CITATION: Feicheng Mining Group v. Liu, 2026 ONSC 1969
COURT FILE NO.: CV-24-0889
DATE: 20260401

SUPERIOR COURT OF JUSTICE - ONTARIO

RE: Feicheng Mining Group Co. Ltd., Applicant

AND:

Naishun Liu, Respondent

BEFORE: Justice Mills

COUNSEL: R. He and Y. He (S.A.L.), Counsel for the Applicant

T. Carsten, B. Tustain, Counsel for the Respondent

HEARD: January 19, 2026

ENDORSEMENT

[1] International arbitration awards are to be recognized and enforced in Ontario in accordance with the provisions of the *International Commercial Arbitration Act, 2017*[1] (the "Act"), which adopts the terms of the *Convention on the Recognition and Enforcement of Foreign Arbitral Awards*[2] (the "New York Convention") and the *Model Law on International Commercial Arbitration*[3] (the "Model Law"). Canada and China are both signatories to the New York Convention.

[2] Article V of the New York Convention and Article 36 of the Model Law state the very limited bases on which recognition and enforcement of an arbitral award may be refused. They include circumstances where a party provides proof that they were under some incapacity when

[1] S.O. 2017, c. 2, Sched.5.
[2] United Nations Conference on International Commercial Arbitration, 10 June 1958.
[3] United Nations Commission on International Trade Law, 21 June 1985, as amended 7 July 2006.

the arbitration agreement was signed, or where the recognition or enforcement of the award would be contrary to the public policy of the country where recognition and enforcement is being sought.

[3] These defences are raised by the Respondent to resist the enforcement in Canada of a unanimous arbitration award issued by the China International Economic and Trade Arbitration Commission ("CIETAC") on October 9, 2019 (the "Award").

[4] A certified copy of the Award, translated to English, was filed with the Notice of Application, thereby satisfying the preliminary requirements under the New York Convention and the Model Law for recognition and enforcement.

[5] The arbitration was conducted by a three-person panel of arbitrators (the "Tribunal") appointed by the CIETAC Chairman, and the CIETAC Arbitration Rules[4] governed the proceeding which was held in Beijing China. The parties fully participated in the arbitration with written and oral submissions made to the Tribunal.

[6] The Award provides a lengthy recitation of the contractual history between the parties.

[7] Canadian Dehua International Mines Group Inc. ("Dehua") is a Canadian corporation for which the Respondent is a director and 50% shareholder. Dehua has been granted creditor protection pursuant to a restructuring order made under the *Companies' Creditors Arrangement Act*[5], dated June 3, 2022.

[8] Following certain payment defaults, Dehua and the parties entered into a Repayment Agreement on February 9, 2018 (the "Agreement") to fix a schedule for payment of the amounts owed by Dehua to the Applicant. The Agreement required the Respondent to provide collateral security, and he assumed joint and several liability with Dehua for the repayment obligations. Prior to the Agreement, the Respondent had no personal contractual or financial obligations to the Applicant. He was, however, the principal representative of Dehua in its negotiations and contractual dealings with the Applicant.

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[4] Effective as of January 1, 2015; revised January 1, 2024.
[5] R.S.C. 1985, C. C-36, as am.

[9] The Agreement included a provision that any disputes arising from the Agreement shall be submitted to arbitration by CIETAC in Beijing, according to the laws of the PRC (People's Republic of China).

[10] The December 21, 2012 joint venture contract between the Applicant and Dehua also provided that it was governed by PRC law and that any disputes were to be remitted to CIETAC for arbitration. The Respondent relies on this fact as evidence of wrongdoing by the Applicant as it had the ability to pursue Dehua by CIETAC arbitration but failed to do so, waiting instead until the Agreement had been signed which imposed personal liability on him for the corporate debt.

[11] The Respondent alleges he was threatened and coerced to sign the Agreement following a campaign of oppression against himself and his family members in China that led to a breakdown of his mental health. He claims the Applicant, a state-owned entity in China, wrongfully accused him of contract fraud, a criminal offence under the laws of the PRC, and then used the criminal proceedings as intimidation to compel him to sign the Agreement under duress. Fifteen days after the Agreement was signed, the criminal proceedings were withdrawn.

[12] It is on this basis the Respondent submits he was incapacitated when he signed the Agreement and further, considering the threats made to him and his family members, the recognition and enforcement of the Award would be contrary to public policy. He submits that whether viewed from the perspective of duress or unconscionability, the Agreement must be deemed to be invalid, and the Award ought not be enforced because to do so would violate fundamental Canadian public policy on autonomy and free will in contract.

[13] The validity of the Agreement was raised by the Respondent in the arbitration. The same allegations of intimidation and coercion were made in the Respondent's Reply filed in the arbitration proceeding. The Award expressly addresses the issue at the outset of the Tribunal's decision ("Opinions of the Arbitral Tribunal"). The Award states the following:

> (II) Validity of the disputed *Repayment Agreement*. The arbitral tribunal noted that the Respondents claimed that the *Repayment Agreement* was forced by the Claimant to be signed by the Respondents with the assistance of the Public Security Bureau of Tai'an City, and submitted the Decision on Revocation of Case (TGJCAZ [2018]

> No. 101) issued by the Public Security Bureau of Tai'an City on February 23, 2018, which stated that, "by reference to the case handled by the Bureau concerning Liu Naishun's suspected contractual fraud, we found through investigation that the suspect should not be pursued for criminal responsibility, so under Article 161 of the Criminal Procedure Law of the PRC, the Bureau decides to revoke the case."
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> The arbitral tribunal held that the evidence provided by the Respondents was not sufficient to prove that it had been coerced by the public security authority in signing the *Repayment Agreement*, and that the Respondents had failed to provide other evidence to support its claim.
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> … the arbitral tribunal is of the opinion that the disputed *Repayment Agreement* is a true expression of the parties' intention, does not violate the mandatory provisions of applicable laws and regulations of the PRC, and has been established in accordance with laws, has entered into force, and can serve as the basis for the arbitral tribunal to determine the rights and obligations of the parties.

[14] Article 49(9) of the CIETAC Arbitration Rules[6] provides that an arbitral award is final and binding upon both parties and that neither may bring a lawsuit before a court or make a request to any other organization for revision of the award. Therefore, the Respondent had no ability to set aside or seek appellate review of the Award from the courts in China, nor from CIETAC.

[15] Article 9 of the *Arbitration Law of the People's Republic of China (Revision 2017)* provides that arbitration awards shall be final with no right of appeal. Article 58 does permit the parties to apply for the cancellation of an award where there was no arbitration agreement, where the arbitrators exceeded their jurisdiction, where the proceeding was corrupted by counterfeit or concealed evidence, or where the arbitrators have accepted bribes, resorted to deception for personal gain, or perverted the course of justice by the award.

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[6] Article 52(9) under the 2024 CIETAC Rules.

[16] Neither party raised allegations against the integrity of the Tribunal or the legitimacy of the proceedings that would warrant an application under Article 58. If the Respondent seeks to argue that there was in fact no agreement to arbitrate, it having been imposed upon him by threat and intimidation while he was under mental distress, the proper recourse was to seek cancellation of the Award by the courts in China pursuant to Article 58. That was not done.

[17] Therefore, under CIETAC and PRC law, the Award is valid and enforceable.

[18] The Respondent is now seeking to resist enforcement of the Award by again raising allegations of threats, coercion, and intimidation in relation to the signing of the Agreement. These allegations and the validity of the Agreement were clearly put to and rejected by the Tribunal in a unanimous decision. As there are no allegations of misconduct by the Tribunal nor any issues respecting their jurisdiction, the Respondent is effectively making a collateral attack on the Award under the guise of a public policy argument.

[19] To resist recognition and enforcement of an arbitral award for public policy reasons, the resisting party must demonstrate that to permit enforcement would "fundamentally offend the most basic and explicit principles of justice and fairness in Ontario or evidence intolerable ignorance or corruption on the part of the Arbitral Tribunal."[7] The enforcement of an arbitral award must offend the essential morality of the people of Ontario. This is an exceptionally high bar to meet.

[20] As noted, there has been no allegations made against the integrity of the Tribunal nor the arbitration process. The issue is with respect to the underlying contract and whether it was signed under duress while the Respondent was mentally unwell. He submits that to enforce the Award, made on the basis of a contract that was coerced with the threat of criminal proceedings, would offend the morality of the Ontario public.

[21] The defence of public policy is not intended to be an opportunity to relitigate a matter. Rather, it is a challenge to foreign laws that offend our views of basic morality and are contrary to the fundamental morality of the Canadian legal system. It is directed at the concept of "repugnant

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[7] *Corporacion Transnacional de Inversiones v. STET International*, 1999 CanLII 14819, at para. 30, aff'd 2000 CanLII 16840 (ONCA); *Entes v. Kyrgyz Republic*, 2016 ONSC 7221, at para. 5.

laws and not repugnant facts".[8] It is a condemnation of the foreign law on which an arbitral award is based, not the factual underpinnings of the award.

[22] The Respondent submits the Tribunal's refusal to accept his evidence that he only signed the Agreement under threat and coercion is sufficient to set aside the Agreement as being repugnant to Canadian public policy respecting contract law. That argument, however, is based on a factual determination that was within the jurisdiction of the Tribunal to decide, on which it received evidence directly addressing the issue. It is not an attack on the laws of China respecting contractual interpretation and therefore does not invoke the public policy defence to resist enforcement.

[23] Therefore, the Respondent advances no viable public policy argument to resist enforcement of the Award.

[24] The application is granted. The Award is enforceable in Ontario and judgment shall issue in accordance with the Award.

[25] I was advised by counsel the Respondent also has property in British Columbia, and the parties will rely on this decision to also determine the issue of enforceability of the Award in British Columbia.

J. E. Mills J.

Date: April 1, 2026

[8] *Beals v. Saldhana*, 2003 SCC 72, at para. 71, quoting Castel and Walker, *Canadian Conflict of Laws*, 5th ed. Toronto: Butterworths, 2002.

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Released: April 1, 2026