

Job Referral Agency and Job Intermediary Services (3) - General FAQs and FAQs in relation to CEPA and its Supplements (up to 2006 Liberalization Measures)

1. What are the arrangements for the job placement sector under CEPA?

Under CEPA, Hong Kong service suppliers are allowed to set up wholly-owned “Job Referral Agencies” in the Mainland. The minimum registered capital for opening a “Job Referral Agency” is reduced from US\$300,000 to US\$125,000.

Hong Kong service suppliers still have to form a joint-venture “Job Intermediary” in the Mainland, but the minimum registered capital is reduced from US\$300,000 to US\$125,000. They can own up to 70% (instead of not more than 49% before) of the share capital of the joint-venture company and the operating experience requirement of the Mainland partner intermediary is reduced from three years to one year.

2. What is the difference between “Job Intermediaries” and “Job Referral Agencies” in the Mainland?

According to our understanding, “Job Intermediaries” deal with placement of personnel possessing professional qualifications or engaged in professional/managerial posts. According to the *Interim Provisions Concerning the Management of Chinese-Foreign Joint Job Intermediaries* of the Mainland, application for incorporating a joint-venture “Job Intermediary” shall be submitted to the administrative department of the Ministry of Personnel for examination and approval.

As regards “Job Referral Agencies”, no specific restrictions are set for the job seekers and the jobs to be placed. Any person who has attained the minimum employment age and has the capability and wish for employment can seek jobs through the “Job Referral Agencies”. According to the *Provisional Regulation on the Establishment and Administration of Job Referral Agencies of Chinese-Foreign Joint Ventures and Cooperatives* of the Mainland, application for opening a joint-venture “Job Referral Agency” shall be submitted to the administrative department of the Ministry of Labour and Social Security for approval.

3. Can an individual set up a wholly-owned or joint venture employment agency in the Mainland?

Under the *Interim Provisions Concerning the Management of Chinese-Foreign Joint Job Intermediaries*, the foreign investor of a joint-venture “Job Intermediary” must be a foreign company, enterprise or other economic organization having been offering job intermediary services for not less than three years.

Under the *Provisional Regulation on the Establishment and Administration of Job Referral Agencies of Chinese-Foreign Joint Ventures and Cooperatives*, the foreign investing party of a joint-venture “Job Referral Agency” should be a legal entity in the field of job referral services. Under CEPA, Hong Kong service suppliers are allowed to set up wholly-owned “Job Referral Agencies” in the Mainland.