

Dagong Credit Rating Bulletin

No. D [2008] 138 Bulletin

Dagong Global Credit Rating Co., Ltd. (Dagong) assigned AAA surveillance credit rating on the 2006 1.2billion bond issued by Sinohydro Corporation.

Based on the external environment and internal competence of corporation, Dagong expressed the following judgments. In 2007, the national economy maintained rapid growth while the electricity supply and hydropower projects developed stably; when keeping the status as a leader in hydropower market, Sinohydro actively explored non-hydropower markets and increase the scope of international projects, which made the revenue, profits and profit margin increase fast and strengthened the profitability. Furthermore, the jointly and severally guarantee of the China Construction Bank , which is irrecoverable and unconditional, strengthened the credit of this bond.

Meanwhile, Dagong noticed that: the company has big liability, during which the main part is current liability and the asset-liability ratio is increasing in 2007; the operational and investing cash flow dropped slightly, the debt with interest increased fast and the degree of repayment ability of operational net cash flow dropped as well.

Overall, Sinohydro Corporation still has strong liability repayment. Then the risk of default is low.

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

Aug 15th,2008

Dagong Global Credit Rating Co., Ltd.