

(Courtesy translation)

**Official Reply on the Issues concerning the Validity of
the Adoption of Hong Kong or Macao Law
as the Applicable Law of Contracts
or the Designation of Hong Kong or Macao as the Seat of Arbitration
by Hong Kong or Macao-Invested Enterprises Registered
in the Mainland Part of the Guangdong-Hong Kong-Macao Greater Bay Area**

(Adopted at the 1,927th Meeting of the Judicial Committee of the
Supreme People's Court on 22 October 2024,
with effect from 14 February 2025)
Fa Shi No. 3 [2025]

To the High People's Court of Guangdong Province:

Your Court's Request for Instructions on Issues Concerning the Validity of the Adoption of Hong Kong or Macao Law as the Applicable Law or the Arbitration Agreements when Designating Hong Kong or Macao as the Seat of Arbitration Where One or Both Parties Are Wholly or Partly Hong Kong- or Macao-Owned Enterprises Established and Registered in the Mainland Part of the Guangdong-Hong Kong-Macao Greater Bay Area (Yue Gao Fa [2023] No. 53) has been received. Upon deliberation, the following official reply is hereby made:

1. Where one or both parties to a contract are Hong Kong- or Macao-invested enterprises established and registered in Shenzhen or Zhuhai in the Guangdong-Hong Kong-Macao Greater Bay Area, and the parties agreed to choose the law of the Hong Kong Special Administrative Region or the Macao Special Administrative Region as the applicable law of the contract and subsequently assert such choice in litigation, the people's court shall uphold such choice if, upon

examination, it would not be contrary to the mandatory provisions of the law of the state and would not damage social and public interests.

2. Where one or both parties are Hong Kong- or Macao-invested enterprises established and registered in any of the nine Mainland municipalities in the Guangdong-Hong Kong-Macao Greater Bay Area, and the parties have designated the Hong Kong Special Administrative Region or the Macao Special Administrative Region as the seat of arbitration, the people's court shall not allow any application by a party disputing the validity of the arbitration agreement on the sole ground that the dispute lacks any Hong Kong or Macao elements.

Where the parties have submitted their dispute to arbitration in accordance with their arbitration agreement and, after the arbitral award has been rendered, a party seeks to oppose the recognition or enforcement of such award on the sole ground that the arbitration agreement is invalid for lack of Hong Kong or Macao elements, the people's court shall not uphold such opposition.

3. For the purposes of this Reply, a “Hong Kong-invested enterprise” or “Macao-invested enterprise” means an enterprise, wholly or partially invested by natural persons, enterprises, or other organisations from the Hong Kong Special Administrative Region or the Macao Special Administrative Region, that has been established and registered in the Mainland in accordance with the laws.

Source: The Supreme People's Court website.¹

¹ <https://www.court.gov.cn/zixun/xiangqing/454941.html> (simplified Chinese only)