

# From Nanjing to London: How PRC Judgments Were Enforced in England Without a Reciprocal Enforcement Treaty

Qing Li & Ors v Fan Demetris Yuan & Anor [2026] EWHC 242 (Comm)

## I. What This Case Decided

Five Chinese creditors (the **claimants**) obtained final judgments in courts of the People's Republic of China (**PRC**) (specifically, the Qinhuai and Qixia District Courts) against two defendants, a married couple, totalling approximately RMB 245.6 million (c. £28.4 million) ([10]). The defendants had defaulted on loan, investment and guarantee obligations and did not participate in the PRC proceedings (despite being served in accordance with PRC law requirements). The defendants subsequently relocated to England.

Because there is no treaty or statutory regime for reciprocal enforcement of judgments between the UK and the PRC<sup>1</sup>, the claimants brought fresh actions in England at common law on the judgment debts<sup>2</sup>.

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<sup>1</sup> There is currently no reciprocal enforcement regime between the UK and the PRC. The PRC has signed but not ratified the Hague Convention on Choice of Court Agreements 2005, and the Foreign Judgments (Reciprocal Enforcement) Act 1933 does not apply to PRC judgments.

<sup>2</sup> The position is similar for a number of major jurisdictions. There is no bilateral treaty between the PRC and the US on judgment enforcement; recognition and enforcement of foreign judgments in the courts of the United States is governed by individual state law. There is no single EU-wide regime for enforcing judgments from non-EU countries. For EU member states with bilateral treaties with the PRC (such as France, Italy, Spain, Poland, Hungary, Romania, Bulgaria, Greece, Cyprus, and Lithuania), these treaties provide a defined pathway for enforcement. For EU member states without a bilateral treaty with the PRC (such as Germany), enforcement depends on that state's domestic law. The 2019 Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (the **2019 Hague Judgments Convention**) is in force for all EU member states except Denmark, but the PRC has not acceded to it, so it does not currently provide a basis for enforcing PRC judgments in the EU.

English law sets out three requirements for enforcing a foreign judgment ([36]):

1. the judgment must be final and conclusive;
2. the judgment must have been given by a court recognised as competent under English law; and
3. the judgment must be for a fixed sum of money.

The first and third requirements were not disputed in this case. The PRC judgments were final and for specific sums ([37]), and the English court would not re-examine their merits ([38]).

The dispute therefore turned on the second requirement: whether the PRC courts were competent under English law. The judgment referred the rule in “Dicey, Morris & Collins on the Conflict of Laws (16th edition)”, which identifies four grounds on which a foreign court may be recognised as competent. Only two were relevant here<sup>3</sup> ([39]):

1. the person against whom the judgment was given had, before the commencement of the proceedings, agreed to submit to the foreign court's jurisdiction (which applied to two of the five claims); and
2. the person against whom the judgment was given was present (or, in the case of a company, had a fixed place of business) in the foreign country at the time proceedings were instituted (which applied to all five).

HHJ Baumgartner held that the PRC courts were competent on two bases: (1) jurisdiction clauses (which referred disputes to specific PRC courts) in two contracts amounted to prior submission to the PRC courts, and (2) the defendants were resident in Nanjing, China, when the PRC proceedings were commenced, even though they were not physically present in the PRC.

This judgment therefore provides a recent illustration of how PRC judgments may be enforced in England at common law.

## II. Jurisdiction by Agreement

A foreign court will be deemed to have jurisdiction over a defendant where he has consented in advance to the jurisdiction of the foreign court. Two of the claims relied on jurisdiction clauses in the underlying contracts as an indication of the defendants’ consent. Because those contracts were governed by PRC law ([43]), the English court interpreted the clauses using PRC principles of construction. Both parties relied on expert evidence on PRC law ([45]).

One clause referred disputes to the Baixia District Court, which had later merged into the Qinhuai District Court before the contract was concluded. The defendants argued that the clause was not binding. However, the defendants’ own expert accepted in cross-examination that the parties had made an error and intended the successor court ([50]). That concession was decisive.

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<sup>3</sup> The other two grounds are: where the person against whom the judgment was given was claimant, or counterclaimed, in the proceedings in the foreign court; and where the person against whom the judgment was given, submitted to the jurisdiction of that court by voluntarily appearing in the proceedings. ([39])

Another clause referred disputes to “a competent People's Court” without naming any specific court. Both experts agreed that PRC law identifies the court of a defendant’s domicile as competent, and the court held the defendants had consented to any such court ([52]-[53]).

### III. Jurisdiction by Residence

#### a. The legal question

It was common ground that the defendants were not physically present in the PRC when proceedings were commenced ([77]). The question was whether residence alone suffices to found jurisdiction.

The Judge held that residence in the foreign country when the action began (i.e., when proceedings were issued) ([71]), was sufficient to found jurisdiction. In reaching this conclusion, the Judge relied on the Court of Appeal authorities: Buckley LJ in *Emanuel v Symon* ([56]) and Slade LJ in *Adams v Cape Industries Plc* ([56]). The Judge was also persuaded that it would be absurd if a person who resides in a foreign country and benefits from the protection of its laws could evade the jurisdiction of its courts merely by being temporarily absent on the day the proceedings were commenced ([64]).

#### b. The facts and the evidence

The Judge then applied the test in *Bestolov v Povarenkin* to determine whether the defendants were resident in Nanjing at the time the proceedings were commenced in respect of each claim ([73]). Residence was described as a settled or usual place of abode, implying a degree of permanence, and as a question of fact and degree assessed by reference to the quality of the defendants’ connection with the jurisdiction.

Between 2014 and 2016, the defendants borrowed heavily from five creditors in Nanjing, then defaulted on all obligations. They claimed that they had established residency in Cyprus in 2014 and relocated permanently to Cyprus in Summer 2016, which, if true, would have meant they were not resident in the PRC when proceedings were commenced and the PRC courts would lack jurisdiction under English law.

Applying the *Bestolov* test, the Judge found that defendants maintained their residence in Nanjing at least until 12 January 2017 ([90]), the date on which the final PRC proceedings were commenced ([2]). In reaching that finding, the Judge relied in particular on the following:

1. **Conduct in the PRC:** Passport stamps showed the defendants did not enter Cyprus until 23 October 2016, aside from a three-day visit in July 2016, and were in the PRC for the vast majority of July to October 2016 ([83]). The first defendant was still entering into contracts and borrowing money in Nanjing as late as mid-October 2016, without indicating he resided abroad ([79(9)]).
2. **Continuing legal ties:** The defendants maintained extensive formal connections with the PRC. Their “Hukou” registration, being the PRC household registration of residence, remained in place throughout. They continued to hold valid PRC identity cards and

passports, maintained active bank accounts, and used those accounts to fund a Cypriot Eurobank account. They also retained PRC citizenship until Cypriot identity cards were issued to them in October 2017. This was so despite the PRC requirement that a person intending to leave the country permanently must cancel the registration of his or her habitual residence in the Hukou register and return the associated identity cards. The first defendant accepted that he had deliberately kept his Hukou registration in order to preserve his citizenship and stated that he wished to return ([87, 89]).

3. **Weak evidence of Cypriot residence:** The defendants did not provide any Cypriot residence applications, correspondence with Cypriot authorities, any documents showing living arrangements in Cyprus, or any Cypriot bank activity until late January 2017 ([81]). Both defendants claimed large cash spending but produced no documentary support ([88]).

The court held that these factors taken together showed that Nanjing remained the defendants' residence when the PRC proceedings were commenced.

## IV. Observations

As this is a first-instance decision, *Li v Yuan* does not conclusively resolve whether residence alone is sufficient for jurisdiction for the purposes of establishing whether a foreign court is competent. As the judgment itself noted, the UK Supreme Court has not ruled directly on the point ([64, 67-68]). While the period for appealing this judgment to the Court of Appeal has now expired, the Court has a discretion to extend time for appeal. It therefore remains possible for the unsuccessful defendants to apply for an extension of time and permission to appeal.

The decision also reveals some tension as to the relevant point in time for assessing jurisdiction, referring at different stages to the date proceedings are issued ([55, 90]) and the date on which they are served ([72, 90]). This distinction did not appear to affect the outcome in this case, but it may attract further consideration if future cases with a different factual matrix come before the courts - particularly where there is a significant gap in time between issuing proceedings and service. Subject to foreign law requirements, it may be advisable for claimants to serve proceedings as soon as possible (and then negotiate any appropriate stay or extension of time) as this may potentially affect enforcement efforts many years later.

For the present, the case adds weight to first instance authority recognising residence as a sufficient connecting factor for the purposes of establishing competence of a foreign court in English law. Nevertheless, where possible, establishing both physical presence and residence will provide a more secure basis for enforcement. Where physical presence cannot be demonstrated, the judgment offers support for relying on residence alone.

## V. Practical takeaways from *Li v Yuan*

The following summarises the key practical points arising from the judgment for parties seeking to enforce PRC judgments in England:

1. **Fresh action:** PRC judgments must currently be enforced in England by bringing a fresh action at common law<sup>4</sup>.
2. **Key requirements:** The claimant must show that the judgment is final and conclusive, for a fixed sum, and issued by a court regarded as competent under English law.
3. **Competence:** This case held that jurisdiction may be established where the defendant was resident (albeit not physically present) in the jurisdiction of the court that gave the judgment when proceedings were commenced, or where the defendant agreed to submit to that court (such as by a jurisdiction or dispute resolution clause in a contract).
4. **Residence after departure:** Residence may persist for a period after a party physically leaves the jurisdiction of the court that gave the judgment, depending on the strength of their continuing connections to the original jurisdiction.
5. **Evidence:** As a matter of practice, the enforcing party will need: copies of the PRC judgment (ideally certified or authenticated) and proof it is final; evidence of how parties were served; evidence of the defendants' connection to the PRC at the time of suit (Hukou registration, identity documents, passport stamps, bank records, business activity); and if relying on a jurisdiction clause, the underlying contract and expert evidence on PRC law.

Even though parties may have entered a contract - in this case, entirely within China, for loans and investments in China with contracts specifying PRC courts to handle disputes - the contract and disputes about it may well still travel abroad because of various reasons, such as enforcement against persons or assets abroad.

Judgment creditors would be well-advised to keep a broad jurisdictional scope in mind when seeking to enforce judgments, especially where the judgment originates from a non-common law jurisdiction such as the PRC and where there are no formal protocols or reciprocity arrangements in place. Enforcement efforts across multiple jurisdictions - especially those with major financial centres such as the US and the UK - need to be carefully coordinated and planned for maximum effectiveness. It also remains to be seen whether the English court's enforcement of the PRC court's judgment may - in addition to formal requirements under PRC law - lead PRC courts to be generally more receptive to enforcement of English judgments in the PRC.

Judgment debtors should be aware that English courts will take a robust and evidence-based approach to assessing jurisdiction, and contemporaneous documentary evidence will often be most persuasive in determining residency and similar intentions.

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<sup>4</sup> As noted above, the enforcement of PRC judgments in the United States is subject to individual state law in the US. Since the PRC has not acceded to the 2019 Hague Judgments Convention, the enforcement of PRC judgments in EU member states depends on whether the PRC has entered into bilateral treaties with the respective EU member states. If not, enforcement would depend on the domestic law of the relevant EU member state.

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If you have any questions about the issues addressed in this memorandum, or if you would like a copy of any of the materials mentioned in it, please do not hesitate to reach out to:



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