

# Dagong Credit Rating Bulletin

No. D [2008] 140 Bulletin

---

Dagong Global Credit Rating Co., Ltd. (Dagong) assigned AA<sub>c</sub> credit rating on DiMai Building Co., Ltd. The rating reflects the development demands brought by increasing building markets, qualified certificate and sound management system. On the other hand, it also reflected fierce competition in building market, unregulated markets, uncertain elements in markets, some current asset pressure and low profitability.

During recent years, the building industry scope becomes bigger and bigger, which created good environment for building decoration industry; the raw materials prices increased which caused labor cost rose; the fierce competition and unregulated markets increased the operational risk; because of projects cycle and way of payment, company faced certain cash flow pressure, but as the finish of every projects stages, the cash flow will be improved. The Level I qualified certificate and suffice experience earned projects for company.

That the high quality of staffs, suffice professional experience and the management chain improved the management efficiency. However, because of the existing uncertainties, there is still operational risk; the complete structure and internal management system supply strong safeguard for the implement of contracts.

The assets increased insistently while the main part is current asset with plain quality; the leverage ratio is high and all the liabilities are current liabilities; although the revenue in past three years increased, net loss still existed; influenced by the industry cycle and payment ways, there are some cash flow pressure and as the finish of projects stages, the operational cash flow will be improved; now the system reformation had been finished,

then deficit would be improved as the development of business.

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

Sep 3<sup>rd</sup>,2008

**Dagong Global Credit Rating Co., Ltd.**