lead more Macao banks to enter Hengqin by making use of CEPA, expanding the room for development for the financial services sector of Macao.

### **3. 2014 Annual Shenzhen-Macao Cooperation Meeting was held in Macao**

2014 Annual Shenzhen-Macao Cooperation Meeting was held in Macao on 20 February, with Chief Executive, Mr Chui Sai On, Mayor of Shenzhen Municipality, Mr. Xu Qin and representatives of the two sides attended the meeting. During the meeting, Shenzhen and Macao reviewed together the achievements of cooperation in the past year, and reached consensus on propelling the next stage of cooperation. The



Representatives of Shenzhen and Macao participated in 2014 Annual Cooperation Meeting (Courtesy photo from the Government Information Bureau)

two sides expressed that substantial results on economy and trade, culture, tourism and livelihood were achieved through joint promotion of cooperation. Furthermore, in the new year, the two sides will jointly develop trade and economic cooperation with the Portuguese-speaking countries by further making use of the advantages of Macao as a platform for economic and trade cooperation between China and the Portuguese-speaking countries, continue to promote deeper cooperation in tourism, further deepen the cooperation in areas such as cultural exchange and creative cultural industry between the two places. After the meeting, the two sides signed the “Agreement on Strengthening Trade and Economic Exchanges and Cooperation” as well as the “Memorandum on Cooperation in Tourism”. The signing of the agreements enabled Macao to better play the function as a platform for cooperation between China and Portuguese-speaking countries to expand with Portuguese-speaking countries, and created favourable conditions to

promote cooperation in tourism between Shenzhen and Macao.

***4. The Vetting Committee of Macao Projects in Hengqin Development assessed the first group of projects recommended to operate in the Guangdong-Macao Cooperation Industrial Park***

A three-month investment promotion period was launched in August last year for application of projects in the Guangdong-Macao Cooperation Industrial Park, a 4.5-square-kilometre site in Hengqin. A total of 89 applications were received by the Macau Trade and Investment Promotion Institute (IPIM), of which 2 projects are repeated applications, leaving 87 projects to be reviewed. “The Vetting Committee of Macao Projects in Hengqin Development” held working meetings during 6 to 8 January and 15 to 16 January, to conduct a preliminary assessment and listen to presentation of the projects. After analysis and discussion, the Committee announced 33 projects firstly recommended to the Guangdong-Macao Cooperation Industrial Park. The projects involve various industries, with cultural and creative as well as tourism and leisure industries accounting for 30.30%, followed by logistics, trade and business services accounting for 24.24%. Science, education and research and development industries occupy 9.09%, whilst medical and health care and high technology industries occupy 3.03% of the recommended projects respectively.

***5. “Hengqin New Area Corporate Income Tax Preferential Directory” was officially published***

On 27 March, Ministry of Finance of the People's Republic of China and State Administration of Taxation officially published the “Hengqin New Area Corporate Income Tax Preferential Directory” (hereinafter referred to as the “Preferential Directory”) and relevant preferential policies, which levies corporate income taxes on the enterprises in the scope of encouraged industries in Hengqin based on the reduced rate of 15%. Any enterprise which meets the requirements stipulated in the “Preferential Directory” and the income of main business accounts for 70% of its total income is eligible for enjoying the above preferential policy. The “Preferential Directory” has five categories and 72 items in total, among which there are 37 items for hi-tech, 13 for medical and health care, 10 for science, education and research and development, 5 for cultural creation, 7 for commercial services. All of them belong to the industrial categories approved by the State Council for major development in Hengqin, which highly coincide with the industrial positioning and development direction of Hengqin. The policy fully revealed the support on building Hengqin into a demonstration zone for the close cooperation between Guangdong, Hong Kong and Macao as well as promoting the development integrated with Hong Kong and

Macao.

For details of the “Preferential Directory”, please refer to:

<http://www.szds.gov.cn/portal/site/site/portal/szds/content.portal?contentId=E8B0BC4666D4B4A10CED2AF4A4B18545&categoryId=3099>

**6. *China revised the “Company Law” to provide legal protection for reforming company's registered capital registration system***

The 6th Session of the Standing Committee of the 12th National People's Congress of the People's Republic of China adopted the decision to amend the “Company Law”, which came into force on 1 March 2014. The revised “Company Law” further lowers threshold for setting up a company, facilitates market entry of company and reduces burden of investors, which is of great significance to encourage investment. The key amendment includes change to the registered capital payment system, replacing the paid-in system by subscription system. It eliminates the requirement for shareholders to pay up their capital contributions within 2 years of date of establishment for limited liability company, 5 years for holding company, and in one lump sum for sole-shareholder limited liability company. Shareholders may agree on the schedule in the company’s articles of association the amount of capital, form of contribution, and schedule for contributions. Furthermore, the revised “Company Law” abolishes the minimum registered capital requirements for establishing a company, which is RMB30,000 for a limited liability company, RMB100,000 for a sole-shareholder limited liability company, and RMB5 million for a company limited by shares. Under the revised “Company Law”, the documents for company registration and application are also streamlined, in which the information regarding the shareholders’ subscribed capital contributions and the company’s paid-in capital as well as the capital verification report no longer need to be submitted.

For details of the revised “Company Law”, please refer to:

[http://www.saic.gov.cn/ywdt/gsyw../zjyw/xxb/201312/t20131231\\_140870.html](http://www.saic.gov.cn/ywdt/gsyw../zjyw/xxb/201312/t20131231_140870.html)

**7. *China issued “Opinions on Speeding Up Non-public Investment in Health Development”, to relax the requirements for Hong Kong, Macao and Taiwan service providers to set up hospitals in the Mainland***

National Health and Family Planning Commission and State Administration of Traditional Chinese Medicine of the People's Republic of China jointly issued “Opinions on Speeding Up Non-public Investment in Health Development”

(hereinafter referred to as the “Opinions”) on 9 January. The “Opinions” put forward that priority support should be given to non-public investment to operate non-profit medical institutions, accelerating the formation of non-public medical system where non-profit medical institutions play a leading role with for-profit medical institutions as a supporting role, to realize mutually supportive and common development of public and non-public medical institutions. The “Opinions” further relax the scope of sole proprietorship hospitals set up by foreign capital in the mainland, and extend sole proprietorship hospitals set up by Hong Kong, Macao and Taiwan service providers in the mainland to cities at the prefecture level and above, following the principle of gradual liberalization and risk control. Furthermore, the “Opinions” relax service requirements, in which any field that is not specifically banned by laws and regulations should open to non-public investment; relax large medical equipment configuration; speed up approval process and support non-public medical institutions in raising service abilities.

For details of the “Opinions”, please refer to:

<http://www.nhfpc.gov.cn/tigs/s7846/201401/239ae12d249c4e38a5e2de457ee20253.shtml>