

Dagong Credit Rating Bulletin

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Dagong Global Credit Rating Co., Ltd. (Dagong) assigned $AAZC$ credit rating on OriginWater Co., Ltd. The rating reflects the broad prospect of sewage treatment industry brought by investment during 'eleventh Five' period; strong R&D ability and the leader role in MBR technology research and manipulation; stable increase of revenue and net income and good profitability. On the other hand, it also reflects the increasing fierce competition in environment treatment market and the foreign competitions on huge sewage treatment projects.

The high economic development and high degree concern from government brings chances for company; strong R&D and good quality of research staff earned several patents for the company; the research and manufacture capacity of membrane reactor group instruments remain to be first domestically and third internationally. Meanwhile, the company actively develops artificial wetland technology and improves the manufacture and research environment, which provide strong guarantee for output. Nowadays, MBR has obvious superiority, compared with other sewage treatment technology. However, together with investment of foreign company on the same technology, the profit space will be influenced partly.

Currently, the sewage treatment solutions become the main resources of revenue and profit; the finish of membrane products development ensured the change on accomplishment of industrialization strategy. Meanwhile, the company actively extend the sales channel, focusing on the market sale outside Beijing; furthermore, the finish of shareholding system reform and the start of Chinese GEM plan explore broad opportunities for future development.

The revenue and net income increase steadily year on year. The profitability is good. It is expected the profitability will keep rising in the coming year. The asset, during which the main part is current asset, increases fast and has good quality; the liability level is low and there is no non-current liability while the current asset is able to guarantee the current liability; the operational cash flow is sufficient and become strong guarantee of debt.

Dagong reserves the right for reviewing the credit condition of the Company and announcement of change to the credit rating.

Aug 25th,2008

Dagong Global Credit Rating Co., Ltd.