



New PRC Labor Contract Law

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Agenda

- **Applicability**
- **Conclusion of the Labor Contract**
- **Probation Period**
- **Training, Confidential and Non-competition**
- **Performance of the labor contract**
- **Rescission or termination of the labor contract**
- **Compensation**
- **Effective**

Topic One & Two

● **Applicability**

- apply to all enterprises, individually-owned economic organizations and private non-enterprise units in PRC
- apply to the conclusion, performance, modification, rescission or termination of the labor contract

● **Conclusion of the Labor Contract**

- written contract required: to be concluded within one month. Otherwise subject to penalty
- three types of labor contracts
- mandatory requirement for concluding a non-fixed-term labor contract

Topic Three

● Probation Period

- maximum-6 months
- no probation period (contract term less than 3 month or the term for completing certain task)
- limits on the length of probation period based on contract term
- mandatory remuneration standard in probation period
- compensation to laborer in case of violation

Topic Four

● Training, Confidential and Non-competition

- **Training:** a service term and fines for breach of contract agreeable upon specific training
- **Confidentiality:** fines for the breach of confidentiality obligations agreeable
- **Non-competition:**
 - (1) only apply to senior management, senior technicians and other laborers with the confidential obligations
 - (2) 2 years term limit
 - (3) compensation payable
 - (4) fines for breach of contract agreeable

Topic Five & Six

- **Performance of the labor contract**

- order of payment applicable
- laborer's rights to refuse illegal or risky directions
- continuous obligations of the employing unit after name change, merger or division

- **Rescission or termination**

- Rescinded based on mutual agreements
- Rescinded by the laborer
- Rescinded by the employing unit
- Limits on the employing unit's rights to rescind the labor contract

Topic Seven & Eight

- **Compensation for rescission or termination**
 - circumstances under which the employing unit shall pay compensation to the laborer
 - standard of compensation

- **Effective**
 - Effective from Jan.1, 2008
 - Impacts on labor contracts concluded before the effective date



Thank you very much for
your attention.