

TARGET

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T U E S D A Y

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WANG ON GROUP LTD: DOUBLE, DOUBLE TOIL AND TROUBLE, FIRE BURN AND CALDRON BUBBLE

A subsidiary of Wang On Group Ltd (宏安集團有限公司) (Code: 1222, Main Board, The Stock Exchange of Hongkong Ltd), namely China Agri-Products Exchange Ltd (CAP) (中國農產品交易有限公司), has been awarded the sum of \$HK567,037,000.00 together with interest at the judgement rate from January 18, 2021, until payment.

China Agri-Products Exchange Ltd is a non-wholly-owned listed subsidiary of Wang On Group Ltd, all the shares of which are listed on the Main Board of The Stock Exchange of Hongkong Ltd, being Stock Code Number 149.

CAP is domiciled in Bermuda, with 35.90 percent of its entire Issued Share Capital, being beneficially owned by Wang On Group Ltd.

According to the 2023 Annual Report of Wang On Group Ltd, the CAP Group had commenced legal proceedings, naming Ms Wang Xiu Qun (王秀群) and Wuhan Tian Jiu Industrial and Commercial Development Company Ltd (武漢天九工貿發展有限公司) (**Tian Jiu**) as Defendants in the Writ of Summons, lodged in the Higher People's Court of the Hubei Province of The People's Republic of China (PRC), going back to May 2015.

At Pages 340 through to 343 of the 2023 Annual Report of Wang On Group Ltd, the history of this litigation, which had lasted in excess of eight years, was presented as follows:

*'In 2007, the CAP Group acquired Wuhan Baisazhou Agricultural By-Product Grand Market Company Limited (武漢白沙洲農副產品大市場有限公司) ("**Baisazhou Agricultural**") from independent third parties, Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd ("**Tian Jiu**") for their respective 70% and 20% interests in Baisazhou Agricultural (the "**Baisazhou Acquisition**").*

'Since 2011, the CAP Group has been involved in a number of civil proceedings in Mainland China and Hong Kong. The key civil proceedings in Mainland China and Hong Kong in respect of the Baisazhou Acquisition are set out below:

'In Mainland China, proceedings concerning Ms. Wang, Tian Jiu and CAP Group:

'In May 2015, Ms. Wang and Tian Jiu commenced legal proceedings against the PRC Ministry of Commerce ("MOFCOM") in the Beijing Second Intermediate People's Court, seeking, inter alia, a direction that MOFCOM revoke its approval in respect of the Baisazhou Acquisition.

'It is alleged by Ms Wang and Tian Jiu that:

- a) Baisazhou Agricultural forged share transfer agreements (the "Contended Agreements") in relation to the Baisazhou Acquisition wherein the related consideration was understated and the manner of settlement of the consideration was inaccurately described;*
- b) Baiszhou Agriculture forged the related documentation for filing with MOFCOM and the Hubei Administration For Industry and Commerce (the "Hubei AIC"), and that such documentation and the Contended Agreement involved forged signatures; and,*
- c) MOFCOM and the Hubei AIC approved the Baisazhou Acquisition and processed the related filings on the basis of the above documents that are allegedly forged.*

'In December 2015, the Beijing Second Intermediate People's Court directed MOFCOM to reconsider its approval decision. In May 2016, MOFCOM decided that its approval issued in relation to the Contended Agreements shall not be revoked and shall remain to be in force (the "Reconsidered Decision").

'In August 2016, Ms. Wang and Tian Jiu commenced administrative proceedings against MOFCOM in the Beijing Second Intermediate People's Court seeking to set aside the Reconsidered Decision. In March 2017, the Beijing Second Intermediate People's Court dismissed the application of Ms. Wang and Tian Jiu ("31 March Judgement"). On 20 December 2018, the Beijing Higher People's Court upheld the 31 March Judgement ("20 December Judgement"). Ms. Wang and Tian Jiu applied to the Supreme People's Court for a retrial and for dismissal of (i) the 31 March Judgement, and (ii) the 20 December Judgement, but this application was dismissed by the Supreme People's Court on 29 December 2020.

'As advised by the CAP Group's PRC legal advisor, the approval issued by MOFCOM in 2007 in relation to the Contended Agreements shall not be revoked and remain to be in force, and the CAP Group continues to be the legal and beneficial owner of Baisazhou Agricultural.

'In May 2015, the CAP Group commenced legal proceedings against Ms. Wang and Tian Jiu in the Higher People's Court of Hubei Province ("Hubei Court") seeking, inter alia, declarations and orders that the sales and purchase agreements for the Baisazhou Acquisition (the "SPA") have been legally made, and that Ms. Wang and Tian Jiu shall assist Baisazhou Agricultural to discharge its contractual duties under the SPA to make the necessary filing with MOFCOM (which were subsequently withdrawn in April 2019 in light of the decisions in respect of the MOFCOM approvals). Ms. Wang and Tian Jiu filed their counterclaim for, inter alia, the return of the CAP Group's 90% interest in Baisazhou Agricultural, which was dismissed by the Hubei Court in December 2019 (the "23 December Judgement").

'In ... [CLICK TO ORDER FULL ARTICLE](#)

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