CHOI & HUANG | CHINA LABOR & EMPLOYMENT LAW

China Employee Handbook Essentials for Employers

What a China-compliant employee handbook must contain, how to adopt it through the democratic procedure, and the disciplinary rules that actually hold up in arbitration.

1. 1. Why the handbook matters in China

[ ] Most dismissals for misconduct depend on a rule in the handbook. No valid rule usually means no valid dismissal.
[ ] Rules affecting employees' vital interests must go through the democratic procedure and be communicated (LCL Art. 4).
[ ] A global code of conduct emailed from headquarters rarely meets this standard on its own.
[ ] Rules must be lawful and reasonable. Arbitrators can disregard rules that are unfair or conflict with the law.
[ ] Keep the handbook in Chinese. A bilingual version is fine; state that the Chinese text prevails.

2. 2. Adopt it through the democratic procedure

[ ] Circulate the draft to the employee representative congress or all employees for discussion.
[ ] Invite proposals and comments, and record them in writing.
[ ] Consult the trade union or employee representatives on the final text on an equal footing.
[ ] Keep minutes, attendance lists, email records and the final version as evidence of each step.
[ ] Repeat the procedure for material amendments, not only for the first version.
[ ] Small employers without a union: consult all staff directly and keep signed records.

3. 3. Prove employees received it

[ ] Obtain a signed acknowledgment from each employee stating they have received, read and understood the handbook.
[ ] Include acknowledgment in the onboarding pack for new hires.
[ ] Use a dated electronic acknowledgment system if you prefer, but make sure records can be exported and verified.
[ ] Post the handbook on the intranet and in a physical location as a backup, with dated photos.
[ ] Include a clause in the labor contract confirming the handbook forms part of the employment terms.

4. 4. Core chapters to include

[ ] Hiring and probation: documents required, background checks, probation assessment criteria.
[ ] Working hours and overtime: working-hours system, overtime approval process, attendance

recording.

- [ ] Leave: annual leave, sick leave, marriage leave, maternity and paternity leave, bereavement leave, application process.
- [ ] Pay and benefits: pay dates, bonus eligibility, allowances, expense rules.
- [ ] Conduct: conflicts of interest, gifts and anti-bribery, harassment, confidentiality, IT and data use.
- [ ] Discipline: categories of misconduct, investigation process, penalties.
- [ ] Exit: resignation notice, handover, return of property, final settlement.

5. 5. Write discipline rules that hold up

- [ ] Define serious misconduct with specific examples: falsifying records, theft, fraud, violence, repeated unexcused absence.
- [ ] Quantify where possible, for example absence without approval for 3 consecutive working days.
- [ ] Use a graded system: verbal warning, written warning, final warning, dismissal.
- [ ] Do not impose fines deducted from wages. Monetary penalties are high-risk and often unlawful.
- [ ] Set out the investigation process: notice to the employee, opportunity to explain, written record.
- [ ] Avoid catch-all clauses like any other serious breach as the only basis for dismissal.

6. 6. Working hours and leave rules

- [ ] Standard hours: 8 hours per day, 40 hours per week. Overtime generally capped at 36 hours per month.
- [ ] Overtime pay: 150% on working days, 200% on rest days (unless time off in lieu), 300% on statutory holidays.
- [ ] Comprehensive or flexible working-hours systems require approval from the local labor authority.
- [ ] Annual leave: 5, 10 or 15 days for cumulative service of 1 to under 10, 10 to under 20, and 20+ years.
- [ ] Maternity leave in Guangdong: 178 days under current Guangdong rules (98 national plus 80 provincial).
- [ ] Sick leave and medical treatment periods follow national rules; sick pay must not fall below 80% of the local minimum wage.

7. 7. Common mistakes to avoid

- [ ] Translating a headquarters policy without adapting it to PRC law.
- [ ] Adopting the handbook without the democratic procedure, or failing to keep evidence of it.
- [ ] Rules that conflict with the law, such as forced resignation for pregnancy or waiving social insurance.
- [ ] Unclear penalty scales that let managers apply rules inconsistently.
- [ ] Not updating the handbook after law changes, such as the SPC Interpretation (II) effective 1 September 2025.
- [ ] Failing to train managers on how to apply and document discipline.

General information only, not legal advice. Laws and local figures change - confirm current rules.
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