

**CHINA ENVIRONMENTAL ENERGY INVESTMENT LTD:
FROM WHERE WILL THIS COMPANY OBTAIN SUFFICIENT HONEY ?**

The financial situation at China Environmental Energy Investment Ltd () (Code: 986, Main Board, The Stock Exchange of Hongkong Ltd) is, indeed, grave, regardless of Management's statements, suggesting the contrary.

It is questionable as to how long this Company will be able to survive in its present state.

On June 28, 2013, China Environmental produced its Results for the Financial Year, ended March 31, 2013.

The following are some of the highlights of this Report:

	Financial Year, Ended March 31		
	2013	2012	Increase/(Decrease)
	All Figures Are Denominated In Hongkong Dollars		
Turnover	99,655,000	136,028,000	(36.50 percent)
Gross Profit	1,181,000	19,029,000	(1,511.26 percent)
Net Profit/(Loss) Attributable To Shareholders	(394,198,000)	10,953,000	Not Applicable
Bank Balances And Cash	3,603,000	30,410,000	(744.02 percent)

The Independent Auditor of the Company, presumably, still CCTH CPA Ltd (), has stated, inter alia:

'Emphasis of matter

'Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements regarding the adoption of going concern basis on which the consolidated financial statements have been prepared. As at 31 March 2013, the Group and the Company had net current liabilities of approximately HK\$270,604,000 and HK\$261,321,000 respectively, including promissory notes payable of HK\$122,000,000.'

Note 2, located at Page 6 of the Company's Announcement, states:

'BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

'In preparing the consolidated financial statements, the Directors have considered the future

liquidity of the Group. As at 31 March 2013, the Group and the Company had net current liabilities of approximately HK\$270,604,000 and HK\$261,321,000 respectively, which included promissory notes payable of HK\$122,000,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

'Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due in the next year from the date of approval of these consolidated financial statements, after taking into consideration of several measures and arrangements made subsequent to the reporting date as detailed below:

- (a) In April 2013, the Company completed the disposal of the entire equity interests in Nam Hing (B.V.I.) Limited and its subsidiaries (the "Disposed Group") and the loans made to the Disposed Group by the Company, giving rise to sale proceeds of HK\$2,000,000 (before expenses).*
- (b) On 1 May 2013, the Company entered into an agreement with an independent third party under which a loan facility of HK\$82,000,000 was granted to the Company. The loan, which is secured by the mortgage of the shares in a subsidiary held by the Company, carries interest at 36% per annum and is wholly repayable on 19 September 2013. As at the date of approval of these consolidated financial statements, such loan to the extent of HK\$68,000,000 has been withdrawn by the Company, of which HK\$63,000,000 was applied for the repayment of the promissory notes referred to in (d) below.*
- (c) In June 2013, the holder of the promissory notes issued by the Company with the principal amount of HK\$20,000,000 due on 14 May 2013 has transferred such promissory notes, and the new note holder and the Company have agreed for the extension of the maturity date of such notes to 5 December 2013 with the other terms and conditions of the notes remained unchanged.*
- (d) In June 2013, the holder of the promissory notes issued by the Company with the principal amount of HK\$72,000,000 due on 7 May 2013 has agreed for the extension of the maturity date of such notes to 7 November 2013 with the other terms and conditions of the notes remained unchanged. Subsequent to the extension of the maturity date, a substantial portion of these notes with the principal amount of HK\$66,000,000, together with all the interests accrued thereof, were repaid by the Company on 21 June 2013 at a sum of HK\$63,000,000 in cash.*
- (e) In June 2013, a securities firm has agreed, on the best effort and no legal binding basis, to underwrite the issue of new shares of the Company for a total proceeds of not less than HK\$250,000,000 before the ended of 2013.*

'In light of the measures and arrangements implemented to date, the Directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of approval of these consolidated financial statements after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the production facilities and development of its businesses. Accordingly, the Directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis ...'

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