

■ CHINA FIRMS AND THEIR WOES

● Company ● Auditor

Ocean International

Ernst & Young

Going concern issue raised:

- Unable to express an opinion on 2008 financial statements
- Current and total liabilities exceeded current and total assets
- Full-year loss

China Sun Bio-chem

Pricewaterhouse-Coopers (PwC)

Unable to complete audit:

- Unable to verify the firm's bank and cash balances, as well as trade receivable balances
- Unable to verify the existence of certain debtors among the accounts receivable balances recorded

China EnerSave

Mazars

Going concern issue raised:

- A lack of compliance with certain covenants of credit facilities agreement with convertible bondholders
- Default on bank loans by a subsidiary
- Full-year loss

Celestial NutriFoods

PwC

Going concern issue raised:

- Funding issues may arise if bondholders seek early redemption of their convertible bonds

Sino-Environment Technology Group

PwC

Going concern issue raised:

- Group faces a possible change in control after its chairman defaulted on certain financial obligations. A change in control could trigger the conversion/redemption of \$149m of bonds