

## BRITISH VIRGIN ISLANDS HIGH COURT (COMMERCIAL DIVISION)

***Wang Zhongyong et al -v- Union Zone Management Limited et al (Claim No. BVIHC (Com) 0126 of 2011)***

**SECTION 1841 OF THE BVI BUSINESS COMPANIES ACT - UNFAIR PREJUDICE PROCEEDINGS - WHETHER CONDUCT OF MAJORITY AMOUNTED TO A BREACH OF A PREEXISTING UNDERSTANDING - JUST AND EQUITABLE WINDING UP UNDER THE INSOLVENCY ACT**

Shareholders of a BVI company, Union Zone Management Limited, brought a claim under Section 1841 of the BVI Business Companies Act against the other members who between then controlled 56.7% of the shares in the Company for unfair prejudice. The Claimant sought various reliefs under Section 1841 on the grounds that the affairs of the Company were being conducted in a manner unfairly prejudicial to them in their capacity as members. The conduct complained of was the apparent exclusion of the Claimants from the management of the Group notwithstanding what they say was the existence of an understanding that each would share in the management of the Company and its subsidiaries. The Court found as a matter of fact there was no common understanding for mutual participation in the business affairs of the Company and therefore no basis for the claim for unfair prejudice.

In so far as it concerned, the petition to wind up the Company on the just and equitable ground, the Court held applying the English case of *Virdi -v- Abbey Leisure Ltd* [1990] BCLC 342 that there was no doubt that where parties agree that a company in which they propose to invest is to engage in a specific business and no other a minority would ordinarily be entitled to a winding up order if the majority upon cesser of that business intends to employ the company's capital in some different business. The Court found that this case did not fall within that principle which would be engaged where a shareholder was being forced to watch his capital employed in a venture which it was expressly agreed the company should not embark on.

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