

LEHMAN, LEE & XU

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PRESS RELEASE

Employment—Termination by employer unilaterally without previous notice under the PRC law

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According to the PRC Labor Contract Law, the employer can terminate the labor contract though (1) negotiate with the employee and enter into mutual termination agreement; or (2) unilaterally terminate the labor contract.

Generally, if the employer intends to terminate the labor contract unilaterally, it can terminate the labor contract with 30 days previous notice or alternatively pay the employee extra one month's wage.

Particularly, the employer may unilaterally terminate the labor contract without previous notice and paying the employee any economic compensation if the employee has conducted one of the following actions:

- (a) It is proved that the employee does not meet the recruitment conditions during the probation period;
- (b) Materially breaches the employer's rules and regulations;
- (c) Has committed severe negligence in the employee's duty and/or has engaged in fraud and graft for personal benefit which results in serious economic damages to the employer or its reputation;
- (d) Has been subject to criminal penalty;
- (e) During the term of employment, establishes an employment relationship with other Employers simultaneously and refuses to rectify the situation after being cautioned by the employer;
- (f) The employee concludes the labor contract with the employer by means of deception or coercion, and the labor contract is invalidated due to the deception or coercion.

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