This paper strives to ascertain, from a comparative common law perspective, the current state of Chinese contract law as applied in courts in China. The contract cases demonstrate that, although court decisions are not yet a binding source of law in China, at least some of them are gaining influence through the adoption by the Supreme People’s Court (SPC, the highest court in China) of a new Guiding Cases system and, more generally, due to the enhanced visibility given to a greater number of decisions of courts at different levels in recent years.

Thus, based on an examination of selected (by their perceived significance and/or influence) contract decisions handed down by the Chinese courts, the paper attempts to deal with the following three matters:

• first, the essentiality of court decisions in the development of contract law in China, both as a supplement to and a refinement of the formal sources of law, which consist of both broad principles set out in the 1999 Contract Law passed by the National Legislature and finer operational rules contained in the SPC’s judicial interpretations of the Law;

• second, whether, despite the current legal status and presentational style of Chinese court decisions, they are starting to develop a line of ratio (partly as a consequence of an increased level of interaction with scholarly works), from which new principles of law can be distilled;

• third (using contract cases as an example), in which ways a prior court decision may, if at all, influence a lower court in deciding a similar point of law and what is the way ahead for the Guiding Cases system to evolve into a more consistent and more stable system of precedents that suits the Chinese soil.