Enforcing China's Statutory Post-Judgment Interest in Other Jurisdictions

This post was written by Meng Yu and Wenliang Zhang. The authors would like to thank Prof. Bill Dodge for his helpful comments on the draft.

I. Introduction

China's post-judgment double interest (加倍迟延履行利息) has garnered attention in cross-jurisdictional enforcement proceedings. There is nonetheless no fully uniform global approach to this interest component. Aligning with the positions of United States and Australian courts, English courts have on two occasions recognized and enforced PRC monetary judgments along with the interest accruing under Article 253 (now Article 264) of the PRC Civil Procedure Law—first in Hangzhou Jiudang Asset Management Co Ltd & Anor v Kei [2022] EWHC 3265 (Comm) and again in Qing Li & Ors v Fan Demetris Yuan & Anor [2026] EWHC 242 (Comm). Notably, courts in these jurisdictions rely on distinct legal doctrines to justify the enforcement of China's post-judgment double interest. A stark contrast emerges in Hong Kong, where courts have characterised this interest as penal in nature and thus ineligible for registration, as exemplified by the recent Hong Kong judgment [2026] HKCFI 5896.

A comparative review of domestic post-judgment interest regimes across England (8% p.a.), Australia (RBA cash rate + 6%), Hong Kong (the gazetted judgment rate), and the United States (one-year Treasury rate) shows that China's double post-judgment interest, set at 0.0175% per day (≈6.39% p.a.), falls within the moderate-to-low range. Methodologically, Australian and U.S. courts have deployed the traditional "compensate or punish" dichotomy to uphold China's double post-judgment interest. By contrast, English courts in *Hangzhou Jiudang* embraced a deterrence rationale but enforced the interest under the modern "legitimate interest plus proportionality" doctrine—a "third way" that accommodates the Chinese legislature's own dual-function characterisation of the regime. Hong Kong stands as the only common-law outlier. The dividing line is no

longer geographic but doctrinal; a precise label assists the enforcing court in recognising, within a foreign statutory provision, a concept familiar to its own jurisprudence. This commentary argues that China's double post-judgment interest is non-penal and enforceable, and that it warrants an accurate nomenclature. Drawing on the two English cases noted above, it further contends that while "default interest" marks an improvement as a descriptor, it gives rise to two new misinterpretations: it may be read as contractual breach interest, or as importing a merely "presumed" rate. This comment therefore proposes the functionally accurate label: Statutory Post-Judgment Interest (SPI).

II. When English Courts Saw Through the So-called "Double Interest"

In our previous comment ("PRC Double Interest neither Double nor Penal, Australian Courts Clear Its Name When Enforcing Chinese Judgments")[1], we examined how Australian courts, across *Zhengzhou Lvdu Real Estate Group Co v Shu* [2024] NSWSC 58, *Fu v Pang* [2025] VSC 597 and *Shanghai Chenggong Industrial Co Ltd v Zhihua Chen* [2025] NSWSC 1112, dismantled the "double interest being penal and hence unenforceable" defense and enforced Chinese monetary judgments in full. The English story begins two years earlier, in 2022, and it deserves telling in its own right — because the English courts reached the same destination by a noticeably different doctrinal route.

1. *Hangzhou Jiudang* (2022): two Chinese judgments enforced, with the misnomer diagnosed

In *Hangzhou Jiudang Asset Management Co Ltd & Anor v Kei* [2022] EWHC 3265 (Comm), the English High Court enforced two Chinese monetary judgments rendered by the Hangzhou courts, Zhejiang Province, totaling GBP 14,320,174.45 — the first reported English decision enforcing PRC monetary judgments. The Chinese courts had awarded principal plus contractual interest (in one case at the then-statutory cap of 24% per annum) and appended the standard operative words: should the defendants fail to pay within the specified period, "double interest of the debt" would accrue during the delayed performance period pursuant to then Article 253 of the PRC Civil Procedure Law.

The defendant raised four defenses: (i) the interest had been miscalculated; (ii) the judgments were rendered unenforceable in their entirety by s.5 of the PTIA; (iii) the default interest portions were unenforceable under s.5 of the PTIA; and

(iv) the default interest portions were unenforceable as penalties at common law. All defenses failed.

On the threshold question of what Article 253 actually does, the English court — two years before the New South Wales Supreme Court of Australia in *Zhengzhou Lvdu* (2024) — diagnosed the translation problem: whilst the judgments (as translated) required payment of "double interest of the debt", "in fact that reference to 'double' is a misnomer" (at [39]). The expert evidence explained that the character used in Article 253 could mean "double the original amount" but could also mean "to a greater extent", and that the 2014 Interpretation by China's Supreme People's Court (SPC) on Several Issues concerning the Applicable Law for Calculating the Interest of Debt on Delayed Performance in Enforcement Procedures" (hereinafter the "SPC Interpretation")[1] adopted the latter. The SPC Interpretation settled on a scheme "whereby the interest accruing during a default period included both (i) the contractual interest, and (ii) the default interest, with the latter being at a fixed rate multiplier of 0.0175% per day" — annualizing at 6.39%, the equivalent of the historical PBOC benchmark lending rate of 6.4%.

2. ***Qing Li* (2026): five Chinese judgments enforced, with a label "default interest" quietly adopted**

In *Qing Li & Ors v Fan Demetris Yuan & Anor* [2026] EWHC 242 (Comm) — the second reported English recognition case — the English High Court enforced five Chinese judgments rendered by the Nanjing courts of Jiangsu Province between May and December 2017, for a combined RMB 240 million (approx. GBP 25 million).

The "default interest" — described in the judgment as "an additional amount imposed by PRC statute in the event of late payment" — was not even disputed: the defendants abandoned three of their four defenses, leaving only the issue of indirect jurisdiction. The English High Court found that Chinese courts had jurisdiction under principles of English private international law, mainly because (1) in two cases, the parties had agreed to submit to the jurisdiction of the Chinese courts, and (2) in all five cases, the defendants maintained their residence in Nanjing, China, under PRC law and as a matter of English law.[2]

Re-affirming the classic common law requirements for enforcement of foreign

judgments — a final and conclusive judgment, given by a court regarded by English law as competent, for a fixed sum of money[3] — the Court also stressed that English courts "will not re-examine the merits of the decision (whether as to fact or law)". The Chinese courts' interest determinations — be it a 2% monthly rate (the then 24% p.a. cap under Chinese law), a 15% p.a. rate, or liquidated damages judicially reduced to four times the Loan Prime Rate (LPR) — were accordingly enforced untouched.

As a side note, a third reported UK decision enforcing Chinese judgments, *Xiong Wei & Anor v Wang Junhong* [2026] EWHC 1892 (Comm), disposed of the interest element with the briefest of passing references ("plus interest calculated in a specified manner") and adds little analytical value for the topic of this comment, despite addressing the important "finality" issue with Chinese retrial judgments. As seen in the latter two cases in which English courts ordered enforcement of Chinese judgments, default interest no longer raises public policy concerns. Given that the public policy defence may be invoked *ex officio*, the English courts' reluctance to entertain objections to default interest demonstrates that this issue is now settled: such post-judgment default interest is enforceable regardless of its label.

III. Is "Default Interest" a Better Name? A Cure That Risks Becoming a New Misnomer

If "double interest" is an arithmetic misdescription, is "default interest" the cure? It seems to be an improvement, but only half a step forward. A more precise label cannot change the nature of default interest under Chinese law; nonetheless, greater clarity in nomenclature reduces the risk of misinterpretation. Along this line of reasoning, it is worthwhile to examine what would constitute a more suitable designation.

First, "default interest" already has a settled meaning in contract law: interest payable upon a debtor's default in performing a monetary obligation. A foreign reader can easily conflate the statutory judgment interest with contractual default interest under the underlying loan. The true trigger—non-compliance with the court's payment timetable—is precisely what the label conceals. As the English court observed in *Hangzhou Jiudang* (2022), the sum is "awarded by virtue of an entirely separate breach, due to a decision of the court and the Chinese legislature to impose a requirement designed to incentivize compliance with

Court orders" (at [39]).

Second, "default" in frequently denotes a presumption that yields to contrary agreement ("default rules"). That sense invites the wrong question: may the parties contract out of the rate? In fact the mechanism is a non-derogable statutory incident of an effective monetary judgment; it applies regardless of the parties' agreement and accrues on top of whatever general debt interest the judgment specifies.

The label worked in England because it resonates with domestic vocabulary—English statute itself provides for "default interest" on judgment debts under s 17 of the Judgments Act 1838. That functional familiarity is exactly why the label may mislead elsewhere. It is a local bridge, not a universal name.

IV. What Lies Behind the Label: The English Reasoning on the "Penal" Question

The doctrinal interest of *Hangzhou Jiudang* lies in how the court disposed of the penal and public-policy challenge while accepting that the Chinese interest mechanism had a deterrent purpose—a different route from the Australian courts' compensatory characterization.

Under *Dicey, Morris & Collins on the Conflict of Laws*, a foreign money judgment is unenforceable if it is for taxes, fines or other penalties; but "[a] penalty in this sense normally means a sum payable to the State, and not to a private claimant, so that an award of punitive or exemplary damages is not penal".[4] Multiple damages – the antitrust or RICO treble-damages – may nevertheless be regarded as penal where the foreign court's purpose is punishment. The English court accepted expert evidence that the rationale of the Chinese provision was "to punish the debtor for late payment and to incentivize prompt payment" (at [45]), and held that neither rationale was purely compensatory. Yet accepting a deterrent purpose did not preclude enforcement.

The decisive move was to apply the modern law on penalty clauses. The law has moved on since *JSC VTB Bank v Skurikhin* [2014] EWHC 271 (Comm). The English court opined that an obligation that acts as a deterrent is enforceable if there is a legitimate interest in deterring the breach and the "provision is not extravagant or unconscionable in proportion to that interest" (at [57]). When it comes to the enforcement of foreign judgments: even if foreign law applies

interest that does not represent a genuine pre-estimate of loss, there is plainly a legitimate interest in both encouraging judgment debtors to discharge their liabilities and compensating a claimant for being kept out of money. Where the rate is not manifestly excessive—as is true in this case (given the Chinese rate of approximately 6.4 % p.a. is lower than England's own statutory rate of 8 % p.a. under s 17 of the Judgments Act 1838)—no sensible public-policy objection can be maintained.

On the PTIA itself, the court held that the Chinese interest is not a "multiplier of the compensation awarded at all" (at [39]). It is a sum awarded by virtue of an entirely separate post-judgment breach. To treat it as a multiplier would absurdly invalidate every judgment that carries post-judgment interest. The PTIA, enacted to counteract perceived excesses of US antitrust jurisdiction, is simply not applied there.

The English court concluded that the Chinese provisions pursue a legitimate policy aim and that an English court "should not seek to be overly astute to pass a negative judgment on such aims" (at [61]). This accommodates the Chinese legislature's own dual-function description of the mechanism[5]—compensation plus moderate deterrence—without forcing it into a rigid "compensate or punish" dichotomy. It is the doctrinal "third way" anticipated in the previous comment (see "PRC Double Interest neither Double nor Penal, Australian Courts Clear Its Name When Enforcing Chinese Judgments").

V. SPI: A Proper Name, and a Comparative Reality Check

We therefore propose naming the mechanism SPI—equivalently, Statutory Interest on Judgment Debts. The name states each of its essential features: its source (statute—Article 264 of the 2023 CPL, operationalized by the 2014 SPC Interpretation), its object (the judgment debt), its trigger (delayed performance beyond the period specified in the judgment), and its relation to the judgment-determined interest (additional, not substitutive).

For the avoidance of doubt, Article 264 interest comprises two layers: (1) the "general debt interest" (post-judgment interest as determined by the effective legal document — in loan cases, the contractual rate as confirmed or adjusted by the court); and (2) the SPI (the "double part"), which is calculated as outstanding monetary debt (excluding general debt interest) × 0.0175 % per day × delayed

performance period.

SPI has cousins everywhere money judgments are enforced:

Jurisdiction	Legal basis	Current rate
Mainland China - Statutory Post-judgment Interest	Art. 264 of PRC Civil Procedure Law 2023; SPC 2014 Interpretation	0.0175 %/day ≈ 6.39 % p.a. (fixed)
England & Wales-Interest on judgment debts[6]	Section 17 of the Judgments Act 1838 (JA 1838), Judgment Debts (Rate of Interest) Order 1993, SI 1993/56	8 % p.a. (fixed since 1993)
New South Wales (Australia)-Post-judgment interest[7]	Section 101 of Civil Procedure Act 2005(NSW); Rule 36.7 of the Uniform Civil Procedure Rules 2005 (NSW)	6% + Reserve Bank of Australia (RBA) cash rate (recently 10.35 % p.a.)
Hong Kong-Interest on judgment debts[8]	Section 49(1) of the High Court Ordinance, Cap. 4 or Section 50(1) of the District Court Ordinance, Cap. 336 of the Laws of Hong Kong	Gazetted judgment rate (≈ 8 %+)
United States (federal) – Post judgment interest[9]	28 U.S.C. § 1961	1-year Treasury constant maturity (≈ 4 %)

China’s SPI thus sits at the moderate-to-low end: below England’s fixed 8 %, far below Australia’s current double-digit rate, and above only the floating US

Treasury-linked rate for US federal post-judgment rate. Under any "manifestly excessive" or proportionality test the Chinese rate is unimpeachable on its face.

The existence of a domestic analogue—England's interests on judgment debts under the Judgments Act 1838, Australia's UCPR post-judgment interest—makes the Chinese mechanism easy for common-law courts to understand and accept. Naming it SPI operationalizes that insight: when a judgment creditor pleads the claim as "statutory post-judgment interest", the enforcing court is invited to see the familiar rather than the foreign.

The United States has addressed the question at least twice—and both times under the forum's own law, which is where characterization always happens: whether a foreign judgment is penal "is a question of U.S. law" (*Huntington v. Attrill*, 146 U.S. 657, 683 (1892); Restatement (Fourth) of Foreign Relations Law § 489 cmt). Contrary to first impressions, penal character is highly relevant under U.S. law—not as a ground for non-recognition, but at the threshold: both the 1962 and the 2005 Uniform Acts exclude penal judgments from their scope (1962 Act § 1(2); 2005 Act § 3(b)), a rule the Restatement (Fourth) restates in § 489, and the creditor bears the burden of bringing the judgment within the Act.

In the US, the classic Huntington test is the traditional dichotomy: a judgment is penal only if its "purpose is to punish an offence against the public justice of the State" rather than "to afford a private remedy to a person injured by the wrongful act" (Restatement (Fourth) of Foreign Relations Law § 489 cmt). Applying that test, two California federal courts enforced Chinese judgments together with the Article 253 "doubled interest" (*Anyang Xinyi Elec. Glass Co. v. B & F Int'l (USA), Inc.*, 2015 WL 12859716 (C.D. Cal. Nov. 24, 2015), and *Wuxi Powerbit Data Tech. Ltd. v. BiTMICRO Networks, Inc.*, 2023 WL 4995720 (N.D. Cal. June 9, 2023), R&R adopted, 2023 WL 4995719 (N.D. Cal. June 30, 2023). Both reasoned that the interests payable to the private creditor are "not a fine or penalty", treating it as ordinary "post-judgment interest" (see also *Hyundai Securities Co. v. Lee*, 232 Cal. App. 4th 1379 (2015), which had upheld a 20% Korean statutory post-judgment interest rate). Methodologically, the United States thus stands with Australia in the traditional "compensate or punish" camp—while England's Hangzhou Jiudang case charts the proportionality-based third way.

However, that same dichotomy yields enforcement in Australia and the US, resulted in refusal in Hong Kong, showing that the risk for SPI lies not in the

mechanism but in the analytical framework. Although Hong Kong maintains its own SPI regime (currently around 8 %, with discretion to award higher), the Court of Appeal in *Hung Fung Enterprises Holdings Ltd v The Agricultural Bank of China* [2012] HKCA 251 opined that Mainland Chinese SPI – "double interest" imposed under Article 264 of Civil Procedure Law (2023) (formerly numbered Article 260 of 2021 CPL)- was a penalty not enforceable by the Hong Kong Courts. In later cases,[10] to assess how the Hong Kong law determines whether a sum is a penalty or compensation, the Hong Kong Court believes that the "essence is whether the sum bears any relation to the loss suffered".[11] The obstacle is doctrinal rather than functional.[12] Creditors in future Hong Kong proceedings might do well to present the mechanism expressly as SPI and to confront the precedent of *Hung Fung* with the English and Australian authorities.

The deeper drift is methodological. The old question — does it compensate or punish? — trapped mixed-purpose mechanisms in a false dichotomy; the emerging question — is it a proportionate pursuit of a legitimate interest? — lets them pass. The English route validates the "third way" the first comment anticipated, and it comfortably accommodates the Chinese legislature's own dual-function description of the mechanism.

Naming, in the end, is not cosmetic in recognition and enforcement practice. A functionally accurate name reduces the risk of misdescription, anchors the foreign mechanism in the forum's own law, and shortens the distance between the foreign statute and the enforcing court. Most importantly, appropriate naming embodies its inherent essence. The misnomer has now been doubly cured: Australian and English courts have established that the interest is neither double nor penal in the relevant sense. Courts in other jurisdictions shall follow suit. What remains is to call it by its right name — Statutory Post-Judgment Interest — so that the next enforcing court recognizes, in a foreign statute, its own. Then foreign courts enforce Chinese post-judgment interest, out of both recognizing the essence of such interest (i.e., not punitive) and a proper nomenclature.

[1] Interpretation by China's Supreme People's Court on Several Issues concerning the Applicable Law for Calculating the Interest of Debt on Delayed Performance in Enforcement Procedures, Fa Shi (2014) No. 8, 7 July 2014.

[2] The English court held that "the evidence of the Defendants' residence in and connection to Nanjing and the PRC prior to and throughout 2016 and into early

2017 is strong, and more likely than not" (at [79]), and that "the evidence of their actual presence in Cyprus and the quality of that presence is very limited" (at [85]), despite the defendants' Cypriot permanent residence and, later, Cypriot nationality.

[3] See Dicey, Morris & Collins on the Conflict of Laws (16th edition, Sweet & Maxwell), at 14R-024.

[4] Dicey, The Conflict of Laws, 16th Ed. Rule 42(1) at 14R-020.

[5] For the views of China's legislature and judiciary, see the Legislative Affairs Commission of the Standing Committee of the National People's Congress (ed.), *Explanation of the Civil Procedure Law of the People's Republic of China* (Beijing: Law Press China, 2nd edition, 2012), p. 590; Civil Law Office of the Legislative Affairs Commission of the Standing Committee of the National People's Congress (ed.), *Explanations of Articles, Legislative Rationale, and Relevant Provisions of the Civil Procedure Law of the People's Republic of China* (Beijing: Peking University Press, 2nd edition, 2012), p. 398; and the *Official from the Enforcement Bureau of the Supreme People's Court Answers Reporters' Questions,* People's Court Daily, 31 July 2014, available at https://www.chinacourt.cn/article/detail/2014/07/id/1354917.shtml.

[6] https://www.legislation.gov.uk/uksi/1993/564

[7] https://localcourt.nsw.gov.au/about-us/jurisdictions0/civil-jurisdiction/interest-rates.html

[8] https://www.judiciary.hk/en/court_services_facilities/interest_rate.html

[9] https://www.uscourts.gov/court-programs/fees/post-judgment-interest-rate

[10] See *Foshan Nanhai Branch of Industrial and Commercial Bank of China Ltd v Foshan Ruifeng Petroleum and Chemical Fuel Co Ltd* [2019] 2 HKLRD 478, *Tianjin Financial Investment Services Group v Jinan Muhe Enterprise Management Co Ltd & Ors* [2025] HKCFI 6182, *Industrial Bank Co., Ltd., Ningbo Branch v Ningbo Baifeng Mineral Processing Co., Ltd. & Ors* [2026] HKCFI 2455, and *Letui (Shanghai) Cultural Communication Co., Ltd. v. Shenzhen Mega Combine Technology* Co.,Ltd & Ors [2026] HKCFI 3204.

[11] *Tianjin Financial Investment Services Group v Jinan Muhe Enterprise Management Co Ltd & Ors* [2025] HKCFI 6182, at [33].

[12] See *Hung Fung Enterprises Holdings Ltd v The Agricultural Bank of China* [2012] HKCA 251, *Foshan Nanhai Branch of Industrial and Commercial Bank of China Ltd v Foshan Ruifeng Petroleum and Chemical Fuel Co Ltd* [2019] 2 HKLRD 478, *Tianjin Financial Investment Services Group v Jinan Muhe Enterprise Management Co Ltd & Ors* [2025] HKCFI 6182, *Industrial Bank Co., Ltd., Ningbo Branch v Ningbo Baifeng Mineral Processing Co., Ltd. & Ors* [2026] HKCFI 2455, and *Letui (Shanghai) Cultural Communication Co., Ltd. v. Shenzhen Mega Combine Technology* Co.,Ltd & Ors [2026] HKCFI 3204.