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What it takes to set up a company in China by [Barker Hicks](#)

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When foreign investors want to set up company in China it is advisable for them to review their investment plans and ideas to ensure that the business entity they choose will be in accordance with the China investment regulations and World Trade Organization market access regulations. This can be achieved with the assistance of Chinese consultancy firms who are familiar with the local market. These firms will break the language barrier and make you understand the business culture, the government controls, and to help you maintain a good relationship with the government.

There are several business entities that can be applied to so as to set up company in China namely:

Wholly Foreign Owned Enterprise (WFOE) - This is a limited liability company wholly owned by the foreign investors. WFOEs were initially meant for manufacturing activities that were either export oriented or for advanced technology. However, with China's entry into the WTO, these conditions were gradually abolished and the WFOE is increasingly being used for service providers such as a variety of consulting and management services, software development and trading as well.

Equity Joint Ventures- They are usually established to exploit the market knowledge, preferential market treatment and manufacturing capability of the Chinese side along with the technology, manufacturing know-how and marketing experience of the foreign partner. In a joint venture share holdings are non-negotiable and cannot be transferred without approval from the Chinese government.

Co-operative Joint Ventures- The parties involved may operate as separate legal entities and bear liabilities independently rather than as a single entity. There is no minimum foreign contribution required to initiate this venture.

China Resident Representative Offices - A Representative Office is an office of a foreign enterprise that is set up in China to liaise with Chinese businesses and customers on behalf of the Representative Office's home company. Its establishment is subject to approval by the relevant authorities under Chinese law.

To successfully Set Up Company in China it is necessary to know the requirements for the different cities in China. This information ranges from taxation, investment policies, types of business entities allowed, and company laws and requirements for setting up representative offices.

Most foreign companies will find translation services valuable as they seek access to legal contracts agreements and during business trips to China to find local potential business partners. After having set up company in China, hiring local competent accountants, lawyers and other professional human resources will be a great step towards achieving your business objectives since they will provide important local knowledge.

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