

**NEW CHINESE MEDICINE HOLDINGS LTD:
THIS COMPANY HAS EVERY APPEARANCE OF BEING ANOTHER BUST**

[New Chinese Medicine Holdings Ltd](#) looks to be on its last legs: It could fold up at any time now, it seems.

This is **TARGET**'s reading of the present situation in the company.

From the outset of **TARGET**'s first reading of the Initial Public Offering Prospectus of New Chinese Medicine Holdings Ltd (Code; 8085, The **G**rowth **E**nterprise **M**arket [The GEM], The Stock Exchange of Hongkong Ltd), there was every indication, as far as this medium was concerned, that all was not well with this distributor of proprietary Chinese medicinal products, the efficacy of which was dubious, then, and is dubious, today, to say the least.

The latest state of play in this company, which is controlled by Ms Leung Oi Wah, is that it has launched an Action in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), naming Open Creative Ltd as the lone Defendant.

The gist of this Action is that Management of New Chinese Medicine Holdings Ltd is seeking an Interim Order from the High Court in order that Open Creative Ltd be restrained from pursuing, what must be, its threat to petition the winding up of The GEM-listed company.

In addition, New Chinese Medicine is seeking from the Defendant about \$HK1.10 million, being an alleged '*refund*' in respect of alleged unfinished computer software development.

What is interesting about this Action is the amount of weight that the Plaintiff (New Chinese Medicine) claims that it placed on the development of computer software – because such importance was not stated in the company's Prospectus, dated February 25, 2002.

The Statement of Claim

The Plaintiffs in Action Number 2392 are New Chinese Medicine Ltd and New Chinese Medicine Holdings Ltd, the former, being a wholly owned subsidiary of the latter.

Open Creative Ltd, the Defendant, and, according to **TOLFIN** (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), is controlled by the following persons, as at January 1, 2004:

Cheung Chak Yan

Chan Hon Man

Chadha Manpreet
Singh

Open Creative is wholly owned by OpenEgroup.com Ltd and the records of **TOLFIN** indicate that Istril Ltd of Chinachem Golden Plaza, Mody Road, Tsimshatsui, Kowloon, the HKSAR, petitioned its winding up on September 25, 2002.

According to the Statement of Claim, attached to Writ of Summons Number 2392, there existed a purported agreement whereby the Defendant was commissioned by the Plaintiff to design computer software, suitable for Internet e-commerce.

The date of this purported agreement was said to have been May 2, 2000, nearly 2 years before New Chinese Medicine went public on The Stock Exchange of Hongkong Ltd.

The First Plaintiff, New Chinese Medicine Ltd, was said to have been the contracting party for the computer software development although the Second Defendant, initially, was the recipient of the Open Creative contract. The terms and conditions of this purported contract included, inter alia:

1. That the Defendant develop and launch Internet business strategies;
2. That the Defendant design a suitable website for the Plaintiffs;
3. That the Plaintiffs pay \$HK1.30 million to the Defendant, according to the following schedule:
 - a. \$HK300,000 to be paid on the signing of the agreement;
 - b. \$HK300,000 to be paid within 60 days of the signing on the agreement;
 - c. \$HK700,000 to be paid on the completion of the Website;
4. The Defendant shall receive one percent of the Issued and Fully Paid-Up Share Capital of New Chinese Medicine Holdings Ltd at the time of its listing on The GEM; and,
5. The Defendant shall be entitled to a one-year option from the date of the listing of New Chinese Medicine Holdings Ltd on The GEM whereby OpenEgroup.com Ltd would be entitled to exchange its shares for 5 percent of the Issued and Fully Paid-Up Share Capital of New Chinese Medicine Holdings Ltd.

There appeared to have been other little ... [CLICK TO ORDER FULL ARTICLE](#)

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