

**HUA HAN BIO-PHARMACEUTICAL HOLDINGS LTD:
HAS THE VICE CHAIRMAN BEEN A LITTLE NAUGHTY ?**

The name of Mr Xu Peng (), the 42-year-old, Vice Chairman of Hua Han Bio-Pharmaceutical Holdings Ltd () (Code: 587, Main Board, The Stock Exchange of Hongkong Ltd), rarely graces the pages of **TARGET** () because, up until only recently, he has never performed visible, creditable acts for which this medium feels inclined to bring to the attention of our Subscribers.

But [Mr Juleus Lee](#) (), a Certified Public Accountant, practising his art in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), has taken umbrage in respect of the alleged failure of Mr Xu Peng to perform certain acts in accordance with a purported agreement, dating back to June 2003.

In fact, Mr Juleus Lee has, recently, accused Mr Xu Peng of diddling him out of about \$HK1.80 million by issuing dud cheques.

According to HKSAR High Court Action Number 643, it is alleged that Mr Juleus Lee, the Plaintiff to this Action, entered into a purported agreement with Mr Xu Peng, the lone Defendant, '*in which the Plaintiff agreed to lend to the Defendant the sum of HK\$3,120,000.00 ('the Loan") which the Defendant agreed to repay to the Plaintiff by the 17th day of June 2003.*' (Paragraph One of the Statement of Claim, attached to Writ of Summons, Number 643)

Evidently, Mr Juleus Lee had, built into this purported agreement, the option either to accept cash in the amount of \$HK3.12 million or, alternatively, accept 4 million shares in the Issued and Fully Paid-Up Share Capital of Hua Han Bio-Pharmaceutical in retirement of Mr Xu Peng's alleged obligations to this accountant.

(Mr Xu Peng, according to the database of **TOLFIN** () (The Computerised Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), beneficially owns about 14.71 percent of the Issued and Fully Paid-Up Share Capital of Hua Han Bio-Pharmaceutical.)

On or about June 17, 2003, Mr Juleus Lee allegedly opted to take 4 million, Hua Han Bio-Pharmaceutical shares in full and final payment of the alleged obligations of Mr Xu Peng to Mr Juleus Lee.

The market value of those 4 million shares, at that time, was about \$HK4,896,000, according to Paragraph 4 of the Statement of Claim.

But Mr Xu Peng did not transfer any of the 4 million shares in the Share Capital of Hua Han Bio-Pharmaceutical to Mr Juleus Lee, it is alleged, thus breaching part of the terms and conditions of the purported agreement.

Solicitors' letters went back and forth from Mr Juleus Lee and Mr Xu Peng until, on or about February 1, 2005, it was mutually agreed:

- '(i) The Plaintiff would accept a reduced sum of HK\$4,000,000.00; and
- (ii) The said sum of HK\$4,000,000.00 should be paid by the Defendant to the Plaintiff by way of 13 post dated cheques starting from the 20th February 2005 to 20th February 2006 with the first two payments at HK\$350,000.00 and the remaining eleven payments at HK\$300,000.00 each on the condition that all the said instalment payments by the said 13 post dated

cheques should be honoured in time.'

Everything went smoothly, it appears, in respect of the first 10 payments, but, then, things went wonky.

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