

October 06, 2009

China Sky and KinKin Kure.

According to filings with the US Securities and Exchange Commission (“SEC”) and the Hong Kong Companies Registry (“HKCR”), in 2006 China Sky One Medical, Inc. (NASDAQ: CSKI) issued 211,772 shares, equal to more than 2% of its total shares outstanding as of June 30, 2006, to Luminus Capital Management, Ltd., a Hong Kong company half-owned by Henny Wee at the time of CSKI’s reverse merger in 2006.

Henny Wee was involved in questionable auditing practices at American Dairy, Inc. (NYSE: ADY), which prompted an investigation by the SEC, according to a 2007 article in [Barron’s](http://www.asensio.com/CSKI/Luminus/1.pdf). The Barron’s article concerns Henny Wee’s questionable relationship with Murrell, Hall, McIntosh & Co., PLLP, (“Murrell Hall”), one of CSKI’s three former auditors, and ADY.

CSKI announced that it dismissed Murrell Hall the day after the Barron’s story appeared. CSKI and ADY are both Chinese companies listed in the US through reverse mergers arranged by American Eastern Securities, Inc.

The stock exchange agreement between CSKI (then called Comet Technologies, Inc.) and American California Pharmaceutical Group, Inc. (“ACPG”) shows Luminus Capital Management, Ltd. (Hong Kong) being “issued” 109,606 CSKI shares. [Click here](http://www.asensio.com/CSKI/Luminus/2.pdf).

Filings with the HKCR show that at the time of CSKI’s reverse merger, Luminus was wholly owned by Esanda Limited, another Hong Kong company, and that Henny Wee was the stated owner of 50% of Esanda Limited at the time of CSKI’s reverse merger. [Click here](http://www.asensio.com/CSKI/Luminus/3.pdf) and [here](http://www.asensio.com/CSKI/Luminus/4.pdf) to view the HKCR filings.

Perhaps not by coincidence, Charles Hung, the principal of American Eastern Securities, is also listed as the principal of Luminus Capital, LLC, a Los Angeles based business, according to [California state records](http://www.asensio.com/CSKI/Luminus/5.mht).

In CSKI’s May 15, 2006 8-K Luminus is listed among “the stockholders of American California Pharmaceutical Group, Inc. and their designees” that were issued CSKI shares in connection with the reverse merger. However, the same 8-K includes ACPG’s audited financial statements, which state that two individuals, Yanqing Liu and Xiaoyan Han “owned 100% common stock of American California Pharmaceutical Group, Inc. prior to the merger.”

Thus, according to ACPG’s own audited statements, Luminus was not a shareholder of ACPG, but Luminus still received 109,606 CSKI shares in the reverse merger. CSKI made no other disclosure concerning why shares were issued to Luminus, or whether Luminus paid any cash amount or provided other consideration in exchange for the shares to ACPG, its shareholders, or CSKI.

Liu and Han together owned about 6 million shares, only about 60% of CSKI shares outstanding, following the reverse

merger. Apparently, they gave up about 40% of ACPG, or ACPG's right to receive CSKI shares, in the reverse merger. No further information is available in CSKI filings on the matter.

[SEC filings](http://www.asensio.com/CSKI/Luminus/6.pdf) show that Henny Wee and American Eastern Securities were involved in another attempted reverse merger between the shell that became CSKI and another Chinese company that apparently failed to close in 2005, all prior to Comet's reverse merger with ACPG in 2006 that formed CSKI.

Later in 2006, Luminus was issued another 102,166 CSKI shares through the conversion of a promissory note, bringing the total disclosed number of shares issued to Luminus to 211,772.

According to CSKI's 2006 [Form 10-K](http://www.asensio.com/CSKI/Luminus/7.pdf), ACPG "signed" a \$200,000 one-year convertible note with Luminus on August 3, 2006.

Less than four weeks later, on August 28, 2006, controlling ownership of Luminus passed from Esanda to an individual named KinKin Kure, according to an [HKCR filing](http://www.asensio.com/CSKI/Luminus/8.pdf). This filing shows that Kure became the owner of 100 out of 101 shares.

In a [separate HKCR document](http://www.asensio.com/CSKI/Luminus/9.pdf), also filed on August 26, 2006, KinKin Kure is shown as a new director of Luminus. In this document Kure is shown having a Japanese passport. In both documents Kure's address is given as Fujimino City, Saitama Ken, Japan.

Henny Wee signed both documents as a director of Zega Ltd., which is listed as [another director of Luminus](http://www.asensio.com/CSKI/Luminus/10.pdf).

According to the 2006 10-K, Luminus converted the note to CSKI shares on October 3, 2006, at a conversion price of \$2.00 per share, giving Luminus another 102,166 shares. The disclosures do not explain why ACPG, a CSKI wholly owned subsidiary, was able to 'sign' on issuing stock of the parent company. CSKI shares were trading for about \$6.00 around the time of the conversion. Two weeks later, CSKI completed a private offering of 1,000,000 shares of common stock, priced at \$3 per share.

CSKI disclosures do not contain any further information concerning Wee's role in Comet's failed merger or a relationship with Wee following the reverse merger. Investors may have further questions about Wee, especially in light of CSKI's engagement of Murrell Hall as its auditor in 2007.

The HKCR filings do not show details of any amount paid by KinKin Kure to Esanda for the equity of Luminus, or whether Luminus still owned shares of CSKI at the time KinKin Kure obtained control of Luminus. No further public documentation on KinKin Kure has been found to date.