Business Facilitation Advisory Committee
Task Force on Business Liaison Groups

Revise the "Continuous Contract" Requirement under the Employment Ordinance

Purpose

This paper briefs Members on the Employment (Amendment) Ordinance 2025 (Amendment Ordinance).

Background

2. The Amendment Ordinance seeks to implement a labour support measure in the Chief Executive's 2024 Policy Address, which is to revise the working hours threshold of the "continuous contract" requirement under the Employment Ordinance (Cap. 57) (EO), making it easier for employees to enjoy comprehensive employment rights[1].

3. The current provision provides that employees employed by the same employer continuously for four weeks or more and having worked for 18 hours or more per week (commonly referred to as the "4-18 requirement") are regarded as being engaged under a "continuous contract". Over the years, there have been incessant calls from different sectors to relax the "4-18 requirement" so as to cope with the changes in the labour market and enhance labour protection. Representatives of employers and employees of the Labour Advisory Board reached a consensus on revising the "continuous contract" in February 2024 after thorough discussion.

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[1] All employees covered by EO, irrespective of their hours of work, are entitled to basic protection under EO including payment of wages, restrictions on wages deductions and granting of statutory holidays, etc. Employees who are employed under a "continuous contract" are further entitled to such benefits as statutory holiday pay, paid annual leave, sickness allowance, statutory maternity leave, statutory paternity leave, severance payment and long service payment.

Amendment Details

4. The Amendment Ordinance revises the working hours threshold of the "continuous contract" requirement to –

(a) lower the weekly working hours threshold from 18 hours to 17 hours; and

(b) provide an alternative of using the aggregate working hours in four weeks as a counting unit in which a week with less than 17 working hours be counted towards a continuous employment period if the sum of the working hours of that week and those of the three weeks immediately preceding that week reaches 68 hours.

The above new requirements will be effective from 18 January 2026 onwards.

5. After the amendment, other provisions of EO will continue to operate as they currently do and employees' existing eligibility criteria for various statutory benefits will remain unchanged. Employees who currently meet the "continuous contract" requirement will not be affected.

6. This amendment exercise lowers the working hours threshold of "continuous contract" requirement and introduces flexibility in the calculation of working hours, making it easier for employees to meet the revised "continuous contract" requirement and reduces the circumstances of disrupting the continuity of an employee's employment because the working hours of a week occasionally fall below the threshold. Employees who meet the new requirements and the relevant conditions (e.g. years of service) will be entitled to various statutory employment benefits (e.g. statutory holiday pay, paid annual leave, etc.). Besides, with the improvement of rights for employees with shorter working hours, it may help attract more individuals to enter the labour market.

7. With the implementation of the Amendment Ordinance, the number of employees covered by "continuous contract" will be increased and thus more employees will be eligible for employment benefits. The labour costs of businesses will be increased as a result. Businesses may also face some extra administrative cost for keeping employment records and calculating employment benefits. Yet, the overall additional cost should be manageable for most businesses.

Way Forward

8. The Labour Department is firming up the preparatory work for the implementation of the new "continuous contract" requirement and will publicise and brief the public on the Amendment Ordinance through various channels, presenting it in layman's terms to enhance employers' and employees' understanding.

9. Members are invited to note the content of this paper.

Labour Department
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