Labor Contract Law of the People’s Republic of China

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

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of improving the labor contract system, specifying the rights and obligations of parties to labor contracts, protecting the lawful rights and interests of laborers, 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 laborers, and the conclusion, performance, amendment, revocation, and termination of labor contracts. State authorities, public institutions, social organizations, and the laborers with whom they establish labor relationships shall be governed by this Law in the conclusion, performance, amendment, revocation, and termination of labor contracts.

Article 3 — Labor contracts shall be concluded on the principles of legality, fairness, equality, voluntariness, agreement through consultation, and good faith. Labor contracts legally concluded shall be legally binding, and employers and laborers shall perform the obligations stipulated in the labor contracts.

Article 4 — Employers shall, in accordance with law, establish and improve labor rules and regulations so as to ensure that laborers enjoy labor rights and fulfill labor obligations. Where an employer intends to formulate, amend, or decide on rules and regulations or material matters that have a direct bearing on the immediate interests of laborers, such as remuneration, working hours, rest and leave, occupational safety and health, insurance and welfare, training of staff and workers, labor discipline, and quota management of labor, the employer shall discuss the draft with the congress of staff and workers or all staff and workers, and shall put forward proposals and opinions. The matter shall be determined upon equal consultation with the trade union or representatives of staff and workers. During the implementation of rules and regulations or decisions on material matters, where the trade union or staff and workers deem it inappropriate, they shall have the right to propose amendments through consultation to the employer. Employers shall publicize rules and regulations and decisions on material matters that have a direct bearing on the immediate interests of laborers, or inform the laborers thereof.

Article 5 — The labor administrative departments of the people's governments at or above the county level shall, in conjunction with the trade unions and representatives of enterprises, establish a sound tripartite mechanism for coordination of labor relations and jointly study and resolve major issues concerning labor relations.

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

Chapter II — Conclusion of Labor Contracts

Article 7 — A labor relationship between an employer and a laborer shall be established from the date of employment. Employers shall prepare a roster of staff and workers for future inspection.

Article 8 — When recruiting laborers, employers shall truthfully inform laborers of the content of the work, working conditions, work location, occupational hazards, conditions of work safety, labor remuneration, and other matters that laborers require to be informed. Employers shall have the right to learn from laborers information directly related to the labor contract, and laborers shall provide such information truthfully.

Article 9 — When recruiting laborers, employers shall not detain the resident identity cards or other certificates of laborers, and shall not require laborers to provide security or collect property from laborers in any other name.

Article 10 — A written labor contract shall be concluded where a labor relationship is established. 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 a laborer conclude a labor contract prior to employment, the labor relationship shall be established from the date of employment.

Article 11 — Where an employer fails to conclude a written labor contract prior to employment and the labor remuneration agreed upon with the laborer is not clear, the labor remuneration to a newly recruited laborer shall be determined according to the standards stipulated in the collective contract; where there is no collective contract or the collective contract contains no such stipulation, equal pay for equal work shall apply.

Article 12 — Labor contracts shall be divided into fixed-term labor contracts, open-ended labor contracts, and labor contracts with a term based on the completion of a specific task.

Article 13 — A fixed-term labor contract shall refer to a labor contract in which the employer and the laborer have agreed on the date of termination of the contract. An employer and a laborer may conclude a fixed-term labor contract upon reaching agreement through consultation.

Article 14 — An open-ended labor contract shall refer to a labor contract in which the employer and the laborer have agreed not to fix a date of termination. An employer and a laborer may conclude an open-ended labor contract upon reaching agreement through consultation. Where a laborer intends to renew the labor contract under any of the following circumstances, an open-ended labor contract shall be concluded unless the laborer proposes to conclude a fixed-term labor contract: the laborer has worked for the employer for ten consecutive years; where the employer implements the labor contract system for the first time or a state-owned enterprise re-concludes labor contracts as a result of restructuring, the laborer has worked for the employer for ten consecutive years and is less than ten years from the statutory retirement age; or the laborer has concluded two fixed-term labor contracts consecutively, and the laborer does not fall under any of the circumstances specified in Article 39 and the first and second subparagraphs of Article 40 of this Law, and the labor contract has been renewed. Where an employer fails to conclude a written labor contract with a laborer within one year from the date of employment, it shall be deemed that the employer and the laborer have concluded an open-ended labor contract.

Article 15 — A labor contract with a term based on the completion of a specific task shall refer to a labor contract in which the employer and the laborer have agreed that the term of the contract shall expire upon completion of a specific task. An employer and a laborer may conclude a labor contract with a term based on the completion of a specific task upon reaching agreement through consultation.

Article 16 — Labor contracts shall become effective upon the signatures or seals of the employer and the laborer on the text of the labor contract after reaching agreement through consultation. The employer and the laborer shall each hold one copy of the text of the labor contract.

Article 17 — Labor contracts shall contain the following terms: the name, domicile, and legal representative or principal responsible person of the employer; the name, address, and resident identity card or other valid identity document number of the laborer; the term of the labor contract; the content of the work and the work location; working hours, rest, and leave; labor remuneration; social insurance; labor protection, working conditions, and protection against occupational hazards; and other matters that laws and regulations require to be included in labor contracts. In addition to the essential terms specified in the preceding paragraph, the employer and the laborer may agree upon other matters in the labor contract, such as the probation period, training, confidentiality, supplementary insurance, and welfare benefits.

Article 18 — Where a dispute arises between an employer and a laborer due to unclear agreement on labor remuneration, working conditions, or other such standards, and the parties cannot reach an agreement through renegotiation, the provisions of the collective contract shall apply; where there is no collective contract or the collective contract contains no provision on labor remuneration, equal pay for equal work shall apply; where there is no collective contract or the collective contract contains no provision on working

conditions or other such standards, the relevant State provisions shall apply.

Article 19 — Where the term of a labor contract is not less than three months but less than one year, the probation period shall not exceed one month; where the term of a labor contract is not less than one year but less than three years, the probation period shall not exceed two months; and for a labor contract with a fixed term of three years or more or an open-ended labor contract, the probation period shall not exceed six months. The same employer and the same laborer may only agree on a probation period once. For a labor contract with a term based on the completion of a specific task or a labor contract with a term of less than three months, no probation period shall be agreed upon. The probation period shall be included in the term of the labor contract. Where the labor contract only provides for a probation period, such a probation period shall not be established, and the said period shall be treated as the term of the labor contract.

Article 20 — The wages of a laborer during the probation period shall not be lower than the lowest wage for the same post in the employer's unit or eighty percent of the wages agreed upon in the labor contract, and shall not be lower than the minimum wage standard of the locality where the employer is situated.

Article 21 — During the probation period, an employer shall not revoke a labor contract except where the laborer falls under any of the circumstances specified in Article 39 and the first and second subparagraphs of Article 40 of this Law. Where an employer revokes a labor contract during the probation period, it shall explain the reason to the laborer.

Article 22 — Where an employer provides special training expenses for a laborer and provides the laborer with professional and technical training, it may conclude an agreement with the laborer to stipulate a period of service. Where a laborer breaches the agreement on the period of service, he shall pay liquidated damages to the employer according to the agreement. The amount of liquidated damages shall not exceed the training expenses provided by the employer. The amount of liquidated damages required by the employer for the laborer to pay shall not exceed the portion of training expenses to be shared for the uncompleted service period. The agreement between the employer and the laborer on the period of service shall not affect the increase in the laborer's remuneration during the service period according to the normal wage adjustment mechanism.

Article 23 — An employer and a laborer may agree in the labor contract on matters of keeping the employer's trade secrets and confidential matters related to intellectual property. For a laborer who has a confidentiality obligation, the employer may agree with the laborer on a non-competition clause in the labor contract or the confidentiality agreement, and agree that upon the revocation or termination of the labor contract, the laborer shall be given economic compensation on a monthly basis during the non-competition period. Where a laborer breaches the agreement on non-competition, he shall pay liquidated damages to the employer as agreed.

Article 24 — Persons subject to non-competition shall be limited to senior management personnel, senior technical personnel, and other personnel of the employer who have a confidentiality obligation. The scope, geographic area, and term of non-competition shall be agreed upon by the employer and the laborer, and the agreement on non-competition shall not contravene the provisions of laws and regulations. The non-competition period upon the revocation or termination of a labor contract shall not exceed two years, for the persons specified in the preceding paragraph to work for any other employer that produces or operates the same type of products or engages in the same type of business as the employer where they previously worked, or to establish their own business to produce or operate the same type of products or engage in the same type of business.

Article 25 — Except for the circumstances specified in Article 22 and Article 23 of this Law, an employer shall not agree with a laborer to have the laborer bear liquidated damages.

Article 26 — The following labor contracts shall be invalid or partially invalid: contracts concluded by means of fraud, coercion, or taking advantage of the other party's difficulties, or against the true will of the other

party; contracts in which the employer disclaims its legal liability or denies the rights of the laborer; and contracts that contravene mandatory provisions of laws and administrative regulations. A dispute over the invalidity or partial invalidity of a labor contract shall be confirmed by a labor dispute arbitration institution or a people's court.

Article 27 — Where a labor contract is partially 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 and the laborer has already performed the labor, the employer shall pay labor remuneration to the laborer. The amount of labor remuneration shall be determined with reference to the labor remuneration of laborers in the same or similar post in the employer's unit.

Chapter III — Performance and Amendment of Labor Contracts

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

Article 30 — Employers shall pay labor remuneration to laborers in full and on time in accordance with the provisions of the labor contract and the provisions of the State. Where an employer is in arrears with the payment of labor remuneration or fails to pay in full, the laborer may apply to the local people's court for a payment order in accordance with law, and the people's court shall issue the payment order in accordance with law.

Article 31 — Employers shall strictly implement the quota standards of labor and shall not force or induce laborers to work overtime in a disguised form. Where an employer arranges overtime work, it shall pay overtime remuneration to laborers in accordance with the relevant provisions of the State.

Article 32 — Laborers shall not be deemed to be in breach of the labor contract where they refuse to perform dangerous operations in violation of regulations or forcible risk-taking operations by management personnel of the employer. Laborers shall have the right to criticize, report, or file accusations against the working conditions that endanger life safety and physical health.

Article 33 — Where an employer changes its name, legal representative, principal responsible person, or investor, or any other such matter, the performance of the labor contract shall not be affected.

Article 34 — Where an employer undergoes a merger or division, the original labor contracts shall continue to be valid, and the employer succeeding to its rights and obligations shall continue to perform the labor contracts.

Article 35 — An employer and a laborer may amend the provisions of a labor contract upon agreement reached through consultation. Amendments to a labor contract shall be made in written form. The employer and the laborer shall each hold one copy of the text of the amended labor contract.

Chapter IV — Revocation and Termination of Labor Contracts

Article 36 — An employer and a laborer may revoke a labor contract upon agreement reached through consultation.

Article 37 — A laborer may revoke his labor contract by giving thirty days' prior written notice to the employer. A laborer may revoke his labor contract by giving three days' prior written notice to the employer during the probation period.

Article 38 — A laborer may revoke his labor contract where the employer falls under any of the following circumstances: failure to provide labor protection or working conditions as agreed in the labor contract; failure to pay labor remuneration in full and on time; failure to pay social insurance premiums for the laborer

in accordance with law; the employer's rules and regulations contravene laws or regulations and infringe upon the laborer's rights and interests; the labor contract is invalid due to any of the circumstances specified in the first subparagraph of Article 26; or other circumstances prescribed by laws or administrative regulations under which the laborer may revoke the labor contract. Where an employer compels a laborer to work by means of violence, intimidation, or illegal restriction of personal freedom, or an employer instructs or forcibly orders a laborer to perform dangerous operations in violation of rules and regulations that endanger the laborer's personal safety, the laborer may immediately revoke the labor contract without prior notice to the employer.

Article 39 — An employer may revoke a labor contract where the laborer falls under any of the following circumstances: the laborer has been proved during the probation period not to satisfy the recruitment requirements; the laborer has seriously violated the employer's rules and regulations; the laborer has caused substantial damage to the employer through gross negligence or malpractice; the laborer has simultaneously established a labor relationship with another employer, thereby seriously affecting the completion of the laborer's tasks with the employer, or the laborer refuses to make rectification after the employer has raised the matter; the labor contract is invalid due to the circumstances specified in the first subparagraph of Article 26 of this Law; or the laborer has been held to bear criminal liability in accordance with law.

Article 40 — An employer may revoke a labor contract by giving thirty days' prior written notice to the laborer or by paying the laborer an extra month's wages where the laborer falls under any of the following circumstances: the laborer, after the completion of the prescribed period of medical treatment for an illness or non-work-related injury, is unable to engage in the original work or other work arranged by the employer; the laborer is incompetent for the work and remains incompetent after receiving training or being assigned to another post; or 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 laborer fail to reach an agreement through consultation on amending the labor contract.

Article 41 — Where it is necessary to reduce a workforce of twenty or more persons or a workforce of less than twenty persons that accounts for ten percent or more of the total number of employees of the enterprise due to any of the following circumstances: restructuring in accordance with the Enterprise Bankruptcy Law; serious difficulties in production and operations; the enterprise changes its products, makes a major technological renovation, or adjusts its mode of business operations, and it is still necessary to reduce the workforce after amending the labor contracts; or other material changes in the objective economic circumstances on the basis of which the labor contracts were concluded, which render the labor contracts impossible to perform. When reducing the workforce, the employer shall explain the situation to the trade union or all staff and workers thirty days in advance, solicit the opinions thereof, and may reduce the workforce after reporting the workforce reduction plan to the labor administrative department. When reducing the workforce, priority shall be given to retaining the following persons: persons who have concluded a fixed-term labor contract with a relatively long term with the employer; persons who have concluded an open-ended labor contract with the employer; and persons whose family has no other employed persons and who have elderly persons or minors to support. Where an employer that has reduced its workforce in accordance with the provisions of the first paragraph of this Article intends to recruit workers within six months of the workforce reduction, it shall notify the workers made redundant and shall, under equal conditions, give priority to recruiting the workers made redundant.

Article 42 — An employer shall not revoke a labor contract in accordance with the provisions of Article 40 or Article 41 of this Law where the laborer falls under any of the following circumstances: a laborer engaged in operations with occupational hazards has not undergone a pre-departure occupational health examination, or a patient with a suspected occupational disease is during the period of diagnosis or medical observation; a laborer who has contracted an occupational disease or suffered a work-related injury within the employer's unit and has been confirmed to have lost wholly or partially the capacity to work; the laborer is within the

period of medical treatment for an illness or non-work-related injury as prescribed by law; a female employee is during her pregnancy, maternity leave, or breastfeeding period; a laborer has worked for the employer for fifteen consecutive years and is less than five years from the statutory retirement age; or other circumstances prescribed by laws and administrative regulations.

Article 43 — Where an employer intends to unilaterally revoke a labor contract, it shall inform the trade union of the reason 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 rectification. The employer shall study the trade union's opinions and notify the trade union in writing of the handling result.

Article 44 — A labor contract shall terminate under any of the following circumstances: expiration of the term of the labor contract; the laborer commences to enjoy the basic pension insurance benefits in accordance with law; the laborer dies, or is declared dead or missing by a people's court; the employer is declared bankrupt in accordance with law; the employer's business license is revoked, or the employer is ordered to close down, or the employer decides to dissolve ahead of schedule; or other circumstances prescribed 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 term of the labor contract shall be extended until the relevant circumstances cease to exist. However, matters concerning the termination of the labor contract of a laborer who has lost wholly or partially the capacity to work as specified in the second subparagraph of Article 42 of this Law shall be handled in accordance with the relevant provisions of the State on work-related injury insurance.

Article 46 — An employer shall pay economic compensation to a laborer under any of the following circumstances: the laborer revokes the labor contract in accordance with the provisions of Article 38 of this Law; the employer proposes to revoke the labor contract to the laborer, and the employer and the laborer revoke the labor contract upon agreement reached through consultation in accordance with the provisions of Article 36 of this Law; the employer revokes the labor contract in accordance with the provisions of Article 40 of this Law; the employer revokes the labor contract in accordance with the provisions of the first paragraph of Article 41 of this Law; the labor contract terminates upon expiration of a fixed-term labor contract in accordance with the provisions of the first subparagraph of Article 44 of this Law, except where the employer maintains or enhances the conditions agreed upon in the labor contract for renewing the labor contract and the laborer does not agree to renew it; the labor contract terminates in accordance with the provisions of the fourth or fifth subparagraph of Article 44 of this Law; or other circumstances prescribed by laws and administrative regulations.

Article 47 — Economic compensation shall be calculated according to the number of years the laborer has worked for the employer, at the rate of one month's wages for each completed year of work. For a period of six months or more but less than one year, it shall be calculated as one year; for a period of less than six months, the employer shall pay economic compensation equal to half a month's wages to the laborer. Where the monthly wages of a laborer are higher than three times the average monthly wages of staff and workers in the municipality directly under the Central Government or the city with districts where the employer is situated as published by the people's government of the said area, the rate of economic compensation to be paid to the laborer shall be based on three times the said average monthly wages, and the maximum number of years for which economic compensation is to be paid shall not exceed twelve years. The term "monthly wages" as used in this Article means the average wages of the laborer for the twelve months prior to the revocation or termination of the labor contract.

Article 48 — Where an employer revokes or terminates a labor contract in violation of this Law and the laborer demands continued performance of the labor contract, the employer shall continue to perform the labor contract; where the laborer 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 to the laborer in accordance with the provisions of Article 87 of this Law.

Article 49 — The State shall take measures to establish and improve a comprehensive system to ensure that the social insurance relationship of laborers is transferred and continued across regions.

Article 50 — An employer shall, upon the revocation or termination of a labor contract, issue a certificate of revocation or termination of the labor contract and handle the transfer of the laborer's personal file and social insurance relationship within fifteen days. Laborers shall handle the handover of work as agreed upon by both parties. Where relevant provisions of this Law require the employer to pay economic compensation to the laborer, the compensation shall be paid upon completion of the work handover. An employer shall retain the text of the revoked or terminated labor contract for not less than two years for future reference.

Chapter V — Special Provisions on Collective Contracts

Article 51 — The staff and workers of an enterprise may, as a party, negotiate on an equal footing with the enterprise to conclude a collective contract on matters such as labor remuneration, working hours, rest and leave, occupational safety and health, insurance and welfare, and other matters. The draft collective contract shall be submitted to the congress of staff and workers or to all staff and workers for discussion and adoption. A collective contract shall be concluded by the trade union on behalf of the staff and workers of the enterprise with the enterprise; where the employer has not yet established a trade union, the contract shall be concluded by representatives elected by the staff and workers under the guidance of the trade union at the next higher level.

Article 52 — The staff and workers of an enterprise and the employer may enter into special collective contracts on matters such as occupational safety and health, protection of the rights and interests of female staff and workers, and wage adjustment mechanisms.

Article 53 — Industry-wide or region-wide 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 conclusion, a collective contract shall be submitted to the labor administrative department. A collective contract shall automatically become effective where no objection is raised by the labor administrative department within fifteen days of receipt of the text of the collective contract. A collective contract legally concluded shall be binding on the employer and the laborers. An industry-wide or region-wide collective contract shall be binding on the employers and laborers in the relevant industry or region within the local area.

Article 55 — The standards for labor remuneration and working conditions stipulated in a collective contract shall not be lower than the minimum standards stipulated by the local people's government. The standards for labor remuneration and working conditions stipulated in a labor contract concluded between an employer and a laborer shall not be lower than those stipulated in the collective contract.

Article 56 — Where an employer breaches a collective contract and infringes upon the labor rights and interests of staff and workers, the trade union may demand that the employer assume liability in accordance with law. Where a dispute arises from the performance of a collective contract and cannot be resolved through consultation, the trade union may apply for arbitration or institute legal proceedings in accordance with law.

Chapter VI — 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 two million, and shall apply to the labor administrative department for an administrative license in accordance with law. No entity or individual may operate a labor dispatch business without permission.

Article 58 — A labor dispatch service provider shall be an employer as mentioned in this Law and shall perform its obligations as an employer toward the dispatched laborers. The labor contract concluded between a labor dispatch service provider and a dispatched laborer shall, in addition to the matters specified in Article 17 of this Law, specify matters such as the entity to which the laborer is dispatched, the dispatch period, and the position. A labor dispatch service provider shall conclude a fixed-term labor contract with a term of not less than two years with the dispatched laborer and shall pay labor remuneration on a monthly basis. During the period when the dispatched laborer is not performing any work, the labor dispatch service provider shall pay labor remuneration on a monthly basis at the minimum wage standard prescribed by the local people's government where the labor dispatch service provider is situated.

Article 59 — A labor dispatch service provider shall, when dispatching laborers, conclude a labor dispatch agreement with the entity accepting labor dispatch services. The labor dispatch agreement shall specify the positions to which laborers are to be dispatched, the number of persons to be dispatched, the dispatch period, the amount and mode of payment of labor remuneration and social insurance premiums, and the liability for breach of the agreement. The entity accepting labor dispatch services shall determine the dispatch period with the labor dispatch service provider 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 — A labor dispatch service provider shall inform the dispatched laborers of the content of the labor dispatch agreement. The labor dispatch service provider shall not retain any part of the labor remuneration paid by the entity accepting labor dispatch services to the dispatched laborers in accordance with the labor dispatch agreement. The labor dispatch service provider and the entity accepting labor dispatch services shall not charge any fee from the dispatched laborers.

Article 61 — Where a labor dispatch service provider dispatches a laborer across regions, the laborer's labor remuneration and working conditions shall be in accordance with the standards of the locality where the entity accepting labor dispatch services is situated.

Article 62 — The entity accepting labor dispatch services shall perform the following obligations: implementing the State's labor standards and providing appropriate working conditions and labor protection; informing dispatched laborers of their work requirements and labor remuneration; paying overtime remuneration and performance bonuses and providing welfare benefits related to the position; providing necessary training to dispatched laborers for their positions; and implementing a normal wage adjustment mechanism where dispatched laborers are employed continuously. The entity accepting labor dispatch services shall not further dispatch dispatched laborers to other employers.

Article 63 — Dispatched laborers shall enjoy the right of equal pay for equal work with the laborers of the entity accepting labor dispatch services. The entity accepting labor dispatch services shall, in accordance with the principle of equal pay for equal work, implement the same method of distribution of labor remuneration for dispatched laborers and laborers in the same position in the entity. Where the entity accepting labor dispatch services has no laborer in the same position, the labor remuneration shall be determined by reference to the labor remuneration of laborers in the same or similar position in the locality where the entity accepting labor dispatch services is situated.

Article 64 — Dispatched laborers shall have the right to join the trade union of the labor dispatch service provider or the entity accepting labor dispatch services in accordance with law, to organize a trade union therein, and to safeguard their own lawful rights and interests.

Article 65 — Dispatched laborers may revoke their labor contracts with the labor dispatch service provider in accordance with the provisions of Article 36 or Article 38 of this Law. Where a dispatched laborer falls under any of the circumstances specified in Article 39 of this Law or the first or second subparagraph of Article 40 of this Law, the entity accepting labor dispatch services may return the laborer to the labor dispatch service provider, and the labor dispatch service provider may revoke the labor contract with the laborer in

accordance with the relevant provisions of this Law.

Article 66 — Labor dispatch for employment shall generally be implemented for temporary, auxiliary, or substitute positions. The term "temporary positions" as mentioned in the preceding paragraph refers to positions with a duration not exceeding six months. The term "auxiliary positions" refers to non-core business positions that provide services for core business positions. The term "substitute positions" refers to positions that can be held by another laborer as a substitute during the period when a laborer of the employing entity is unable to work due to full-time study, leave, or other reasons. The number of dispatched laborers employed by an entity accepting labor dispatch services shall not exceed a certain proportion of its total number of employees. The specific proportion shall be prescribed by the labor administrative department of the State Council.

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

Chapter VII — Supervision and Inspection

Article 73 — The labor administrative department of the State Council shall be responsible for overseeing and inspecting 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 overseeing and inspecting the implementation of the labor contract system within their respective administrative areas. In the course of overseeing and inspecting the implementation of the labor contract system, the labor administrative departments of the people's governments at or above the county level shall hear the opinions of trade unions, enterprise representatives, and the relevant competent administrative departments.

Article 74 — The labor administrative departments of the local people's governments at or above the county level shall exercise supervision and inspection over the implementation of the labor contract system in accordance with law on the following matters: the formulation of rules and regulations by employers and the implementation of the labor contract system; the conclusion and revocation of labor contracts between employers and laborers; compliance by labor dispatch service providers and entities accepting labor dispatch services with relevant provisions on labor dispatch; compliance by employers with the State provisions on laborers' working hours, rest, and leave; payment by employers of labor remuneration as stipulated in labor contracts and compliance with the minimum wage standard; the participation by employers in various social insurance schemes and payment of social insurance premiums; and other labor supervision matters prescribed by laws and regulations.

Article 75 — When conducting supervision and inspection, the labor administrative departments of the local people's governments at or above the county level shall have the right to consult materials relating to labor contracts and collective contracts and conduct on-site inspections at work sites. The employer and laborers shall truthfully provide relevant information and materials. Functionaries of labor administrative departments, when conducting supervision and inspection, shall produce their credentials, exercise their powers and perform their duties in accordance with law and in a civilized manner.

Article 76 — The relevant competent administrative departments of construction, health, work safety supervision and administration, and other such departments shall, within the scope of their respective functions and duties, oversee and inspect the implementation of the labor contract system by employers.

Article 77 — Where the lawful rights and interests of a laborer are infringed upon, the laborer may demand that the relevant department deal with the matter in accordance with law, apply for arbitration, or institute legal proceedings.

Article 78 — Trade unions shall safeguard the lawful rights and interests of laborers in accordance with law and oversee the performance of labor contracts and collective contracts by employers. Where an employer

violates laws and regulations on labor or breaches a labor contract or collective contract, the trade union shall have the right to put forward its opinions or demand rectification. Where a laborer applies for arbitration or institutes legal proceedings, the trade union shall provide support and assistance in accordance with law.

Article 79 — Any organization or individual shall have the right to report violations of this Law to the relevant department. The labor administrative departments of the people's governments at or above the county level shall promptly verify and handle such reports and shall reward informants for meritorious reporting.

Chapter VIII — Legal Liability

Article 80 — Where the rules and regulations of an employer directly related to the immediate interests of laborers contravene the provisions of laws and regulations, the labor administrative department shall order the employer to make rectification and issue a warning. Where any damage is caused to a laborer, the employer shall bear liability for compensation.

Article 81 — Where the text of a labor contract provided by an employer fails to specify the essential terms of the labor contract as required by this Law, or where an employer fails to deliver the text of a labor contract to the laborer, the labor administrative department shall order the employer to make rectification. Where any damage is caused to a laborer, the employer shall bear liability for compensation.

Article 82 — Where an employer fails to conclude a written labor contract with a laborer more than one month but less than one year after the date of employment, the employer shall pay the laborer double wages each month. Where an employer violates the provisions of this Law by failing to conclude an open-ended labor contract with a laborer, the employer shall pay the laborer double wages each month starting from the date on which the open-ended labor contract should have been concluded.

Article 83 — Where an employer violates the provisions of this Law by agreeing on a probation period with a laborer in violation of this Law, the labor administrative department shall order the employer to make rectification. Where the illegally agreed probation period has been performed, the employer shall pay compensation to the laborer based on the monthly wages of the laborer upon the expiration of the probation period and according to the period of performance beyond the statutory probation period.

Article 84 — Where an employer violates the provisions of this Law by detaining a laborer's resident identity card or other certificate, the labor administrative department shall order the employer to return the same to the laborer within a specified time limit and shall impose punishment in accordance with relevant laws. Where an employer violates the provisions of this Law by collecting property from a laborer in the name of security or in any other name, the labor administrative department shall order the employer to return the same to the laborer within a specified time limit and shall impose a fine of not less than RMB five hundred but not more than RMB two thousand for each person. Where any damage is caused to the laborer, the employer shall bear liability for compensation. Where a laborer revokes the labor contract in accordance with law, and the employer detains the laborer's personal file or other articles, punishment shall be imposed in accordance with the provisions of the preceding paragraph.

Article 85 — Where an employer falls under any of the following circumstances, the labor administrative department shall order the employer to pay labor remuneration, overtime remuneration, or economic compensation within a specified time limit; where the labor remuneration is lower than the local minimum wage standard, the employer shall pay the difference; where the employer fails to pay within the time limit, it shall be ordered to pay additional compensation to the laborer at a rate of not less than fifty percent but not more than one hundred percent of the amount payable: failure to pay the laborer's labor remuneration in full and on time as stipulated in the labor contract or as prescribed by the State; paying the laborer wages lower than the local minimum wage standard; arranging overtime work without paying overtime remuneration; or revoking or terminating a labor contract without paying economic compensation to the laborer in accordance with this Law.

Article 86 — Where a labor contract is confirmed to be invalid in accordance with the provisions of Article 26 of this Law and damage is caused to the other party, the party at fault shall bear liability for compensation.

Article 87 — Where an employer revokes or terminates a labor contract in violation of this Law, the employer shall pay compensation to the laborer at twice the rate of economic compensation as stipulated in Article 47 of this Law.

Article 88 — Where an employer commits any of the following acts, administrative penalties shall be imposed in accordance with law; where a crime is constituted, criminal liability shall be pursued in accordance with law; and where damage is caused to a laborer, the employer shall bear liability for compensation: compelling a laborer to work by means of violence, intimidation, or illegal restriction of personal freedom; instructing or forcibly ordering a laborer to perform dangerous operations in violation of rules and regulations that endanger the laborer's personal safety; humiliating, imposing corporal punishment on, beating, illegally searching, or detaining a laborer; or causing a laborer to suffer physical or mental harm due to poor working conditions, a seriously polluted environment, or other such circumstances.

Article 89 — Where an employer violates the provisions of this Law by failing to issue a written certificate of revocation or termination of a labor contract to a laborer, the labor administrative department shall order the employer to make rectification. Where any damage is caused to a laborer, the employer shall bear liability for compensation.

Article 90 — Where a laborer revokes a labor contract in violation of this Law, or violates the agreement on confidentiality or non-competition, thereby causing damage to the employer, the laborer shall bear liability for compensation.

Article 91 — Where an employer recruits a laborer whose labor contract with another employer has not been revoked or terminated and damage is caused to the other employer, the employer shall bear joint and several liability for compensation.

Article 92 — Where a labor dispatch service provider violates the provisions of this Law, the labor administrative department and other relevant competent departments shall order the labor dispatch service provider to make rectification; where the circumstances are serious, a fine of not less than RMB one thousand but not more than RMB five thousand shall be imposed for each person, and the business license shall be revoked by the administrative department for industry and commerce. Where damage is caused to dispatched laborers, the labor dispatch service provider and the entity accepting labor dispatch services shall bear joint and several liability for compensation.

Article 93 — Where an employer that does not have legal business operation qualifications commits an illegal or criminal act, legal liability shall be pursued in accordance with law. Where a laborer has already performed the labor, the entity or its capital contributor shall pay labor remuneration, economic compensation, or compensation to the laborer in accordance with this Law. Where damage is caused to a laborer, the entity or its capital contributor shall bear liability for compensation.

Article 94 — Where an individual contractor recruits laborers in violation of the provisions of this Law and damage is caused to the laborers, the organization that issued the contract and the individual contractor shall bear joint and several liability for compensation.

Article 95 — Where a labor administrative department, any other relevant competent administrative department, or any functionary thereof abuses authority, neglects duties, or engages in malpractices for personal gain, thereby causing damage to a laborer or an employer, the functionary shall bear liability for compensation. Administrative sanctions shall be imposed on the directly responsible person in charge and other directly responsible persons in accordance with law. Where a crime is constituted, criminal liability shall be pursued in accordance with law.

Chapter IX — Supplementary Provisions

Article 96 — Matters concerning the conclusion, performance, amendment, revocation, and termination of labor contracts between public institutions and laborers under the employment system shall be governed by this Law where otherwise not provided for by laws, administrative regulations, or provisions of the State Council.

Article 97 — Labor contracts concluded before the implementation of this Law in accordance with law and continuing to exist on the date of implementation of this Law shall continue to be performed. The number of consecutive conclusions of a fixed-term labor contract as specified in the third subparagraph of the second paragraph of Article 14 of this Law shall be counted from the first renewal of a fixed-term labor contract after the implementation of this Law. Where a written labor contract has not been concluded between an employer and a laborer upon the establishment of their labor relationship before the implementation of this Law, it shall be concluded within one month from the date of implementation of this Law. Where a labor contract existing on the date of implementation of this Law is revoked or terminated after the implementation of this Law, and economic compensation should be paid in accordance with the provisions of Article 46 of this Law, economic compensation shall be calculated from the date of implementation of this Law. Where, in accordance with relevant regulations in force prior to the implementation of this Law, the employer should have paid economic compensation to the laborer, the calculation shall be made in accordance with the relevant regulations in force at that time.

Article 98 — This Law shall take effect as of January 1, 2008.

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