Electronic Signature Law of the PRC

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

Contents

Table of Contents 1

Chapter I — General Provisions 1

Chapter II — Conclusion of Labor Contracts 2

Chapter III — Performance and Modification of Labor Contracts 5

Chapter IV — Rescission and Termination of Labor Contracts 6

Chapter V — Special Provisions on Collective Contracts 9

Chapter VI — Special Provisions on Labor Dispatch 9

Chapter VII — Supervision and Inspection 11

Chapter VIII — Legal Liability 11

Chapter IX — Supplementary Provisions 13

Table of Contents

- Chapter I — General Provisions
- Chapter II — Conclusion of Labor Contracts
- Chapter III — Performance and Modification of Labor Contracts
- Chapter IV — Rescission and Termination of Labor Contracts
- Chapter V — Special Provisions on Collective Contracts
- Chapter VI — Special Provisions on Labor Dispatch
- Chapter VII — Supervision and Inspection
- Chapter VIII — Legal Liability
- Chapter IX — Supplementary Provisions

Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of improving the labor contract system, clarifying the rights and obligations of both parties to labor contracts, protecting the lawful rights and interests of employees, and establishing and developing a harmonious and stable labor relationship.

Article 2 — This Law shall apply to the establishment of labor relationships between enterprises, individually-owned economic organizations, private non-enterprise entities and other organizations within the territory of the People’s Republic of China and their employees, and to the conclusion, performance,

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modification, rescission, and termination of labor contracts. The conclusion, performance, modification, rescission, and termination of labor contracts between state authorities, public institutions, social organizations, and their employees with whom labor relationships are established shall be governed by this Law.

Article 3 — Labor contracts shall be concluded in accordance with the principles of lawfulness, fairness, equality, voluntariness, consensus through negotiation, and good faith. A legally concluded labor contract shall be binding, and the employer and the employee shall perform their respective obligations stipulated in the labor contract.

Article 4 — Employers shall establish and improve labor rules and regulations in accordance with the law so as to ensure that employees enjoy their labor rights and perform their labor obligations. Where an employer formulates, amends, or decides on rules and regulations or material matters that directly involve the vital interests of employees, such as those relating to labor remuneration, working hours, rest and leave, work safety and health, insurance and welfare, training, labor discipline, and quota management, the employer shall discuss the matter with the employees' representative congress or all employees, and shall determine the matter through consultation with the trade union or employee representatives on an equal basis. During the implementation of the rules and regulations or material matters, where the trade union or an employee considers it inappropriate, the employee shall have the right to raise the matter with the employer through consultation for amendment or improvement. The employer shall make public or inform the employees of the rules and regulations or material matters that directly involve the vital interests of employees.

Article 5 — The people's governments at or above the county level shall, in conjunction with the trade unions and the enterprise representatives, establish a sound tripartite mechanism for coordinating labor relationships and jointly study and resolve major issues relating to labor relationships.

Article 6 — Trade unions shall assist and guide employees in lawfully concluding and performing labor contracts with employers, and shall establish a collective consultation mechanism with employers to safeguard the lawful rights and interests of employees.

Chapter II — Conclusion of Labor Contracts

Article 7 — A labor relationship shall be established between an employer and an employee from the date of employment. The employer shall establish a roster of employees for future reference.

Article 8 — When hiring an employee, the employer shall truthfully inform the employee of the work content, working conditions, place of work, occupational hazards, work safety conditions, labor remuneration, and other matters the employee wishes to know. The employer shall have the right to learn from the employee basic information directly relevant to the labor contract, and the employee shall truthfully provide such information.

Article 9 — When hiring an employee, an employer shall not retain the employee's identification card or other documents, nor shall it require the employee to provide a guaranty or collect any property from the employee under any other guise.

Article 10 — A written labor contract shall be concluded for the establishment of a labor relationship. Where a labor relationship has been established but a written labor contract has not been concluded simultaneously, a written labor contract shall be concluded within one month from the date of employment. Where an employer and an employee conclude a labor contract prior to the date of employment, the labor relationship shall be established from the date of employment.

Article 11 — Where an employer fails to conclude a written labor contract simultaneously with the employment of an employee, and the labor remuneration agreed upon with the employee is unclear, the labor remuneration of the newly hired employee shall be determined in accordance with the standard

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specified in the collective contract; where there is no collective contract or the collective contract does not specify such standard, equal pay for equal work shall be implemented.

Article 12 — Labor contracts shall be classified into fixed-term labor contracts, open-ended labor contracts, and labor contracts that end upon the completion of a specific assignment.

Article 13 — A fixed-term labor contract shall refer to a labor contract in which the employer and the employee agree on the date of termination of the contract. An employer and an employee may conclude a fixed-term labor contract upon reaching consensus through negotiation.

Article 14 — An open-ended labor contract shall refer to a labor contract in which the employer and the employee agree on no definite termination date. An employer and an employee may conclude an open-ended labor contract upon reaching consensus through negotiation. Under any of the following circumstances, where the employee proposes or agrees to renew or conclude a labor contract, an open-ended labor contract shall be concluded unless the employee proposes to conclude a fixed-term labor contract:

(1) The employee has worked for the employer for a consecutive period of 10 years or more;

(2) When an employer first introduces the labor contract system or when a state-owned enterprise re-concludes labor contracts upon restructuring, the employee has worked for the employer for a consecutive period of 10 years or more and is less than 10 years away from the statutory retirement age;

(3) The employee has consecutively concluded two fixed-term labor contracts and has none of the circumstances specified in Articles 39 and 40(1) and (2) of this Law, and renews the labor contract.

Where an employer fails to conclude a written labor contract with an employee within one year from the date of employment, the employer and the employee shall be deemed to have concluded an open-ended labor contract.

Article 15 — A labor contract that ends upon the completion of a specific assignment shall refer to a labor contract in which the employer and the employee agree that the term of the contract shall be the completion of a specific assignment. An employer and an employee may conclude such a contract upon reaching consensus through negotiation.

Article 16 — A labor contract shall become effective upon the employer and the employee reaching consensus through negotiation and signing or sealing the text of the labor contract. The employer and the employee shall each hold one copy of the text of the labor contract.

Article 17 — A labor contract shall contain the following terms:

(1) The name, domicile, legal representative or principal responsible person of the employer;

(2) The name, residential address, identification card number or other valid identification document number of the employee;

(3) The term of the labor contract;

(4) The work content and place of work;

(5) Working hours, rest, and leave;

(6) Labor remuneration;

(7) Social insurance;

(8) Labor protection, working conditions, and protection against and prevention of occupational hazards;

(9) Other matters that shall be included in the labor contract as provided for by laws and regulations.

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In addition to the essential terms specified in the preceding paragraph, the employer and the employee may agree on other matters in the labor contract, such as the probation period, training, confidentiality, supplementary insurance, and welfare benefits.

Article 18 — Where the labor remuneration, working conditions and other standards are unclear in a labor contract and a dispute arises, the employer and the employee may renegotiate. Where no agreement is reached through negotiation, the provisions of the collective contract shall apply. Where there is no collective contract or the collective contract does not specify the labor remuneration, equal pay for equal work shall be implemented. Where there is no collective contract or the collective contract does not specify the working conditions and other standards, the relevant provisions of the State shall apply.

Article 19 — The probation period of a labor contract shall not exceed one month where the term of the labor contract is three months or more but less than one year. The probation period shall not exceed two months where the term of the labor contract is one year or more but less than three years. The probation period shall not exceed six months where the term of the labor contract is three years or more or where it is an open-ended labor contract. The same employer and the same employee may only agree on one probation period. A probation period shall not be agreed upon in a labor contract that ends upon the completion of a specific assignment or in a labor contract with a term of less than three months. The probation period shall be included in the term of the labor contract. Where only a probation period is agreed upon in a labor contract, the probation period shall not be established, and the term shall be the term of the labor contract.

Article 20 — The wages of an employee during the probation period shall not be lower than the lowest wage for the same position in the employer or 80% of the wage agreed upon in the labor contract, and shall not be lower than the minimum wage standard at the place where the employer is located.

Article 21 — During the probation period, the employer shall not rescind the labor contract unless the employee falls under any of the circumstances specified in Article 39 and Article 40(1) and (2) of this Law. Where the employer rescinds the labor contract during the probation period, it shall explain the reasons to the employee.

Article 22 — Where an employer bears special training expenses for an employee and provides the employee with special technical training, the employer may enter into an agreement with the employee to specify the period of service. Where the employee breaches the period of service agreement, the employee shall pay liquidated damages to the employer in accordance with the agreement. The amount of liquidated damages shall not exceed the training expenses borne by the employer. The liquidated damages the employer requires the employee to pay shall not exceed the portion of the training expenses attributable to the unfulfilled service period. The period of service agreed upon between the employer and the employee shall not affect the normal increase of the employee's labor remuneration during the period of service in accordance with the wage adjustment mechanism.

Article 23 — An employer and an employee may agree in the labor contract on matters relating to the protection of the employer's trade secrets and intellectual property-related confidentiality matters. For employees who have confidentiality obligations, the employer may agree with the employee on a non-competition restriction clause in the labor contract or confidentiality agreement, and agree to pay economic compensation to the employee on a monthly basis during the non-competition restriction period after the rescission or termination of the labor contract. Where the employee breaches the non-competition restriction agreement, the employee shall pay liquidated damages to the employer in accordance with the agreement.

Article 24 — The personnel subject to non-competition restriction shall be limited to the employer's senior management personnel, senior technical personnel, and other personnel who have confidentiality obligations. The scope, geographic area, and term of the non-competition restriction shall be agreed upon between the employer and the employee, and such agreement shall not violate the provisions of laws and

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regulations. After the rescission or termination of a labor contract, the non-competition restriction period for a person specified in the preceding paragraph shall not exceed two years.

Article 25 — Liquidated damages may be agreed upon between an employer and an employee only in the circumstances specified in Articles 22 and 23 of this Law.

Article 26 — A labor contract or any of its terms shall be invalid or partially invalid under any of the following circumstances:

(1) The contract is concluded or modified by means of fraud or coercion, or by taking advantage of the other party's difficulties, causing the contract to be contrary to the true intention of the other party;

(2) The employer disclaims its legal liability or denies the employee's rights;

(3) The contract violates mandatory provisions of laws or administrative regulations.

Where there is a dispute regarding the invalidity or partial invalidity of a labor contract, the dispute shall be confirmed by the labor dispute arbitration institution or the people's court.

Article 27 — Where part of a labor contract is invalid and the validity of the other parts is not affected, the other parts shall remain valid.

Article 28 — Where a labor contract is confirmed to be invalid but the employee has already performed work, the employer shall pay labor remuneration to the employee. The amount of labor remuneration shall be determined with reference to the labor remuneration of employees in the same or similar position in the employer.

Chapter III — Performance and Modification of Labor Contracts

Article 29 — The employer and the employee shall fully perform their respective obligations in accordance with the provisions of the labor contract.

Article 30 — The employer shall pay labor remuneration to employees in a timely manner and in full in accordance with the provisions of the labor contract and the provisions of the State. Where the employer is in arrears with or fails to pay labor remuneration in full, the employee may apply to the local people's court for a payment order in accordance with the law, and the people's court shall issue a payment order in accordance with the law.

Article 31 — Employers shall strictly implement the labor quota standards and shall not compel or covertly compel employees to work overtime. Where an employer arranges overtime work, it shall pay overtime pay to the employee in accordance with the relevant provisions of the State.

Article 32 — Where an employee refuses to follow the instructions of the employer's management personnel who are in violation of rules or regulations or who compel the employee to perform dangerous operations, such refusal shall not be deemed a breach of the labor contract. An employee shall have the right to criticize, report, or file charges against the employer's working conditions that endanger the employee's life safety or physical health.

Article 33 — Changes in the name, legal representative, principal responsible person, or investor of an employer shall not affect the performance of the labor contract.

Article 34 — Where an employer is merged or divided or otherwise undergoes a change, the original labor contract shall continue to be valid and shall be performed by the employer that succeeds to the rights and obligations of the original employer.

Article 35 — An employer and an employee may modify the provisions of the labor contract upon reaching consensus through negotiation. The modification of a labor contract shall be made in writing. The employer and the employee shall each hold one copy of the modified text of the labor contract.

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Chapter IV — Rescission and Termination of Labor Contracts

Article 36 — An employer and an employee may rescind the labor contract upon reaching consensus through negotiation.

Article 37 — An employee may rescind the labor contract by giving the employer 30 days' written notice. An employee may rescind the labor contract by giving the employer three days' notice during the probation period.

Article 38 — An employee may rescind the labor contract under any of the following circumstances:

(1) The employer fails to provide labor protection or working conditions in accordance with the provisions of the labor contract;

(2) The employer fails to pay labor remuneration in full and on time;

(3) The employer fails to pay social insurance premiums for the employee in accordance with the law;

(4) The employer's rules and regulations violate the provisions of laws or regulations and prejudice the employee's rights and interests;

(5) The labor contract is invalid due to the circumstances specified in Article 26(1) of this Law;

(6) Other circumstances under which the employee may rescind the labor contract as provided for by laws and administrative regulations.

Where an employer compels an employee to work by means of violence, intimidation, or illegal restriction of personal freedom, or where the employer directs or forces the employee to perform dangerous operations in violation of rules and regulations that endanger the employee's personal safety, the employee may rescind the labor contract immediately without giving prior notice to the employer.

Article 39 — An employer may rescind the labor contract under any of the following circumstances:

(1) The employee is proved not to meet the employment conditions during the probation period;

(2) The employee seriously violates the employer's rules and regulations;

(3) The employee causes significant damage to the employer due to serious dereliction of duty or engagement in corrupt practices for personal gain;

(4) The employee simultaneously establishes a labor relationship with another employer, which seriously affects the completion of the employee's tasks with the employer, or the employee refuses to make corrections after the employer raises the matter;

(5) The labor contract is invalid due to the circumstances specified in Article 26(1)(1) of this Law;

(6) The employee is subject to criminal liability in accordance with the law.

Article 40 — An employer may rescind the labor contract by giving the employee 30 days' written notice or by paying the employee an additional one month's wages in lieu of notice under any of the following circumstances:

(1) The employee falls ill or suffers a non-work-related injury and is unable to perform the original work or other work arranged by the employer after the expiration of the prescribed medical treatment period;

(2) The employee is incompetent for the position and remains incompetent after receiving training or being assigned to another position;

(3) The objective circumstances on which the labor contract was concluded have changed significantly, rendering the labor contract impossible to perform, and the employer and the employee fail to reach an agreement on modifying the labor contract through negotiation.

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Article 41 — Where an employer needs to reduce its workforce by 20 or more employees, or by a number that is less than 20 but accounts for 10% or more of the total number of employees, due to any of the following circumstances, the employer shall explain the situation to the trade union or all employees 30 days in advance, and after soliciting the opinions of the trade union or employees, may reduce the workforce after reporting the workforce reduction plan to the labor administrative department:

(1) Restructuring conducted in accordance with the provisions of the Enterprise Bankruptcy Law;

(2) The employer is experiencing serious difficulties in its production and operations;

(3) The employer changes its production, introduces a major technological innovation, or adjusts its business mode, and still has surplus employees after modifying the labor contracts;

(4) Other significant changes in the objective economic circumstances on which the labor contract was concluded have rendered the labor contract impossible to perform.

When reducing its workforce, the employer shall give priority to retaining the following employees:

(1) Employees who have concluded relatively long fixed-term labor contracts with the employer;

(2) Employees who have concluded open-ended labor contracts with the employer;

(3) Employees who are the sole breadwinners of their families and who have elderly or minor dependents.

Where an employer reduces its workforce in accordance with the provisions of the first paragraph of this Article and hires employees again within six months, it shall notify the employees who were laid off and give them priority in re-employment under equal conditions.

Article 42 — An employer shall not rescind the labor contract in accordance with the provisions of Articles 40 and 41 of this Law where the employee falls under any of the following circumstances:

(1) The employee is engaged in operations exposing the employee to occupational disease hazards and has not undergone a pre-departure occupational health examination, or is a suspected occupational disease patient currently under diagnosis or medical observation;

(2) The employee has contracted an occupational disease or suffered a work-related injury in the employer and has been confirmed to have wholly or partially lost the ability to work;

(3) The employee falls ill or suffers a non-work-related injury and is within the prescribed medical treatment period;

(4) The employee is a female employee during pregnancy, confinement, or nursing period;

(5) The employee has worked continuously for 15 years or more in the employer and is less than five years away from the statutory retirement age;

(6) Other circumstances provided for by laws and administrative regulations.

Article 43 — Where an employer unilaterally rescinds a labor contract, it shall notify the trade union of the reasons in advance. Where the employer violates the provisions of laws, administrative regulations, or the labor contract, the trade union shall have the right to require the employer to make corrections. The employer shall study the opinions of the trade union and notify the trade union in writing of the result of its handling of the matter.

Article 44 — A labor contract shall be terminated under any of the following circumstances:

(1) The term of the labor contract has expired;

(2) The employee has commenced the enjoyment of the basic old-age insurance benefits in accordance with the law;

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(3) The employee has died, or has been declared dead or missing by a people's court;

(4) The employer has been declared bankrupt in accordance with the law;

(5) The employer's business license has been revoked, or the employer has been ordered to close down or has been dissolved, or the employer has decided to dissolve the enterprise ahead of schedule;

(6) Other circumstances provided for by laws and administrative regulations.

Article 45 — Where a labor contract expires but falls under any of the circumstances specified in Article 42 of this Law, the labor contract shall be extended until the relevant circumstances cease to exist. However, the provisions on the termination of the labor contract of an employee who has wholly lost the ability to work as specified in Article 42(2) of this Law shall be governed by the relevant provisions of the State on work-related injury insurance.

Article 46 — An employer shall pay economic compensation to an employee under any of the following circumstances:

(1) The employee rescinds the labor contract in accordance with the provisions of Article 38 of this Law;

(2) The employer proposes the rescission of the labor contract to the employee and the two parties reach consensus on the rescission through negotiation;

(3) The employer rescinds the labor contract in accordance with the provisions of Article 40 of this Law;

(4) The employer rescinds the labor contract in accordance with the provisions of the first paragraph of Article 41 of this Law;

(5) The labor contract is terminated upon expiration of the fixed term in accordance with the provisions of Article 44(1) of this Law, unless the employee does not agree to renew the contract even though the employer maintains or improves the terms and conditions specified in the labor contract;

(6) The labor contract is terminated in accordance with the provisions of Article 44(4) and (5) of this Law;

(7) Other circumstances provided for by laws and administrative regulations.

Article 47 — Economic compensation shall be paid to an employee on the basis of the number of years the employee has worked for the employer, at the rate of one month's wages for each full year worked. For a period of six months or more but less than one year, it shall be counted as one year. For a period of less than six months, economic compensation of half a month's wages shall be paid to the employee. Where the monthly wage of an employee is higher than three times the average monthly wage of employees of the employer's locality as published by the people's government of the municipality directly under the Central Government or the city divided into districts where the employer is located, the rate for the economic compensation paid to the employee shall be calculated at three times the average monthly wage of employees, and the maximum period for which the economic compensation shall be paid shall not exceed 12 years. The term "monthly wage" as mentioned in this Article shall refer to the average monthly wage of the employee for the 12 months prior to the rescission or termination of the labor contract.

Article 48 — Where an employer rescinds or terminates a labor contract in violation of the provisions of this Law and the employee demands continued performance of the labor contract, the employer shall continue to perform the contract. Where the employee does not demand continued performance of the labor contract or the continued performance of the labor contract has become impossible, the employer shall pay compensation in accordance with the provisions of Article 87 of this Law.

Article 49 — The State shall take measures to establish a sound system for the transfer and continuation of social insurance relationships of employees across regions.

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Article 50 — An employer shall issue a certificate of rescission or termination of the labor contract at the time of rescission or termination and complete the formalities for the transfer of the employee's personal file and social insurance relationship within 15 days. The employee shall complete the handover procedures for work in accordance with the agreement between the two parties. Where the employer is required to pay economic compensation in accordance with the relevant provisions of this Law, it shall pay the compensation upon completion of the handover procedures for work. The employer shall retain the texts of labor contracts that have been rescinded or terminated for at least two years for future reference.

Chapter V — Special Provisions on Collective Contracts

Article 51 — Enterprise employees and their employer may, through consultation on an equal basis, conclude a collective contract on matters such as labor remuneration, working hours, rest and leave, work safety and health, and insurance and welfare. The draft of the collective contract shall be submitted to the employees' representative congress or all employees for discussion and approval. A collective contract shall be concluded between the trade union representing the employees and the employer. Where the employer has not yet established a trade union, the collective contract shall be concluded between representatives recommended by the employees and the employer under the guidance of a higher-level trade union.

Article 52 — Enterprise employees and their employer may conclude special collective contracts on specific matters such as work safety and health, protection of the rights and interests of female employees, and the wage adjustment mechanism.

Article 53 — Industry-wide or regional collective contracts may be concluded between trade unions and enterprise representatives in industries such as construction, mining, and catering services below the county level.

Article 54 — After a collective contract is concluded, it shall be submitted to the labor administrative department. The collective contract shall become effective 15 days after the date of submission if the labor administrative department raises no objection. A collective contract concluded in accordance with the law shall be binding on the employer and all employees. The standards of labor remuneration, working conditions and other matters agreed upon in the labor contracts between the employer and individual employees shall not be lower than those specified in the collective contract.

Article 55 — Where the employer violates the provisions of the collective contract and infringes upon the labor rights and interests of employees, the trade union may demand that the employer assume liability in accordance with the law. Where a dispute arising from the performance of the collective contract cannot be resolved through consultation, the trade union may apply for arbitration or bring a lawsuit in accordance with the law.

Article 56 — The employing unit's trade union shall sign the collective contract with the employing unit on behalf of the employees. The collective contract draft shall be submitted to the employees' representative congress or all employees for discussion and approval.

Chapter VI — Special Provisions on Labor Dispatch

Article 57 — Labor dispatch service providers shall be established in accordance with the relevant provisions of the Company Law, with a registered capital of not less than RMB 2 million, and shall have fixed business premises and facilities suitable for their business operations, a labor dispatch management system that complies with the provisions of laws and administrative regulations, and other conditions prescribed by laws and administrative regulations. The operation of labor dispatch services shall require an administrative license from the labor administrative department in accordance with the law. Without such license, no entity or individual shall operate labor dispatch services.

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Article 58 — Labor dispatch service providers are employers as defined in this Law and shall perform the obligations of employers towards dispatched employees. The labor contract between a labor dispatch service provider and a dispatched employee shall, in addition to the matters specified in Article 17 of this Law, specify the accepting entity to which the employee is dispatched, the term of dispatch, the position and other matters. A labor dispatch service provider shall conclude a fixed-term labor contract with a term of not less than two years with the dispatched employee and shall pay labor remuneration on a monthly basis. During periods when there is no work, the labor dispatch service provider shall pay labor remuneration to the dispatched employee on a monthly basis at the minimum wage standard of the locality where the labor dispatch service provider is located.

Article 59 — When dispatching employees, the labor dispatch service provider shall conclude a labor dispatch agreement with the accepting entity. The labor dispatch agreement shall specify the positions to be dispatched, the number of personnel, the term of dispatch, the amount and method of payment of labor remuneration and social insurance premiums, and the liability for breach of agreement. The accepting entity shall determine with the labor dispatch service provider the term of dispatch based on the actual needs of the position, and shall not divide a continuous employment period into several short-term labor dispatch agreements.

Article 60 — The labor dispatch service provider shall inform the dispatched employee of the contents of the labor dispatch agreement. The labor dispatch service provider shall not deduct the labor remuneration paid to the dispatched employee by the accepting entity in accordance with the labor dispatch agreement. The labor dispatch service provider and the accepting entity shall not collect fees from dispatched employees.

Article 61 — Where a labor dispatch service provider dispatches employees across regions, the labor remuneration and working conditions of the dispatched employees shall be implemented in accordance with the standards at the place where the accepting entity is located.

Article 62 — The accepting entity shall perform the following obligations:

(1) Implementing the State’s labor standards and providing corresponding working conditions and labor protection;

(2) Informing dispatched employees of their work requirements and labor remuneration;

(3) Paying overtime pay and performance bonuses and providing welfare benefits related to the position;

(4) Providing dispatched employees with on-the-job training necessary for their positions;

(5) Implementing a normal wage adjustment mechanism for consecutive employment.

The accepting entity shall not further dispatch dispatched employees to other employers.

Article 63 — Dispatched employees shall be entitled to equal pay for equal work with employees of the accepting entity. The accepting entity shall, in accordance with the principle of equal pay for equal work, adopt the same measures for the distribution of labor remuneration for dispatched employees and employees in the same positions in the entity. Where the accepting entity has no employees in the same position, the labor remuneration shall be determined with reference to the labor remuneration of employees in the same or similar position at the place where the accepting entity is located.

Article 64 — Dispatched employees shall have the right to join the trade union of the labor dispatch service provider or the accepting entity in accordance with the law and to protect their own lawful rights and interests.

Article 65 — A dispatched employee may rescind the labor contract with the labor dispatch service provider in accordance with the provisions of Articles 36 and 38 of this Law. Where a dispatched employee falls under any of the circumstances specified in Article 39 and Article 40(1) and (2) of this Law, the accepting entity may return the dispatched employee to the labor dispatch service provider, and the labor dispatch service

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provider may rescind the labor contract with the dispatched employee in accordance with the relevant provisions of this Law.

Article 66 — Labor dispatch shall generally be practiced for temporary, auxiliary, or substitute positions. The term “temporary positions” as mentioned in the preceding paragraph shall refer to positions with a term of no more than six months. “Auxiliary positions” shall refer to non-core business positions that provide services for the core business positions. “Substitute positions” shall refer to positions that may be held by other employees on a substitute basis for a certain period of time during the period when the employees of the accepting entity are unable to work due to full-time study, leave, or other reasons. The accepting entity shall strictly control the number of dispatched employees, which shall not exceed 10% of its total number of employees.

Article 67 — No employer may establish a labor dispatch service provider to dispatch employees to itself or its subordinate entities.

Chapter VII — Supervision and Inspection

Article 68 — The labor administrative departments under the State Council shall be responsible for the supervision and administration of the implementation of the labor contract system nationwide. The labor administrative departments of the local people’s governments at or above the county level shall be responsible for the supervision and inspection of the implementation of the labor contract system within their respective administrative regions.

Article 69 — When conducting supervision and inspection, the labor administrative departments of the people’s governments at or above the county level shall have the right to access materials relating to labor contracts and collective contracts, conduct on-site inspections, and investigate the relevant units and individuals. The relevant units and individuals shall provide cooperation.

Article 70 — Any organization or individual shall have the right to report any violation of this Law to the labor administrative departments. The labor administrative departments shall verify and handle the report in a timely manner and reward the informant in accordance with the law.

Chapter VIII — Legal Liability

Article 71 — The labor administrative departments and other relevant competent departments and their staff who neglect their duties, fail to perform their statutory duties, or exercise their functions and powers in violation of the law, thereby causing damage to employees or employers, shall assume liability for compensation. The directly responsible person in charge and other directly responsible personnel shall be subject to administrative sanctions in accordance with the law. Where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 72 — Where an employer fails to conclude a written labor contract with an employee within one month from the date of employment in violation of the provisions of this Law, the employer shall pay the employee double wages for each month worked. Where an employer violates the provisions of this Law by failing to conclude an open-ended labor contract with an employee, the employer shall pay the employee double wages for each month from the date on which the open-ended labor contract should have been concluded.

Article 73 — Where an employer’s rules and regulations directly involving the vital interests of employees violate the provisions of laws or regulations, the labor administrative department shall order the employer to make corrections and issue a warning. Where such rules and regulations cause damage to an employee, the employer shall assume liability for compensation.

Article 74 — Where a labor contract text fails to specify the essential terms of the labor contract or the employer fails to deliver a copy of the labor contract text to the employee, the labor administrative department shall order the employer to make corrections. Where damage is caused to the employee, the

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employer shall assume liability for compensation.

Article 75 — Where an employer retains an employee's identification card or other documents in violation of the provisions of this Law, the labor administrative department shall order the employer to return the documents within a specified period and impose penalties in accordance with the relevant provisions of the law. Where an employer collects property from an employee in violation of the provisions of this Law, the labor administrative department shall order the employer to return the property within a specified period and impose a fine of not less than RMB 500 and not more than RMB 2,000 per person. Where damage is caused to the employee, the employer shall assume liability for compensation. Where an employer retains the personal file or other articles of an employee after the employee has lawfully rescinded or terminated the labor contract, the employer shall be punished in accordance with the provisions of the preceding paragraph.

Article 76 — Where an employer fails to pay labor remuneration, overtime pay, or economic compensation, the labor administrative department shall order the employer to pay within a specified period. Where the labor remuneration is lower than the local minimum wage standard, the employer shall pay the difference. Where the employer fails to make payment within the specified period, the employer shall be ordered to pay additional compensation to the employee at the rate of not less than 50% and not more than 100% of the amount payable.

Article 77 — Where an employer rescinds or terminates a labor contract in violation of the provisions of this Law and is required to pay compensation in accordance with the provisions of Article 48 of this Law, the compensation shall be paid at twice the rate of the economic compensation specified in Article 47 of this Law.

Article 78 — Where an employer commits any of the following acts, it shall be subject to administrative penalties in accordance with the law. Where a crime is constituted, criminal liability shall be pursued in accordance with the law. Where damage is caused to an employee, the employer shall assume liability for compensation:

(1) Compelling an employee to work by means of violence, intimidation, or illegal restriction of personal freedom;

(2) Directing or forcing an employee to perform dangerous operations in violation of rules and regulations that endanger the employee's personal safety;

(3) Insulting, corporally punishing, beating, illegally searching, or detaining an employee;

(4) Causing damage to the physical or mental health of an employee due to poor working conditions or a seriously polluted environment.

Article 79 — Where an employer fails to issue a certificate of rescission or termination of the labor contract in violation of the provisions of this Law, the labor administrative department shall order the employer to make corrections. Where damage is caused to the employee, the employer shall assume liability for compensation.

Article 80 — Where an employee rescinds the labor contract in violation of the provisions of this Law, or violates the confidentiality obligation or non-competition restriction agreed upon in the labor contract, and causes damage to the employer, the employee shall assume liability for compensation.

Article 81 — Where an employer hires an employee whose labor contract with another employer has not been rescinded or terminated, and damage is caused to the other employer, the hiring employer shall assume joint and several liability for compensation.

Article 82 — Where a labor dispatch service provider violates the provisions of this Law, the labor administrative department and other relevant competent departments shall order it to make corrections. Where the circumstances are serious, a fine of not less than RMB 1,000 and not more than RMB 5,000 per person shall be imposed, and the labor dispatch service provider's business license may be revoked by the

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administrative department for industry and commerce. Where damage is caused to a dispatched employee, the labor dispatch service provider and the accepting entity shall assume joint and several liability for compensation.

Chapter IX — Supplementary Provisions

Article 83 — The State Council shall formulate measures for the administration of labor contracts for public institutions and social organizations whose staff members are governed by the civil servant law.

Article 84 — This Law does not apply to labor relationships between state authorities, public institutions, social organizations, and their staff members who are governed by the civil servant law, nor to labor relationships that are otherwise provided for by laws and administrative regulations.

Article 85 — This Law shall come into effect on January 1, 2008.

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