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Setting Up a Joint Venture in Shanghai, China

Joint Venture (JV) is an entity formed by a Chinese party and foreign party for conducting business activities in China. As the Chinese government encourages foreign investors to use JV to obtain exposure, advanced technology and new management skills, many foreign investors favor operating with JV as an investment vehicle to enter into the Chinese market, especially for those restricted industries, such as infrastructure, finance, automobile, entertainment.

Characteristics of a Joint Venture

Equity Joint Venture (EJV)

EJV companies have capital investments from both local and foreign companies. The percentage of the capital investment and registered capital determines the amount of profit and risk for both the foreign and local company.

Cooperative Joint Venture (CJV)

CJV companies are also a form of partnerships between both local and foreign companies. However, the amount of risk and profit shared and assumed by both parties are not determined by capital investment and registered capital, but by the CJV agreement.

In general, each party may contribute non-cash intangibles as capital by agreements. For example, the local company usually provides the labour, land use rights and factory buildings, while the foreign company brings in the necessary technology and key equipment, as well as the capital.

Registered Capital

The proportion of the foreign party's contribution to the registered capital of an EJV shall not be less than 25% in general. For CJV, there is no minimum required foreign contribution required. The contributions can be labour, resources or services.

Board of Directors

The Joint Venture company should form a Board of Directors (BOD), which is the highest authority of the company and shall decide all major matters concerning the JV. The BOD should have consist of at least 3 directors. The board shall convene a board meeting at least once a year.

Supervisory Committee

A Joint Venture is required to set up a Board of Supervisors which shall comprise of at least 3 persons. If the scale of company is small, or the number of shareholders is relatively small, it may appoint one or two supervisors if a board of supervisors is not appointed.

The Role of Maninvest

Maninvest can help investors to:

1. Prepare pre-establishment documents (minutes, power of attorney etc.), arrange translation, notarization and certification from various authorities.
2. Engage Registration Agent and supervise the registration work.
3. Draft the necessary project proposal and feasibility study report.
4. Engage auditors for the examination of capital injection and annual examination.
5. Locate suitable business address and arrange for leasing, set up office, including arranging telephone, fax and broadband, acquisition of office machine and furniture.
6. Employ local staff and complete formalities in accordance with labour laws.
7. Post -establishment registration work and open bank accounts.
8. Annual Joint Inspection Report.

Through our offices and staff in Shanghai and Hong Kong, Maninvest shall follow through the establishment process and save investors time and trouble.

How Maninvest Can Help You

The directors and management of Maninvest are professionals in the offshore industry having served the Asia market for over 22 years. Through our offices in Hong Kong, Shanghai and Macao as well as our associates in other Asia cities, we offer a full range of comprehensive value-added services to professional advisors and their clients.

Maninvest offers the following services:

- Formation of corporate and business structures in Shanghai
- Incorporation of companies/structures in other onshore/offshore jurisdictions
- Full corporate management services
- Registered office, business office, mail redirection and business centre
- Accounting and re-invoicing services
- Tax and asset planning services
- Asset protection and preservation advisory services
- Business establishment services
- Market exploration services

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