SOLARFUN POWER HOLDINGS CO., LTD.

FORM F-1
(Securities Registration (foreign private issuer))

Filed 12/11/2006

Address	666 LINYANG ROAD
	QINGDONG, JIANGSU PROVINCE, 226200
Telephone	(86)(513) 8330-7688
CIK	0001371541
Industry	Not Assigned

As filed with the Securities and Exchange Commission on December 11, 2006
Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form F-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Solarfun Power Holdings Co., Ltd.

(Exact name of registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Cayman Islands	**3674**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

666 Linyang Road
Qidong, Jiangsu Province 226200
People's Republic of China
(86-513) 8330-7688
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 894-8940
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Beijing 100022, People's Republic of China	**Hong Kong**
(86-10) 5922-8000	**(852) 2826-8688**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Ordinary shares, par value US$0.0001 per share(2)(3)	US$186,300,000	US$19,934

(1) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.
(2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first *bona fide* offered to the public, and also includes ordinary shares that may be purchased by the underwriters pursuant to an option to purchase additional ADSs. The ordinary shares are not being registered for the purpose of sales outside the United States.
(3) American depositary shares issuable upon deposit of the ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-). Each American depositary share represents five ordinary shares.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated December 11, 2006.

Solarfun Power Holdings Co., Ltd.

12,000,000 American Depositary Shares
Representing
60,000,000 Ordinary Shares

Solarfun Power Holdings Co., Ltd., or Solarfun, is offering 12,000,000 American depositary shares, or ADSs. Each ADS represents five ordinary shares, par value US$0.0001 per share, of Solarfun. The ADSs are evidenced by American depositary receipts, or ADRs.

Prior to this offering, there has been no public market for our ADSs or our ordinary shares. It is currently estimated that the initial public offering price per ADS will be between US$11.50 and US$13.50. An application has been made to have our ADSs quoted on the Nasdaq Global Market under the symbol “SOLF.”

See “Risk Factors” beginning on page 13 to read about risks you should consider before buying our ADSs.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per ADS	**Total**
Initial public offering price	US$	US$
Underwriting discount	US$	US$
Proceeds, before expenses, to Solarfun	US$	US$
Proceeds, before expenses, to the selling shareholders	US$	US$

To the extent that the underwriters sell more than 12,000,000 ADSs, the underwriters have an option to purchase up to an additional 1,800,000 ADSs from the selling shareholders at the initial public offering price less the underwriting discount.

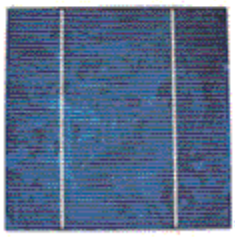
The underwriters expect to deliver the ADSs evidenced by the ADRs against payment in U.S. dollars in New York, New York on , 2006.

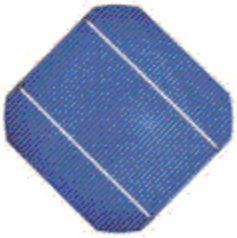
Goldman Sachs (Asia) L.L.C.

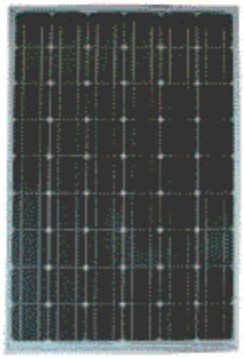
CIBC World Markets

Prospectus dated , 2006

Make the Earth Cleaner







PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our ADSs discussed under "Risk Factors," before deciding whether to buy our ADSs.

Our Business

We are an established manufacturer of both photovoltaic, or PV, cells and PV modules in China. We manufacture and sell a variety of PV cells and PV modules using advanced manufacturing process technologies that have helped us to rapidly increase our operational efficiency. All of our PV modules are currently produced using PV cells manufactured at our own facilities. We sell our products both directly to system integrators and through third party distributors. We also provide PV cell processing services for some of our silicon suppliers. We conduct our business in China through our operating subsidiary, Jiangsu Linyang Solarfun Co., Ltd., or Linyang China. In addition, we recently incorporated Shanghai Linyang Solar Technology Co., Ltd., or Shanghai Linyang, to provide system integration services in China whereby we tailor our PV products for specific customers' needs and link them with the end-use devices that require solar power. In November 2006, Shanghai Linyang won a competitive bid to provide a substantial majority of the PV modules to be used in a 1 MW solar power plant in Shanghai. Shanghai Linyang is still in the process of negotiating the final agreement relating to this project.

Since our first PV cell production line became operational in November 2005, we have increased the average daily output of each of our monocrystalline PV cell production lines to 26,000 cells for the month ended September 30, 2006, improved the conversion efficiency of our monocrystalline PV cells to 16.8%, and reduced monocrystalline PV cell thickness to 200 microns and the average cell breakage rate to 2.7%.

We currently operate two PV cell production lines, each with 30 MW of annual manufacturing capacity. We commenced commercial production on these lines in November 2005 and September 2006, respectively. In order to meet the fast-growing market demands for solar products, we plan to significantly expand our PV cell manufacturing capacity over the next several years. We expect that, by the end of 2006, the aggregate annual manufacturing capacity of our PV cell production lines that are completed or under construction will reach 120 MW. In addition, we plan to achieve an aggregate annual manufacturing capacity of 240 MW by the end of 2007 and 360 MW by the end of 2008.

We increased our annual PV module manufacturing capacity to 60 MW in October 2006, and plan to achieve an aggregate annual manufacturing capacity of 80 MW by the end of 2006, 180 MW by the end of 2007 and 300 MW by the end of 2008. In addition, we established Sichuan Leshan Jiayang New Energy Co., Ltd., or Sichuan Jiayang, in April 2006, to increase our PV module production capacity and capture potential system integration opportunities in western China. Sichuan Jiayang's 10 MW of PV module assembly capacity became operational in June 2006 and we expect to increase this capacity to 20 MW by the end of 2007 and 60 MW by the end of 2008. As part of our expansion plans, we also ordered the equipment for a new 15 MW automatic "building integrated" PV production line in May 2006, which is expected to become operational by early 2007. A "building integrated" PV system integrates PV modules into the core structure of a building's roof or facade.

We have experienced significant revenue and earnings growth since our establishment in August 2004. Our net revenue and net income were RMB166.2 million (US$21.0 million) and RMB14.4 million (US$1.8 million), respectively, in 2005. Our net revenue was RMB386.2 million (US$48.9 million) in the first nine months of 2006, compared to RMB86.5 million in the first nine months of 2005. We had net income of RMB72.9 million (US$9.2 million) in the nine months ended September 30, 2006, compared to RMB4.2 million in the same period in 2005.

Industry Background

The PV industry has experienced significant growth since the beginning of this decade. According to Solarbuzz, an independent solar energy research firm, the global PV market increased from 345 MW in 2001 to 1,460 MW in 2005 in terms of total annual PV installations, representing a compound annual growth rate of 43.4%. The PV industry revenue increased from US$7 billion in 2004 to US$9.8 billion in 2005. Moreover, cumulative installed PV electricity generating capacity expanded by 39% in 2005 and currently exceeds 5 GW worldwide, while investment in new plants to manufacture PV cells exceeded US$1 billion in 2005. According to Solarbuzz, annual PV installations are expected to increase to 3.9 GW, and PV industry revenue is expected to increase to US$23.1 billion, in 2010.

The PV cell production industry is currently dominated by a small number of manufacturers. According to Solarbuzz, the top ten PV cell manufacturers accounted for 74% of the total PV cells produced worldwide in 2005.

We believe that rising energy demand, the increasing scarcity of traditional energy resources coupled with rising prices, the growing adoption of government incentives for solar energy due to increasing environmental awareness, and the decreasing production costs of solar energy will continue to drive the growth of the solar industry.

Our Competitive Strengths

We believe the following strengths enable us to capture opportunities in the rapidly growing PV industry and compete effectively in the PV market in China and internationally:

- strong execution capability demonstrated by significant and rapid operational and financial achievements in a competitive market;
- extensive industry relationships and scalable manufacturing capacity to support our manufacturing expansion plans;
- operational cost advantages achieved through efficient utilization of management, engineering, labor and manufacturing resources in China;
- industry experience to support our development of downstream business opportunities in China;
- research and development capabilities that leverage both third party collaborations and internal resources; and
- entrepreneurial management with extensive industry contacts and strong track record of successful execution.

Our Strategies

Our long-term goal is to become a leading global PV cell and module manufacturer and to leverage our core strengths to become an innovator and an important player in the downstream PV markets, particularly in China. To achieve this goal, we plan to implement the following specific strategies:

- continue to expand manufacturing capacity and reduce operational costs to achieve greater economies of scale;
- increase investments for research and development activities, enhance production process technologies and develop next generation products through continuous innovation;
- diversify our product and service offerings and expand our business in downstream markets;

- secure long-term supplies of silicon;
- broaden our geographical revenue base, and build and enhance brand recognition both domestically and internationally; and
- strengthen and grow our management and research and development teams through training and professional development and recruitment of personnel with international experience.

Our Challenges

We believe that the following are some of the major risks and uncertainties that may materially affect our business, financial condition, results of operations and prospects:

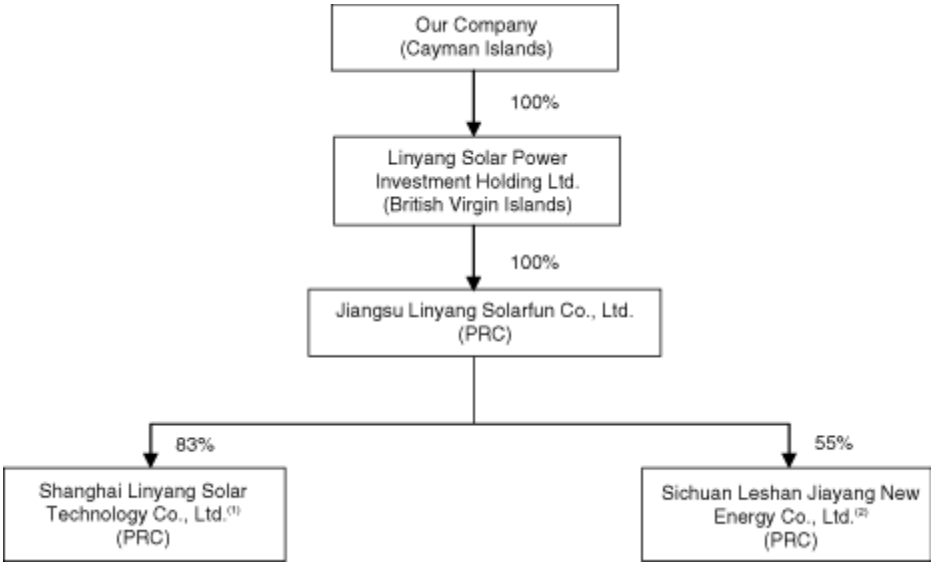
- our inability to significantly increase our manufacturing capacity and output, to make strategic investments or acquisitions or to establish strategic alliances;
- our failure to obtain silicon wafers, our primary raw material, in sufficient quantities or at acceptable prices;
- intense competition from both conventional and alternative energy sources and technologies;
- the reduction or elimination of government subsidies and economic incentives for on-grid solar energy applications;
- our inability to further refine our technology and develop and introduce new products; and
- limited adoption of PV technology and insufficient demand for PV products.

Corporate Structure

We commenced operations through Linyang China in August 2004. Linyang China was a 68%-owned subsidiary of Jiangsu Linyang Electronics Co., Ltd., or Linyang Electronics, at the time of its establishment on August 27, 2004. Linyang Electronics is one of the leading electricity-measuring instrument manufacturers in China. In anticipation of our initial public offering, we incorporated Solarfun Power Holdings Co., Ltd., or Solarfun, in the Cayman Islands on May 12, 2006 as our listing vehicle. To enable us to raise equity capital from investors outside of China, we established a holding company structure by incorporating Linyang Solar Power Investment Holding Ltd., or Linyang BVI, in the British Virgin Islands on May 17, 2006. Linyang BVI is wholly owned by Solarfun. Linyang BVI purchased all of the equity interests in Linyang China on June 2, 2006. In March and April 2006, we established two majority-owned subsidiaries in China, Shanghai Linyang and Sichuan Jiayang, respectively, to expand our business into new markets and sectors.

In June and August 2006, we issued in a private placement an aggregate of 79,644,754 series A convertible preference shares to Citigroup Venture Capital International Growth Partnership, L.P., Citigroup Venture Capital International Co-investment, L.P., Hony Capital II, L.P., LC Fund III, L.P., Good Energies Investments Limited and two individual investors. The proceeds we received from this transaction, before deduction of transaction expenses, were US$53 million.

The diagram below sets forth the entities directly or indirectly controlled by us following our restructuring, which was completed on June 27, 2006:



(1) The other shareholders of Shanghai Linyang Solar Technology Co., Ltd. are three individuals: Mr. Yongliang Gu, Mr. Rongqiang Cui, and Mr. Cui's spouse. Mr. Gu and Mr. Cui are our shareholders.

(2) The other shareholders of Sichuan Leshan Jiayang New Energy Co., Ltd., or Sichuan Jiayang, are Sichuan Jianengjia Electric Power Co., Ltd., or Sichuan Jianengjia, which holds a 30% equity interest, and a member of Sichuan Jiayang's management team, Mr. Wei Gu, who holds a 15% equity interest on behalf of Mr. Yonghua Lu, our chairman and chief executive officer, pursuant to an entrustment agreement entered into in November 2006. Under this entrustment agreement, Mr. Lu provided RMB3.0 million (US$0.4 million) to Mr. Gu to acquire the 15% equity interest in Sichuan Jiayang. Under the entrustment agreement, all the rights enjoyed by Mr. Gu as the holder of record of the 15% equity interest in Sichuan Jiayang, including economic rights, belong to Mr. Lu. Mr. Gu may only exercise rights relating to this equity interest in Sichuan Jiayang, such as voting and transfer rights, pursuant to written instructions from Mr. Lu. Mr. Lu also has the right to transfer all or a portion of the 15% equity interest to the management of Sichuan Jiayang or other third parties. This entrustment arrangement was originally contemplated at the time of establishment of Sichuan Jiayang, but was not formalized in writing until November 2006, and was meant to serve as a transitional step in advance of potentially fully transferring these equity interests to Mr. Gu and other members of Sichuan Jiayang's management team as performance incentives.

Corporate Information

Our principal executive offices are located at 666 Linyang Road, Qidong, Jiangsu Province, 226200, People's Republic of China. Our telephone number at this address is (86-513) 8330-7688 and our fax number is (86-513) 8311-0367. Our registered office in the Cayman Islands is at the offices of M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our website is *www.solarfun.com.cn.* **The information contained on our website does not constitute a part of this prospectus.** Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011.

CONVENTIONS THAT APPLY TO THIS PROSPECTUS

Unless otherwise indicated, references in this prospectus to:

- "ADRs" are to the American depositary receipts that evidence our ADSs;
- "ADSs" are to our American depositary shares, each of which represents five ordinary shares;
- "China" or the "PRC" are to the People's Republic of China, excluding, for the purpose of this prospectus only, Taiwan and the special administrative regions of Hong Kong and Macau;
- "conversion efficiency" are to the ability of photovoltaic, or PV, products to convert sunlight into electricity, and "conversion efficiency rates" are commonly used in the PV industry to measure the percentage of light energy from the sun that is actually converted into electricity;
- "cost per watt" and "price per watt" are to the method by which the cost and price of PV products, respectively, are commonly measured in the PV industry. A PV product is priced based on the number of watts of electricity it can generate;
- "GW" are to gigawatt, representing 1,000,000,000 watts, a unit of power-generating capacity or consumption;
- "MW" are to megawatt, representing 1,000,000 watts, a unit of power-generating capacity or consumption. In this prospectus, it is assumed that, based on a yield rate of 95%, 420,000 125mm x 125mm or 280,000 156mm x 156mm silicon wafers are required to produce PV products capable of generating 1 MW, that each 125mm x 125mm and 156mm x 156mm PV cell generates 2.4 W and 3.7 W of power, respectively, and that each PV module contains 72 PV cells;
- "off-grid system" are to the PV system that operates on a stand-alone basis to provide electricity independent of an electricity transmission grid;
- "on-grid system" are to the PV system that is connected to an electricity transmission grid and feeds electricity into the electricity transmission grid;
- "PV" are to photovoltaic. The photovoltaic effect is a process by which sunlight is converted into electricity;
- "RMB" and "Renminbi" are to the legal currency of China;
- "series A convertible preference shares" are to our series A convertible preference shares, par value US$0.0001 per share;
- "shares" or "ordinary shares" are to our ordinary shares, par value US$0.0001 per share;
- "thin film technology" are to the PV technology that involves depositing several thin layers of silicon or more complex materials on a substrate such as glass to make a PV cell; and
- "US$" and "U.S. dollars" are to the legal currency of the United States.

References in this prospectus to our annual manufacturing capacity assume 24 hours of operation per day for 350 days per year.

Unless the context indicates otherwise, "we," "us," "our company" and "our" refer to Solarfun Power Holdings Co., Ltd., its predecessor entities and its consolidated subsidiaries.

Unless otherwise indicated, information in this prospectus assumes that the underwriters do not exercise their option to purchase additional ADSs.

This prospectus contains translations of certain Renminbi amounts into U.S. dollars at specified rates. All translations from Renminbi to U.S. dollars were made at the noon buying rate in The City of New York for cable transfers in Renminbi per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translation of Renminbi into U.S. dollars has been made at the noon buying rate in effect on September 29, 2006, which was RMB7.9040 to US$1.00. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. See “Risk Factors — Risks Related to Our Company and Our Industry — Fluctuations in exchange rates could adversely affect our business as well as result in foreign currency exchange losses.” On December 11, 2006, the noon buying rate was RMB7.8340 to US$1.00.

THE OFFERING

Price per ADS	We currently estimate that the initial public offering price will be between US$11.50 and US$13.50 per ADS.
This offering:	
ADSs offered by us	12,000,000 ADSs
Total	12,000,000 ADSs
ADSs outstanding immediately after this offering	12,000,000 ADSs (or 13,800,000 ADSs if the underwriters exercise the option to purchase additional ADSs in full).
Ordinary shares outstanding immediately after this offering	239,994,754 ordinary shares, after giving effect to the conversion of our series A convertible preference shares, but excluding 8,012,998 ordinary shares issuable upon the exercise of outstanding share options and an additional 2,786,687 ordinary shares reserved for issuance under our 2006 equity incentive plan.
Option to purchase additional ADSs	The selling shareholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the initial public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions.
ADSs	Each ADS represents five ordinary shares, par value US$0.0001 per ordinary share. All non-Direct Registration System ADSs will be evidenced by American depositary receipts. The depositary will be the holder of the ordinary shares underlying the ADSs and you will have the rights of an ADR holder as provided in the deposit agreement among us, the depositary and owners and holders of ADSs from time to time. You may surrender your ADSs to the depositary to withdraw the ordinary shares underlying your ADSs. The depositary will charge you a fee for such an exchange. We may amend or terminate the deposit agreement for any reason without your consent. If an amendment becomes effective, you will be bound by the deposit agreement as amended if you continue to hold your ADSs. To better understand the terms of the ADSs, you should carefully read the section in this prospectus entitled “Description of American Depositary Shares.” We also encourage you to read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.

Timing and settlement for ADSs	The ADSs are expected to be delivered against payment on , 2006. The ordinary shares underlying the ADSs will be deposited with The Bank of New York's custodian and will be registered in the name of The Bank of New York or its nominee. The Depository Trust Company, or DTC, and its direct and indirect participants, will maintain records that will show the beneficial interests in the ADSs and facilitate any transfer of the beneficial interests.
Use of proceeds	We estimate that we will receive net proceeds of approximately US$134.8 million from this offering, after deducting the underwriter discounts, commissions and estimated offering expenses payable by us. We intend to use the net proceeds we will receive from this offering primarily for the following purposes: • approximately US$50 million to purchase or prepay for raw materials; • approximately US$40 million to expand our manufacturing capacity; and • approximately US$10 million to invest in our research and development activities. We intend to use the remaining proceeds for other general corporate purposes and for the potential acquisition of, or investments in, businesses and technologies that we believe will complement our current operations and our expansion strategies. See "Use of Proceeds" for additional information. We will not receive any of the proceeds from the sale of the ADSs by the selling shareholders.
Risk factors	See "Risk Factors" and other information included in this prospectus for a discussion of the risks you should carefully consider before deciding to invest in our ADSs.
Listing	We have applied to have the ADSs quoted on the Nasdaq Global Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the -counter trading system.
Nasdaq Global Market symbol	"SOLF"
Depositary	The Bank of New York.
Lock-up	We, our directors and executive officers and all of our shareholders, including the selling shareholders, have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See "Underwriting." Under the registration rights agreement entered into in connection with our placement of series A convertible preference shares, each of our shareholders other than the holders of the series A

	convertible preference shares has agreed, for a period of 12 months after completion of this offering, not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities. In addition, Mr. Yonghua Lu, our chairman and chief executive officer, and Mr. Hanfei Wang, our chief operating officer, have agreed with us not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a lock-up period of three years after completion of this offering. Other ordinary shareholders have agreed not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of one year after completion of this offering, and are subject to further restrictions on sales, transfers, or dispositions of such securities for a period of either two or three years following the initial one-year lock-up period.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated financial data have been derived from our consolidated financial statements included elsewhere in this prospectus. Our consolidated statements of operations for the period from August 27, 2004 (inception) to December 31, 2004, the year ended December 31, 2005 and the nine months ended September 30, 2006 and our consolidated balance sheets as of December 31, 2004, 2005 and September 30, 2006 have been audited by Ernst & Young Hua Ming, an independent registered public accounting firm. The report of Ernst & Young Hua Ming on those consolidated financial statements is included elsewhere in this prospectus, and the summary consolidated financial information for those periods and as of those dates are qualified by reference to those financial statements and that report, and should be read in conjunction with them and with "Management's Discussion and Analysis of Financial Condition and Results of Operations." The summary consolidated statement of operations data for the nine months ended September 30, 2005 has been derived from our unaudited consolidated financial statements included elsewhere in this prospectus, which have been prepared on the same basis as our audited consolidated financial statements and contain normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for such unaudited periods. Our consolidated financial statements are prepared and presented in accordance with United States generally accepted accounting principles, or U.S. GAAP. Our historical results do not necessarily indicate our results expected for any future periods.

	Period From August 27, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
	(in thousands, except share and per share data)					
Consolidated Statement of Operations Data						
Net revenue	—	166,178	21,024	86,484	386,239	48,866
Cost of revenue	—	(139,903)	(17,700)	(75,627)	(267,429)	(33,834)
Gross profit	—	26,275	3,324	10,857	118,810	15,032
Operating expenses	(629)	(10,120)	(1,280)	(5,779)	(40,331) (1)	(5,102)
Operating profit (loss)	(629)	16,155	2,044	5,078	78,479	9,930
Net income (loss)	(607)	14,410	1,823	4,227	72,871	9,220
Net income (loss) attributable to ordinary shares	(607)	14,410	1,823	4,227	69,195	8,754
Earnings per share — basic and diluted						
— Basic	(0.01)	0.26	0.03	0.08	0.69	0.09
— Diluted	(0.01)	0.22	0.03	0.07	0.55	0.07
Share used in computation						
— Basic earnings (loss) per share	51,994,399	54,511,540	54,511,540	51,994,399	100,350,000	100,350,000
— Diluted earnings (loss) per share	51,994,399	66,366,469	66,366,469	58,178,291	131,624,178	131,624,178
Pro forma net income per share						
— Basic		0.11	0.01		0.40	0.05
— Diluted		0.09	0.01		0.37	0.05
Shares used in computation						
— Basic		134,156,294	134,156,294		179,994,754	179,994,754
— Diluted		160,296,813	160,296,813		195,923,705	195,923,705

(1) In the nine months ended September 30, 2006, we recorded a share compensation charge of RMB10.3 million (US$1.3 million), which related to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company and a

share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

	Period From August 27, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2006	
	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
	(in thousands, except margin and other operating data)					
Other Financial Data						
Gross margin	—	15.8%		12.6%	30.8%	
Operating margin	—	9.7%		5.9%	20.3% (1)	
Net margin	—	8.7%		4.9%	18.9% (1)	
Net cash from (used in) operating activities	(8,180)	(76,582)	(9,688)	(76,194)	(414,929)	(52,497)
Capital expenditures	(295)	(37,464)	(4,740)	(19,167)	(95,355)	(12,064)
Other Operating Data						
Amount of PV cells produced (including PV cell processing) (in MW)	—	1.0(2)		—	16.2(3)	
Amount of PV modules produced (in MW):	—	5.5		3.1	11.3	
Average selling price (in US$/W):						
PV cells (4)	—	3.00		—	3.05	
PV modules (5)	—	3.93		3.91	4.02	

(1) Inclusive of the share compensation charge of RMB10.3 million (US$1.3 million) related to a sale of our ordinary shares to Linyang Electronics by other shareholders of our company and the share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

(2) Of which 0.9 MW was used in our PV module production.

(3) Of which 11.5 MW was used in our PV module production and 3.3 MW represented output from our PV cell processing services that we delivered to our customers in the form of PV cells.

(4) All sales contracts for PV cells are denominated in Renminbi. Translations of Renminbi into U.S. dollars have been made at period end exchange rates.

(5) Represents the average unit selling price in U.S. dollars specified in the sales contracts for PV modules.

The following table represents a summary of our consolidated balance sheet data as of December 31, 2004, and 2005, and September 30, 2006.

	As of December 31, 2004	As of December 31, 2005		As of September 30, 2006	
	(RMB)	(RMB)	(US$)	(RMB)	(US$)
		(in thousands)			
Consolidated Balance Sheet Data					
Cash and cash equivalents	3,525	7,054	892	68,946	8,723
Restricted cash	—	22,229	2,812	25,376	3,210
Accounts receivable	—	—	—	13,798	1,746
Inventories	4,511	76,819	9,719	221,608	28,037
Advance to suppliers	4,850	61,312	7,757	388,123	49,105
Other current assets	762	20,705	2,620	30,864	3,905
Amounts due from related parties	18,000	—	—	153	20
Fixed assets, net	292	55,146	6,977	135,564	17,151
Deferred initial public offering cost	—	—	—	25,506	3,227
Total assets	31,940	243,361	30,789	917,946	116,137

	As of December 31, 2004	As of December 31, 2005		As of September 30, 2006	
	(RMB)	(RMB)	(US$)	(RMB)	(US$)
		(in thousands)			
Short-term bank borrowings	—	20,000	2,530	184,746	23,374
Long-term bank borrowings, current portion	—	—	—	8,000	1,012
Accounts payable	2,221	18,794	2,378	19,905	2,518
Notes payable	—	20,000	2,530	—	—
Accrued expenses and other liabilities	301	22,920	2,900	50,271	6,360
Customer deposits	—	55,319	6,999	32,577	4,122
Amount due to related parties	25	32,658	4,132	336	43
Long-term bank borrowings, non-current portion	—	—	—	23,000	2,910
Total liabilities	2,547	169,691	21,469	318,835	40,339
Minority interests	—	—	—	10,117	1,280
Series A redeemable convertible preference shares	—	—	—	423,704	53,606
Total shareholders' equity	29,393	73,670	9,320	165,290	20,912
Total liabilities, preference shares and shareholders' equity	31,940	243,361	30,789	917,946	116,137

RISK FACTORS

An investment in our ADSs involves significant risks. You should carefully consider the risks described below as well as information in this prospectus, including our consolidated financial statements and related notes, before you decide to buy our ADSs. If any of the following risks actually occurs, our business, financial condition, results of operations and prospects could be materially harmed, the trading price of our ADSs could decline and you could lose all or part of your investment.

Risks Related to Our Company and Our Industry

Evaluating our business and prospects may be difficult because of our limited operating history, and our past results may not be indicative of our future performance.

There is limited historical information available about our company upon which you can base your evaluation of our business and prospects. We began operations in August 2004 and shipped our first PV modules and our first PV cells in February 2005 and November 2005, respectively. Our business has grown and evolved at a rapid rate since we started our operations. As a result, our historical operating results may not provide a meaningful basis for evaluating our business, financial performance and prospects and we may not be able to achieve a similar growth rate in future periods. In particular, our future success will require us to continue to increase the manufacturing capacity of our facilities significantly beyond their current capacities. Moreover, our business model, technology and ability to achieve satisfactory manufacturing yields at higher volumes are unproven. Therefore, you should consider our business and prospects in light of the risks, expenses and challenges that we will face as a company with a relatively short operating history in a competitive industry seeking to develop and manufacture new products in a rapidly growing market, and you should not rely on our past results or our historic rate of growth as an indication of our future performance.

Our future success substantially depends on our ability to significantly expand both our manufacturing capacity and output, which is subject to significant risks and uncertainties. If we fail to achieve this expansion, we may be unable to grow our business and revenue, reduce our costs per watt, maintain our competitive position or improve our profitability.

Our future success depends on our ability to significantly increase both our manufacturing capacity and output. We plan to expand our business to address growth in demand for our products, as well as to capture new market opportunities. Our ability to establish additional manufacturing capacity and increase output is subject to significant risks and uncertainties, including:

- the need for additional funding to purchase and prepay for raw materials or to build manufacturing facilities, which we may be unable to obtain on reasonable terms or at all;
- delays and cost overruns as a result of a number of factors, many of which may be beyond our control, such as increases in raw materials prices and problems with equipment vendors;
- the inability to obtain or delays in obtaining required approvals by relevant government authorities;
- diversion of significant management attention and other resources; and
- failure to execute our expansion plan effectively.

In order to manage the potential growth of our operations, we will be required to improve our operational and financial systems, procedures and controls, increase manufacturing capacity and output, and expand, train and manage our growing employee base. Furthermore, our management will be required to maintain and expand our relationships with our customers,

suppliers and other third parties. We cannot assure you that our current and planned operations, personnel, systems and internal procedures and controls will be adequate to support our future growth.

If we encounter any of the risks described above, or are otherwise unable to establish or successfully operate additional manufacturing capacity or to increase manufacturing output, we may be unable to grow our business and revenue, reduce our costs per watt, maintain our competitiveness or improve our profitability, and our business, financial condition, results of operations and prospects will be adversely affected.

We depend on a limited number of customers for a high percentage of our revenue and the loss of, or a significant reduction in orders from, any of these customers, if not immediately replaced, would significantly reduce our revenue and decrease our profitability.

We currently sell a substantial portion of our PV products to a limited number of customers. Customers accounting for more than 10% of our net revenue accounted for an aggregate of 50.8% and 76.4% of our net revenue in 2005 and the nine months ended September 30, 2006, respectively. Most of our large customers are located in Europe, particularly Germany, Italy and Spain. The loss of sales to any one of these customers would have a significant negative impact on our business. Sales to our customers are mostly made through non-exclusive, short-term arrangements. Due to our dependence on a limited number of customers, any one of the following events may cause material fluctuations or declines in our revenue and have a material adverse effect on our financial condition and results of operations:

- reduction, delay or cancellation of orders from one or more of our significant customers;
- selection by one or more of our significant distributor customers of our competitors' products;
- loss of one or more of our significant customers and our failure to identify additional or replacement customers;
- any adverse change in the bilateral or multilateral trade relationships between China and European countries, particularly Germany; and
- failure of any of our significant customers to make timely payment for our products.

We expect our operating results to continue to depend on sales to a relatively small number of customers for the foreseeable future, as well as the ability of these customers to sell solar power products that incorporate our PV products. Our customer relationships have been developed over a short period of time and are generally in preliminary stages. We cannot be certain that these customers will generate significant revenue for us in the future or if these customer relationships will continue to develop. If our relationships with customers do not continue to develop, we may not be able to expand our customer base or maintain or increase our customers and revenue. Moreover, our business, financial condition, results of operations and prospects are affected by competition in the market for the end products manufactured by our customers, and any decline in their business could materially harm our revenue and profitability.

We are currently experiencing an industry-wide shortage of silicon wafers. The prices that we pay for silicon wafers have increased in the past and we expect prices may continue to increase in the future, which may materially and adversely affect our revenue growth and decrease our gross profit margins and profitability.

Silicon wafers are an essential raw material in our production of PV products. Silicon is created by refining quartz or sand, and is melted and grown into crystalline ingots or other forms. Some of our suppliers procure silicon ingots from companies that specialize in ingot growth and

then slice these ingots into wafers. We depend on our suppliers for timely delivery of silicon wafers in sufficient quantities and satisfactory quality, and any disruption in supply or inability to obtain silicon wafers at an acceptable cost or at all, will materially and adversely affect our business and operations.

There is currently an industry-wide shortage of silicon and silicon wafers, which has resulted in significant price increases. Based on our experience, the average prices of silicon and silicon wafers may continue to increase. Moreover, we expect the shortages of silicon and silicon wafers to continue as the solar power industry continues to grow and as additional manufacturing capacity is added. Silicon wafers are also used in the semiconductor industry generally and any increase in demand from that sector will exacerbate the current shortage. The production of silicon and silicon wafers is capital intensive and adding manufacturing capacity requires significant lead time. While we are aware that several new facilities for the manufacture of silicon and silicon wafers are under construction, we do not believe that the supply shortage will be remedied in the near term. We expect that the demand for silicon and silicon wafers will continue to outstrip supply for the foreseeable future.

We have attempted to ease our supply shortages by prepaying for silicon and silicon wafers and establishing strategic relationships with certain suppliers. However, we cannot assure you that we will be able to obtain supplies from them or any other suppliers in sufficient quantities or at acceptable prices. In particular, since some of our suppliers do not themselves manufacture silicon but instead purchase their requirements from other vendors, it is possible that these suppliers will not be able to obtain sufficient silicon to satisfy their contractual obligations to us. In addition, we, like other companies in the PV industry, compete with companies in the semiconductor industry for silicon wafers, and companies in that sector typically have greater purchasing power and market influence than companies in the PV industry. We acquire silicon wafers from our suppliers mostly through short-term supply arrangements for periods ranging from several months to two years. This subjects us to the risk that our suppliers may cease supplying silicon wafers to us for any reason, including due to uncertainties in their financial viability. These suppliers could also choose not to honor such contracts. If either of these circumstances occurs, our supply of critical raw materials at reasonable costs and our basic ability to conduct our business could be severely restricted. Moreover, since some of our supply contracts may require prepayment of a substantial portion of the contract price, we may not be able to recover such prepayments and we would suffer losses should such suppliers fail to fulfill their delivery obligations under the contracts. Furthermore, we have not fixed the price for some of the silicon wafers supply contracts for 2007 with some of our suppliers. As a result, the price we will need to pay may need to be adjusted to reflect the prevailing market price around the time of delivery, which may be higher than we expect. Increases in the prices of silicon and silicon wafers have in the past increased our production costs and may materially and adversely impact our cost of revenue, gross margins and profitability.

There are a limited number of silicon wafer suppliers, and many of our competitors also purchase silicon wafers from these suppliers. Since we have only been purchasing silicon wafers in bulk for approximately two years, our competitors may have longer and stronger relationships with these suppliers than we do. As we intend to significantly increase our manufacturing output, an inadequate allocation of silicon wafers would have a material adverse effect on our expansion plans. Moreover, the inability to obtain silicon wafers at commercially reasonable prices or at all would harm our ability to meet existing and future customer demand for our products, and could cause us to make fewer shipments, lose customers and market share and generate lower than anticipated revenue, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Our dependence on a limited number of suppliers for a substantial majority of silicon and silicon wafers could prevent us from delivering our products in a timely manner to our customers in the required quantities, which could result in order cancellations, decreased revenue and loss of market share.

In 2005 and the nine months ended September 30, 2006, our five largest suppliers supplied in the aggregate 71.3% and 54.6%, respectively, of our total silicon and silicon wafer purchases. If we fail to develop or maintain our relationships with these or our other suppliers, we may be unable to manufacture our products, our products may only be available at a higher cost or after a long delay, or we could be prevented from delivering our products to our customers in the required quantities, at competitive prices and on acceptable terms of delivery. Problems of this kind could cause us to experience order cancellations, decreased revenue and loss of market share. In general, the failure of a supplier to supply materials and components that meet our quality, quantity and cost requirements in a timely manner due to lack of supplies or other reasons could impair our ability to manufacture our products or could increase our costs, particularly if we are unable to obtain these materials and components from alternative sources in a timely manner or on commercially reasonable terms. Some of our suppliers have a limited operating history and limited financial resources, and the contracts we entered into with these suppliers do not clearly provide for remedies to us in the event any of these suppliers is not able to, or otherwise does not, deliver, in a timely manner or at all, any materials it is contractually obligated to deliver. In particular, due to a shortage of raw materials for the production of silicon wafers, increased market demand for silicon wafers, a failure by some silicon suppliers to achieve expected production volumes and other factors, some of our major silicon wafer suppliers failed to fully perform during 2006 on their silicon wafer supply commitments to us, and we consequently did not receive all of the contractually agreed quantities of silicon wafers from these suppliers. We subsequently cancelled or renegotiated these silicon supply contracts, resulting in an aggregate decrease in the delivered or committed supply under these contracts from approximately 142 MW to approximately 71 MW for the period from June 2006 to June 2008. We cannot assure you that we will not experience similar or additional shortfalls of silicon or silicon wafers from our suppliers in the future or that, in the event of such shortfalls, we will be able to find other silicon suppliers to satisfy our production needs. Any disruption in the supply of silicon wafers to us may adversely affect our business, financial condition and results of operations.

Our ability to adjust our materials costs may be limited as a result of entering into prepaid, fix-priced arrangements with our suppliers, and it therefore may be difficult for us to respond appropriately in a timely manner to market conditions, which could materially and adversely affect our revenue and profitability.

We have in the past secured, and plan to continue to secure, our supply of silicon and silicon wafers through prepaid supply arrangements with overseas and domestic suppliers. In 2006, we entered into supply contracts with some of our suppliers, under which these suppliers agreed to provide us with specified quantities of silicon wafers and we have made prepayments to these suppliers in accordance with the supply contracts. The prices of the supply contracts we entered into with some of our suppliers are fixed. If the prices of silicon or silicon wafers were to decrease in the future and we are locked into prepaid, fixed-price arrangements, we may not be able to adjust our materials costs, and our cost of revenue would be materially and adversely affected. In addition, if demand for our PV products decreases, we may incur costs associated with carrying excess materials, which may have a material adverse effect on our operating expenses. To the extent we are not able to pass these increased costs and expenses to our customers, our revenue and profitability may be materially reduced.

We require a significant amount of cash to fund our operations as well as meet future capital requirements. If we cannot obtain additional capital when we need it, our growth prospects and future profitability may be materially and adversely affected.

We typically require a significant amount of cash to fund our operations, especially prepayments to suppliers to secure our silicon wafer requirements. We also require cash generally to meet future capital requirements, which are difficult to plan in the rapidly changing PV industry. In particular, we will need capital to fund the expansion of our facilities as well as research and development activities in order to remain competitive. We believe that our current cash and cash equivalents, cash flow from operations and the proceeds from this offering will be sufficient to meet our anticipated needs for at least 12 months following this offering, including for working capital and capital expenditure requirements. However, future acquisitions, expansions, or market changes or other developments may cause us to require additional funds. Our ability to obtain external financing in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- general market conditions for financing activities by manufacturers of PV and related products; and
- economic, political and other conditions in the PRC and elsewhere.

If we are unable to obtain funding in a timely manner or on commercially acceptable terms, or at all, our growth prospects and future profitability may decrease materially.

We face risks associated with the marketing, distribution and sale of our PV products internationally, and if we are unable to effectively manage these risks, they could impair our ability to expand our business abroad.

In 2005 and the nine months ended September 30, 2006, a substantial majority of our revenue was generated by sales to customers outside of China. The marketing, distribution and sale of our PV products overseas expose us to a number of risks, including:

- fluctuations in currency exchange rates of the U.S. dollar, Euro and other foreign currencies against the Renminbi;
- difficulty in engaging and retaining distributors and agents who are knowledgeable about, and can function effectively in, overseas markets;
- increased costs associated with maintaining marketing and sales activities in various countries;
- difficulty and costs relating to compliance with different commercial and legal requirements in the jurisdictions in which we offer our products;
- inability to obtain, maintain or enforce intellectual property rights; and
- trade barriers, such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries.

If we are unable to effectively manage these risks, our ability to conduct or expand our business abroad would be impaired, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

If we are unable to compete in the highly competitive solar energy market, our revenue and profits may decrease.

The solar energy market is very competitive. We face competition from a number of sources, including domestic, foreign and multinational corporations. We believe that the principal competitive factors in the markets for our products are:

- manufacturing capacity;
- power efficiency;
- range and quality of products;
- price;
- strength of supply chain and distribution network;
- after-sales services; and
- brand image.

Many of our current and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and resources and significantly greater economies of scale, and financial, sales and marketing, manufacturing, distribution, technical and other resources than we do. In particular, many of our competitors are developing and manufacturing solar energy products based on new technologies that may ultimately have costs similar to, or lower than, our projected costs. In addition, our competitors may have stronger relationships or have or may enter into exclusive relationships with key suppliers, distributors or system integrators to whom we sell our products. As a result, they may be able to respond more quickly to changing customer demands or devote greater resources to the development, promotion and sales of their products than we can. Furthermore, competitors with more diversified product offerings may be better positioned to withstand a decline in the demand for solar power products. Some of our competitors have also become vertically integrated, with businesses ranging from upstream silicon wafer manufacturing to solar power system integration, and we may also face competition from semiconductor manufacturers, several of which have already announced their intention to commence production of PV cells and PV modules. It is possible that new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share, which would harm our business. If we fail to compete successfully, our business would suffer and we may lose or be unable to gain market share and our financial condition and results of operations would be materially and adversely affected.

In the immediate future, we believe that the competitive arena will increasingly center around securing silicon supply and forming strategic relationships to secure supply of key components and technologies. Many of our competitors have greater access to silicon supply or have upstream silicon wafer manufacturing capabilities. We believe that as the supply of silicon stabilizes over time, competition will become increasingly based upon more traditional marketing and sales activities. Since we have conducted limited advertising in the past, the greater sales and marketing resources, experience and name recognition of some of our competitors may make it difficult for us to compete if and when this transition occurs.

In addition, the solar power market in general competes with other sources of renewable energy as well as conventional power generation. If prices for conventional and other renewable energy resources decline, or if these resources enjoy greater policy support than solar power, the solar power market and our business and prospects could suffer.

Our profitability depends on our ability to respond to rapid market changes in the solar energy industry, including by developing new technologies and offering additional products and services.

The solar energy industry is characterized by rapid increases in the diversity and complexity of technologies, products and services. In particular, the ongoing evolution of technological standards requires products with improved features, such as more efficient and higher power output and improved aesthetics. As a result, we expect that we will need to constantly offer more sophisticated products and services in order to respond to competitive industry conditions and customer demands. If we fail to develop, or obtain access to, advances in technologies, or if we are not able to offer more sophisticated products and services, we may become less competitive and less profitable. In addition, advances in technology typically lead to declining average selling prices for products using older technologies. As a result, if we are not able to reduce the costs associated with our products, the profitability of any given product, and our overall profitability, may decrease over time. Furthermore, technologies developed by our competitors may provide more advantages than ours for the commercialization of PV products, and to the extent we are not able to refine our technology and develop new PV products, our existing products may become uncompetitive and obsolete.

In addition, we will need to invest significant financial resources in research and development to maintain our competitiveness and keep pace with technological advances in the solar energy industry. However, commercial acceptance by customers of new products we offer may not occur at the rate or level expected, and we may not be able to successfully adapt existing products to effectively and economically meet customer demands, thus impairing the return from our investments. We may also be required under the applicable accounting standards to recognize a charge for the impairment of assets to the extent our existing products become uncompetitive or obsolete, or if any new products fail to achieve commercial acceptance. Any such charge may have a material adverse effect on our financial condition and results of operations.

Moreover, in response to the rapidly evolving conditions in the solar energy industry, we plan to expand our business downstream to provide system integration products and services. This expansion requires significant investment and management attention from us, and we are likely to face intense competition from companies that have extensive experience and well-established businesses and customer bases in the system integration sector. We cannot assure you that we will succeed in expanding our business downstream. If we are not able to bring quality products and services to market in a timely and cost-effective manner and successfully market and sell these products and services, our ability to continue penetrating the solar energy market, as well as our revenue growth and profitability, will be materially and adversely affected.

Our future success depends in part on our ability to make strategic acquisitions and investments and to establish and maintain strategic alliances, and failure to do so could have a material adverse effect on our market penetration, revenue growth and profitability. In addition, such strategic acquisitions, alliances and investments themselves entail significant risks that could materially and adversely affect our business.

We are pursuing expansion into downstream system integration services through our subsidiary, Shanghai Linyang, and we are considering pursuing upstream silicon feedstock sourcing through strategic partnerships and investments. We intend to continue to establish and maintain strategic alliances with third parties in the PV industry, particularly with silicon suppliers. In addition, we intend to make strategic acquisitions and investments in the future. These types of transactions could require that our management develop expertise in new areas, manage new business relationships and attract new types of customers and may require significant attention from our management, and the diversion of our management's attention could have a material adverse effect on our ability to manage our business. We may also experience difficulties integrating acquisitions and investments into our existing business and operations. Furthermore,

we may not be able to successfully make such strategic acquisitions and investments or to establish strategic alliances with third parties that will prove to be effective or beneficial for our business. Any difficulty we face in this regard could have a material adverse effect on our market penetration, our revenue growth and our profitability.

Strategic acquisitions, investments and alliances with third parties could subject us to a number of risks, including risks associated with sharing proprietary information and loss of control of operations that are material to our business. Moreover, strategic acquisitions, investments and alliances may be expensive to implement and subject us to the risk of non-performance by a counterparty, which may in turn lead to monetary losses that materially and adversely affect our business. In addition, changes in government policies, both domestically and internationally, that are not favorable to the development of the solar energy industry, may also have a material adverse effect on the success of our strategic acquisitions, investments and alliances.

Problems with product quality or product performance could result in a decrease in customers and revenue, unexpected expenses and loss of market share. In addition, product liability claims against us could result in adverse publicity and potentially significant monetary damages.

Our PV modules are typically sold with a two-year unlimited warranty for technical defects, a 10-year warranty against declines greater than 10%, and a 20 or 25-year warranty against declines of greater than 20%, in their initial power generation capacity. As a result, we bear the risk of extensive warranty claims for an extended period after we have sold our products and recognized revenue. As we began selling PV modules only since February 2005, none of our PV modules has been in use for more than two years. Since our products have been in use for only a relatively short period, our assumptions regarding the durability and reliability of our products may not be accurate. We consider various factors when determining the likelihood of product defects, including an evaluation of our quality controls, technical analysis, industry information on comparable companies and our own experience. As of December 31, 2005 and September 30, 2006, our accrued warranty costs totaled RMB1.5 million (US$0.2 million) and RMB5.1 million (US$0.6 million), respectively.

In addition, as we purchase the silicon and silicon wafers and other components that we use in our products from third parties, we have limited control over the quality of these raw materials and components. Unlike PV modules, which are subject to certain uniform international standards, silicon and silicon wafers generally do not have uniform international standards, and it is often difficult to determine whether product defects are a result of the silicon or silicon wafers or other components or reasons. Furthermore, the silicon and silicon wafers and other components that we purchase from third-party suppliers are typically sold to us with no or only limited warranties. The possibility of future product failures could cause us to incur substantial expense to repair or replace defective products, provide refunds or resolve disputes with regard to warranty claims through litigation, arbitration or other means. Product failures and related adverse publicity may also damage our market reputation and cause our sales to decline.

As with other solar power product manufacturers, we are exposed to risks associated with product liability claims if the use of the solar power products we sell results in injury, death or damage to property. We cannot predict at this time whether product liability claims will be brought against us in the future or the effect of any resulting negative publicity on our business. In addition, we have not made provisions for potential product liability claims and we may not have adequate resources to satisfy a judgment if a successful claim is brought against us. Moreover, the successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments and incur substantial legal expenses. Even if a product liability claim is not successfully pursued to judgment by a claimant, we may still incur substantial legal expenses defending against such a claim.

If PV technology is not suitable for widespread adoption, or sufficient demand for PV products does not develop or takes longer to develop than we anticipated, our sales may not continue to increase or may even decline, and our revenue and profitability would be reduced.

The PV market is at a relatively early stage of development and the extent to which PV products will be widely adopted is uncertain. Furthermore, market data in the PV industry are not as readily available as those in other more established industries, where trends can be assessed more reliably from data gathered over a longer period of time. If PV technology proves unsuitable for widespread adoption or if demand for PV products fails to develop sufficiently, we may not be able to grow our business or generate sufficient revenue to sustain our profitability. In addition, demand for PV products in our targeted markets, including China, may not develop or may develop to a lesser extent than we anticipated. Many factors may affect the viability of widespread adoption of PV technology and demand for PV products, including:

- cost-effectiveness of PV products compared to conventional and other non-solar energy sources and products;
- performance and reliability of PV products compared to conventional and other non-solar energy sources and products;
- availability of government subsidies and incentives to support the development of the PV industry or other energy resource industries;
- success of other alternative energy generation technologies, such as fuel cells, wind power and biomass;
- fluctuations in economic and market conditions that affect the viability of conventional and non-solar alternative energy sources, such as increases or decreases in the prices of oil and other fossil fuels;
- capital expenditures by end users of PV products, which tend to decrease when the overall economy slows down; and
- deregulation of the electric power industry and the broader energy industry.

Existing regulations and policies governing the electricity utility industry, as well as changes to these regulations and policies, may adversely affect demand for our products and materially reduce our revenue and profits.

The electric utility industry is subject to extensive regulation, and the market for solar energy products, including PV products, is heavily influenced by these regulations as well as the policies promulgated by electric utilities. These regulations and policies often affect electricity pricing and technical interconnection of end user-power generation. As the market for solar and other alternative energy sources continue to evolve, these regulations and policies are being modified and may continue to be modified. Customer purchases of, or further investment in research and development of, solar and other alternative energy sources may be significantly affected by these regulations and policies, which could significantly reduce demand for our products and materially reduce our revenue and profits.

Moreover, we expect that our PV products and their installation will be subject to oversight and regulation in accordance with national and local ordinances relating to building codes, safety, environmental protection, utility interconnection and metering and related matters in various countries. We also have to comply with the requirements of individual localities and design equipment to comply with varying standards applicable in the jurisdictions where we conduct business. For example, failure to obtain UL certification would adversely affect our ability to sell our products into the United States. Any new government regulations or utility policies pertaining to our PV products may result in significant additional expenses to us, our distributors and end

users and, as a result, could cause a significant reduction in demand for our PV products, as well as materially and adversely affect our financial condition and results of operations.

The reduction or elimination of government subsidies and economic incentives for on-grid solar energy applications could have a materially adverse effect on our business and prospects.

We believe that the near-term growth of the market for "on-grid" applications, where solar energy is used to supplement a customer's electricity purchased from the electric utility, depends in large part on the availability and size of government subsidies and economic incentives. As a portion of our sales is in the on-grid market, the reduction or elimination of government subsidies and economic incentives may hinder the growth of this market or result in increased price competition, which could decrease demand for our products and reduce our revenue.

The cost of solar energy currently substantially exceeds the cost of power furnished by the electric utility grid in many locations. As a result, federal, state and local governmental bodies in many countries, most notably Germany, Italy, Spain and the United States, have provided subsidies and economic incentives in the form of rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. These government economic incentives could be reduced or eliminated altogether. In particular, political changes in a particular country could result in significant reductions or eliminations of subsidies or economic incentives. Electric utility companies that have significant political lobbying powers may also seek changes in the relevant legislation in their markets that may adversely affect the development and commercial acceptance of solar energy. The reduction or elimination of government subsidies and economic incentives for on-grid solar energy applications, especially those in our target markets, could cause demand for our products and our revenue to decline, and have a material adverse effect on our business, financial condition, results of operations and prospects.

The lack or inaccessibility of financing for off-grid solar energy applications could cause our sales to decline.

Our products are used for "off-grid" solar energy applications in developed and developing countries, where solar energy is provided to end users independent of an electricity transmission grid. In some countries, government agencies and the private sector have, from time to time, provided subsidies or financing on preferred terms for rural electrification programs. We believe that the availability of financing could have a significant effect on the level of sales of off-grid solar energy applications, particularly in developing countries where users may not have sufficient resources or credit to otherwise acquire PV systems. If existing financing programs for off-grid solar energy applications are eliminated or if financing becomes inaccessible, the growth of the market for off-grid solar energy applications may be materially and adversely affected, which could cause our sales to decline. In addition, rising interest rates could render existing financings more expensive, as well as serve as an obstacle for potential financings that would otherwise spur the growth of the PV industry.

Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We rely primarily on patents, trademarks, trade secrets, copyrights and other contractual restrictions to protect our intellectual property. Nevertheless, these afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate. In particular, third parties may infringe or misappropriate our proprietary technologies or other intellectual property rights, which could have a material adverse effect on our business, financial condition and results of operations. Policing unauthorized use of proprietary technology can be difficult and expensive. In addition, litigation may be necessary to enforce our intellectual property

rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. We also cannot assure you that the outcome of any such litigation would be in our favor. Furthermore, any such litigation may be costly and may divert management attention as well as expend our other resources away from our business. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties. The occurrence of any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Implementation of PRC intellectual property-related laws has historically been lacking, primarily because of ambiguities in the PRC laws and difficulties in enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries.

We may be exposed to infringement or misappropriation claims by third parties, particularly in jurisdictions outside China which, if determined adversely against us, could disrupt our business and subject us to significant liability to third parties, as well as have a material adverse effect on our financial condition and results of operations.

Our success depends, in large part, on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. As we continue to market and sell our products internationally, and as litigation becomes more common in the PRC, we face a higher risk of being the subject of claims for intellectual property infringement, as well as having indemnification relating to other parties' proprietary rights held to be invalid. Our current or potential competitors, many of which have substantial resources and have made substantial investments in competing technologies, may have or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products in the European Union, the PRC or other countries. The validity and scope of claims relating to PV technology patents involve complex, scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. In addition, the defense of intellectual property claims, including patent infringement suits, and related legal and administrative proceedings can be both costly and time consuming, and may significantly divert the efforts and resources of our technical and management personnel. Furthermore, an adverse determination in any such litigation or proceeding to which we may become a party could cause us to:

- pay damage awards;
- seek licenses from third parties;
- pay ongoing royalties;
- redesign our products; or
- be restricted by injunctions,

each of which could effectively prevent us from pursuing some or all of our business and result in our customers or potential customers deferring or limiting their purchase or use of our products, which could have a material adverse effect on our financial condition and results of operations.

We may not be able to obtain sufficient patent protection on the technology embodied in the PV products we currently manufacture and sell, which could reduce our competitiveness and increase our expenses.

Although we rely primarily on trade secret laws and contractual restrictions to protect the technology in the PV cells we currently manufacture and sell, our success and ability to compete

in the future may also depend to a significant degree on obtaining patent protection for our proprietary technologies. As of September 30, 2006, we had one issued patent and three pending patent applications in the PRC. We do not have, and have not applied for, any patents for our proprietary technologies outside the PRC. As the protections afforded by our patents are effective only in the PRC, our competitors and other companies may independently develop substantially equivalent technologies or otherwise gain access to our proprietary technologies, and obtain patents for such technologies in other jurisdictions, including the countries in which we sell our products. Moreover, our patent applications in the PRC may not result in issued patents, and even if they do result in issued patents, the patents may not have claims of the scope we seek. In addition, any issued patents may be challenged, invalidated or declared unenforceable. As a result, our present and future patents may provide only limited protection for our technologies, and may not be sufficient to provide competitive advantages to us.

We depend on our key personnel, and our business and growth may be severely disrupted if we lose their services.

Our future success depends substantially on the continued services of some of our directors and key executives. In particular, we are highly dependent upon our directors and officers, including Mr. Yonghua Lu, chairman of our board of directors and chief executive officer, Mr. Hanfei Wang, our director and chief operating officer, Mr. Kevin C. Wei, our chief financial officer, Mr. Yuting Wang, our chief engineer, and Ms. Xihong Deng, our director and executive vice president. If we lose the services of one or more of these directors and executive officers, we may not be able to replace them readily, if at all, with suitable or qualified candidates, and may incur additional expenses to recruit and retain new directors and officers, particularly those with a significant mix of both international and China-based solar power industry experience similar to our current directors and officers, which could severely disrupt our business and growth. In particular, it is anticipated that Ms. Xihong Deng, who currently serves as our executive vice president in charge of international business development as a secondee from Hony Capital II, L.P., one of our shareholders, will step down from that position by the end of 2007 or earlier, and we may be unable to identify an appropriate replacement for her before her departure date. In addition, if any of these directors or executives joins a competitor or forms a competing company, we may lose some of our customers. Each of these directors and executive officers has entered into an employment agreement with us, which contains confidentiality and non-competition provisions. However, if any disputes arise between these directors or executive officers and us, it is not clear, in light of uncertainties associated with the PRC legal system, the extent to which any of these agreements could be enforced in China, where all of these directors and executive officers reside and hold some of their assets. See “— Risks Related to Doing Business in China — Uncertainties with respect to the PRC legal system could have a material adverse effect on us.” Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key research and development personnel.

Competition for personnel in the solar energy industry in China is intense, and the availability of suitable and qualified candidates is limited. In particular, we compete to attract and retain qualified research and development personnel with other PV technology companies, universities and research institutions. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, which could have a material adverse effect on our financial condition and results of operations. We may also be unable to attract or retain the personnel necessary to achieve our business objectives, and any failure in this regard could severely disrupt our business and growth.

Our independent auditors, in the course of auditing our consolidated financial statements noted several significant deficiencies in our internal controls that were deemed to constitute material weaknesses. If we fail to maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected. In addition, investor confidence and the market price of our ADSs may be adversely impacted if we or our independent auditors are unable to attest to the adequacy of the internal control over financial reporting of our company in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

Our reporting obligations as a public company will place a significant strain on our management, operational and financial resources and systems for the foreseeable future. Prior to this offering, we have been a private company with a short operating history and limited accounting personnel and other resources with which to address our internal control and procedures over financial reporting. In connection with their audit of our consolidated financial statements for the period from August 27, 2004 (inception) to December 31, 2004 and the year ended December 31, 2005, our auditors, an independent registered public accounting firm, noted and communicated to us certain significant deficiencies in our internal control over financial reporting that were deemed to constitute "material weaknesses" as defined in standards established by the U.S. Public Company Accounting Oversight Board. These material weaknesses previously identified by our independent auditors, which could result in more than a remote likelihood that a material misstatement in our annual or interim financial statements would not be prevented or detected, consisted of inadequate independent oversight and inadequate personnel resources, processes and documentation to address reporting requirements under U.S. GAAP and relevant U.S. Securities and Exchange Commission, or SEC, regulations.

In order to remedy these material weaknesses, we adopted and implemented several measures to improve our internal control over financial reporting. In addition to appointing a new chief financial officer in July 2006 to lead our company's financial and risk management and a new principal accounting officer in August 2006, both of whom have extensive audit experience and U.S. GAAP knowledge, we established in November 2006 an audit committee composed entirely of independent directors to oversee the accounting and financial reporting processes as well as external and internal audits of our company. Our audit committee was recently notified of anonymous allegations of misconduct by our employees. Our audit committee subsequently conducted an investigation and found no basis for these allegations. See "Our Business — Legal and Administrative Proceedings." However, if, despite our audit committee's investigation, these allegations later prove to have merit, there could be liability for our company and we may be required to take additional measures to improve our internal controls. In addition, these types of allegations require our board of directors and management to expend significant resources to investigate and take other appropriate actions, and addressing such allegations could divert the attention of our board of directors and management from the operation of our business, thereby resulting in a negative impact on our financial condition and results of operations.

In the course of auditing our consolidated financial statements as of and for the nine months ended September 30, 2006, our auditors noted improvements in our internal controls, as well as certain circumstances in which our financial statement closing processes could and should be further enhanced that collectively constituted a material weakness in our internal control over financial reporting. Specifically, written intentions to grant share options to certain of our employees should have been disclosed in the previously issued December 31, 2004, December 31, 2005 and March 31, 2006 financial statements as a subsequent event. This material weakness could result in more than a remote likelihood that a material misstatement in our annual or interim financial statements would not be prevented or detected. However, our management believes that none of the specific deficiencies identified has individually or collectively had a material adverse effect on our financial statements, and these deficiencies were not related to any fraudulent acts.

To address this material weakness, we have undertaken additional initiatives to strengthen our internal control over financial reporting generally and specifically to improve our U.S. GAAP financial closing-related policies and procedures. These initiatives have included hiring additional qualified professionals with relevant experience for our finance and accounting department and increasing the level of interaction among our management, audit committee, independent auditors and other external advisors. We are also in the process of implementing additional measures to further make improvements, including providing specialized training for our existing personnel. However, the implementation of these initiatives may not fully address these deficiencies in our internal control over financial reporting, and we cannot yet conclude that they have been fully remedied. Our failure to correct these deficiencies or our failure to discover and address any other weaknesses or deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected.

Upon completion of this offering, we will become a public company in the United States that is subject to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. Section 404 of the Sarbanes-Oxley Act will require that we include a report from management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2007. In addition, beginning at the same time, our auditors must attest to and report on management's assessment of the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management does conclude that our internal control over financial reporting is effective, our independent registered public accounting firm may disagree. If our independent registered public accounting firm is not satisfied with our internal control over financial reporting or the level at which our internal control over financial reporting is documented, designed, operated or reviewed, or if the independent registered public accounting firm interprets the requirements, rules or regulations differently than we do, then they may decline to attest to our management's assessment or may issue an adverse opinion. Any of these possible outcomes could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our reporting processes, which could adversely impact the market price of our ADSs. We will need to incur significant costs and use significant management and other resources in order to comply with Section 404 of the Sarbanes-Oxley Act.

We have very limited insurance coverage and we are subject to the risk of damage due to fires or explosions because some materials we use in our manufacturing processes are highly flammable.

We do not maintain any third-party liability insurance coverage or any insurance coverage for business interruption or environmental damage arising from accidents that occur in the course of our operations. As a result, we may have to pay for financial and other losses, damages and liabilities, including those caused by natural disasters and other events beyond our control, out of our own funds, which could have a material adverse effect on our financial condition and results of operations.

Furthermore, we are subject to risk of explosion and fires, as highly flammable gases, such as silane and nitrogen gas, are generated in our manufacturing processes. While we have not experienced to date any explosion or fire, the risks associated with these gases cannot be completely eliminated. We have adopted various measures, such as using special gas treatment equipment, to minimize such risk. Although we maintain fire insurance coverage, it may not be sufficient to cover all of our potential losses due to an explosion or fire. Moreover, if any of our production lines or equipment were to be damaged or cease operation as a result of an explosion or fire, it would temporarily reduce our manufacturing capacity and may result in

investigations or penalties by relevant regulatory authorities, which could materially and adversely affect our business, financial condition and results of operations.

Any environmental claims or failure to comply with any present or future environmental regulations may require us to spend additional funds and may materially and adversely affect our financial condition and results of operations.

We are subject to a variety of laws and regulations relating to the use, storage, discharge and disposal of chemical by-products of, and water used in, our manufacturing operations and research and development activities, including toxic, volatile and otherwise hazardous chemicals and wastes. We are in compliance with current environmental regulations to conduct our business as it is presently conducted. Although we have not suffered material environmental claims in the past, the failure to comply with any present or future regulations could result in the assessment of damages or imposition of fines against us, suspension of production or a cessation of our operations. New regulations could also require us to acquire costly equipment or to incur other significant expenses. Any failure by us to control the use of, or to adequately restrict the discharge of, hazardous substances could subject us to potentially significant monetary damages and fines or suspension of our business, as well as our financial condition and results of operations.

The use of certain hazardous substances, such as lead, in various products is also coming under increasingly stringent governmental regulation. Increased environmental regulation in this area could adversely impact the manufacture and sale of solar modules that contain lead and could require us to make unanticipated environmental expenditures. For example, the European Union Directive 2002/96/EC on Waste Electrical and Electronic Equipment, or the WEEE Directive, requires manufacturers of certain electrical and electronic equipment to be financially responsible for the collection, recycling, treatment and disposal of specified products placed on the market in the European Union. In addition, European Union Directive 2002/95/EC on the Restriction of the use of Hazardous Substances in electrical and electronic equipment, or the RoHS Directive, restricts the use of certain hazardous substances, including lead, in specified products. Other jurisdictions are considering adopting similar legislation. Currently, we are not required under the WEEE or RoHS Directives to collect, recycle or dispose any of our products. However, the Directives allow for future amendments subjecting additional products to the Directives' requirements. If, in the future, our solar modules become subject to such requirements, we may be required to apply for an exemption. If we were unable to obtain an exemption, we would be required to redesign our solar modules in order to continue to offer them for sale within the European Union, which would be impractical. Failure to comply with the Directives could result in the imposition of fines and penalties, the inability to sell our solar modules in the European Union, competitive disadvantages and loss of net sales, all of which could have a material adverse effect on our business, financial condition and results of operations.

Our business benefits from certain PRC government incentives. Expiration of, or changes to, these incentives could have a material adverse effect on our results of operations.

In accordance with the current PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises and the related implementing rules, Linyang China is currently subject to a preferential enterprise income tax rate of 24% and a local income tax rate of 3%. In addition, under these taxation laws and regulations, Linyang China is exempted from enterprise income tax for 2005 and 2006 and will be taxed at a reduced rate of 12% in 2007, 2008 and 2009. From 2005 until the end of 2009, Linyang China is also exempted from the 3% local income tax. From 2010 onward, Linyang China will be taxed at a rate of 27%, consisting of 24% enterprise income tax and 3% local income tax. In addition, Linyang China is currently applying for a two-year income tax exemption and a reduced tax rate of 12% for the following

three years on income generated from its increased capital resulting from our contribution to Linyang China of the funds we received through issuances of our series A convertible preference shares in June and August 2006. As these tax incentives expire, the effective tax rate of Linyang China will increase significantly, and any increase of Linyang China's enterprise income tax rate in the future could have a material adverse effect on our financial condition and results of operations.

Fluctuations in exchange rates could adversely affect our business as well as result in foreign currency exchange losses.

Our financial statements are expressed in, and our functional currency is Renminbi. The change in value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in a more than 4% appreciation of the Renminbi against the U.S. dollar. The PRC government may decide to adopt an even more flexible currency policy in the future, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar. An appreciation of the Renminbi relative to other foreign currencies could decrease the per unit revenue generated from our international sales. If we increased our pricing to compensate for the reduced purchasing power of foreign currencies, we may decrease the market competitiveness, on a price basis, of our products. This could result in a decrease in our international sales and materially and adversely affect our business.

A substantial portion of our sales is denominated in U.S. dollars and Euros, while a substantial portion of our costs and expenses is denominated in Renminbi and U.S. dollars. As a result, the revaluation of the Renminbi in July 2005 has increased, and further revaluations could further increase, our costs. In addition, as we rely entirely on dividends paid to us by Linyang China, our operating subsidiary in the PRC, any significant revaluation of the Renminbi may have a material adverse effect on our financial condition and results of operations. The value of, and any dividends payable on, our ADSs in foreign currency terms will also be affected. For example, when converting the U.S. dollars we receive from this offering into Renminbi for our operations, any appreciation of the Renminbi against the U.S. dollar will decrease the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, an appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Fluctuations in exchange rates, particularly among the U.S. dollar, Renminbi and Euro, also affect our gross and net profit margins and could result in fluctuations in foreign exchange and operating gains and losses. We incurred net foreign currency losses of RMB1.8 million and RMB2.1 million in 2005 and the nine months ended September 30, 2006, respectively. We cannot predict the impact of future exchange rate fluctuations on our financial condition and results of operations, and we may incur net foreign currency losses in the future.

Very limited hedging transactions are available in the PRC to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited and we may not be able to successfully hedge our exposure at all. In addition, our foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currencies.

One of our existing shareholders has substantial influence over our company and his interests may not be aligned with the interests of our other shareholders.

Mr. Yonghua Lu, chairman of our board of directors and chief executive officer, currently beneficially owns 42.9% of our outstanding share capital and will beneficially own approximately 32.2% of our outstanding share capital upon completion of this offering. Accordingly, Mr. Lu has substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering.

If we grant employee share options and other share-based compensation in the future, our net income could be adversely affected.

We adopted a share incentive plan for our employees in November 2006, pursuant to which we may issue options to purchase up to 10,799,865 ordinary shares. As of November 30, 2006, options to purchase 8,012,998 ordinary shares had been granted under this plan. As a result of these option grants and potential future grants under this plan, we expect to incur significant share compensation expenses in future periods. The amount of these expenses will be based on the fair value of the share-based awards. Fair value is determined based on an independent third party valuation. We have adopted Statement of Financial Accounting Standard No. 123 (revised 2004) for the accounting treatment of our share incentive plan. As a result, we will have to account for compensation costs for all share options, including share options granted to our directors and employees, using a fair-value based method and recognize expenses in our consolidated statement of operations in accordance with the relevant rules under U.S. GAAP, which may have a material adverse effect on our net profit. Moreover, the additional expenses associated with share-based compensation may reduce the attractiveness of such incentive plan to us. However, our share incentive plan and other similar types of incentive plans are important in order to attract and retain key personnel. We cannot assure you that employee share options or other share-based compensation we may grant in the future, would not have a material adverse effect on our profitability.

We may become a passive foreign investment company, which could result in adverse U.S. tax consequences to U.S. investors.

We may become a passive foreign investment company for U.S. federal income tax purposes for any year. Such classification could result in adverse U.S. federal income tax consequences to U.S. investors. For a detailed discussion of the passive foreign investment company rules, please see “Taxation — United States Federal Income Taxation — Passive Foreign Investment Company” below. We urge U.S. investors to consult their own tax advisors with respect to the U.S. federal income tax consequences of their investment.

Risks Related to Doing Business in China

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products and materially and adversely affect our competitive position.

Substantially all of our operations are conducted in China and some of our sales are made in China. Accordingly, our business, financial condition, results of operations and prospects are

affected significantly by economic, political and legal developments in China. The PRC economy differs from the economies of most developed countries in many respects, including:

- the amount of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange; and
- the allocation of resources.

While the PRC economy has grown significantly over the past 25 years, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although the PRC government has in recent years implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the PRC government. The continued control of these assets and other aspects of the national economy by the PRC government could materially and adversely affect our business. The PRC government also exercises significant control over economic growth in China through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Efforts by the PRC government to slow the pace of growth of the PRC economy could result in decreased capital expenditure by solar energy users, which in turn could reduce demand for our products.

Any adverse change in the economic conditions or government policies in China could have a material adverse effect on the overall economic growth and the level of renewable energy investments and expenditures in China, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our business and prospects. In particular, the PRC government has, in recent years, promulgated certain laws and regulations and initiated certain government-sponsored programs to encourage the utilization of new forms of energy, including solar energy. We cannot assure you that the implementation of these laws, regulations and government programs will be beneficial to us. In particular, any adverse change in the PRC government's policies towards the solar power industry may have a material adverse effect on our operations as well as on our plans to expand our business into downstream system integration services.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

We conduct substantially all of our business through our operating subsidiary in the PRC, Linyang China, a Chinese wholly foreign-owned enterprise. Linyang China is generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes, and prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws,

regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

We rely principally on dividends and other distributions on equity paid by our operating subsidiary to fund cash and financing requirements, and limitations on the ability of our operating subsidiary to pay dividends or other distributions to us could have a material adverse effect on our ability to conduct our business.

We are a holding company and conduct substantially all of our business through our operating subsidiary, Linyang China, which is a limited liability company established in China. We rely on dividends paid by Linyang China for our cash needs, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities organized in China is subject to limitations. In particular, regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Linyang China is also required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends. In addition, Linyang China is required to allocate a portion of its after-tax profit to its staff welfare and bonus fund at the discretion of its board of directors. Moreover, if Linyang China incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Restrictions on currency exchange may limit our ability to receive and use our revenue effectively.

A significant portion of our revenue and expenses are denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account”, which includes foreign direct investment and loans. Currently, Linyang China may purchase foreign currencies for settlement of current account transactions, including payments of dividends to us, without the approval of the State Administration of Foreign Exchange, or SAFE. However, the relevant PRC government authorities may limit or eliminate our ability to purchase foreign currencies in the future. Since a significant amount of our future revenue will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in Renminbi to fund our business activities outside China that are denominated in foreign currencies.

Foreign exchange transactions by Linyang China under the capital account continue to be subject to significant foreign exchange controls and require the approval of or need to register with PRC governmental authorities, including SAFE. In particular, if Linyang China borrows foreign currency loans from us or other foreign lenders, these loans must be registered with SAFE, and if we finance Linyang China by means of additional capital contributions, these capital contributions must be approved by certain government authorities, including the National Development and Reform Commission, or the NDRC, the Ministry of Commerce or their respective local counterparts. These limitations could affect the ability of Linyang China to obtain foreign exchange through debt or equity financing.

Recent PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to acquire PRC companies or to inject capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute profits to us, or otherwise materially and adversely affect us.

SAFE issued a public notice in October 2005, or the SAFE notice, requiring PRC residents, including both legal persons and natural persons, to register with the competent local SAFE branch before establishing or controlling any company outside of China, referred to as an "offshore special purpose company," for the purpose of acquiring any assets of or equity interest in PRC companies and raising fund from overseas. In addition, any PRC resident that is the shareholder of an offshore special purpose company is required to amend its SAFE registration with the local SAFE branch, with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity investment or creation of any security interest over any assets located in China. If any PRC shareholder of any offshore special purpose company fails to make the required SAFE registration and amendment, the PRC subsidiaries of that offshore special purpose company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the offshore special purpose company. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. Our current beneficial owners who are PRC residents have registered with the local SAFE branch as required under the SAFE notice. The failure of these beneficial owners to amend their SAFE registrations in a timely manner pursuant to the SAFE notice or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in the SAFE notice may subject such beneficial owners to fines and legal sanctions and may also result in a restriction on our PRC subsidiary's ability to distribute profits to us or otherwise materially and adversely affect our business. In addition, the NDRC promulgated a rule in October 2004, or the NDRC Rule, which requires NDRC approvals for overseas investment projects made by PRC entities. The NDRC Rule also provides that approval procedures for overseas investment projects of PRC individuals shall be implemented with reference to this rule. However, there exist extensive uncertainties in terms of interpretation of the NDRC Rule with respect to its application to a PRC individual's overseas investment, and in practice, we are not aware of any precedents that a PRC individual's overseas investment has been approved by the NDRC or challenged by the NDRC based on the absence of NDRC approval. Our current beneficial owners who are PRC individuals did not apply for NDRC approval for investment in us. We cannot predict how and to what extent this will affect our business operations or future strategy. For example, the failure of our shareholders who are PRC individuals to comply with the NDRC Rule may subject these persons or our PRC subsidiary to certain liabilities under PRC laws, which could adversely affect our business.

Our failure to obtain the prior approval of the China Securities Regulatory Commission, or the CSRC, of the listing and trading of our ADSs on the Nasdaq Global Market could significantly delay this offering or could have a material adverse effect on our business, operating results, reputation and trading price of our ADSs, and may also create uncertainties for this offering.

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce, or MOFCOM, the State Assets Supervision and Administration Commission, or SASAC, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC, and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, which became effective on September 8, 2006. This regulation, among other things, includes provisions that purport to require that an offshore special purpose vehicle, or SPV, formed for purposes of overseas listing of equity interest in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by SPVs. The CSRC approval procedures require the filing of a number of documents with the CSRC and it would take several months to complete the approval process.

The application of this new PRC regulation remains unclear with no consensus currently existing among the leading PRC law firms regarding the scope of the applicability of the CSRC approval requirement.

Our PRC counsel, Grandall Legal Group, has advised us that, based on their understanding of the current PRC laws, regulations and rules and the procedures announced on September 21, 2006:

- CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus shall be subject to this new procedure;
- In spite of the above, given that we have completed our restructuring before September 8, 2006, the effective date of the new regulation, this regulation does not require an application to be submitted to the CSRC for the approval of the listing and trading of our ADSs on the Nasdaq Global Market, unless we are clearly required to do so by possible later rules of CSRC.

If the CSRC requires that we obtain its approval prior to the completion of this offering, this offering will be delayed until we obtain CSRC approval, which may take several months. If prior CSRC approval is required but not obtained, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from this offering into the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur.

Also, if the CSRC subsequently requires that we obtain its approval, we may be unable to obtain a waiver of the CSRC approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding this CSRC approval requirement could have a material adverse effect on the trading price of our ADSs.

We face risks related to health epidemics and other outbreaks.

Adverse public health epidemics or pandemics could disrupt business and the economics of the PRC and other countries where we do business. From December 2002 to June 2003, China and other countries experienced an outbreak of a highly contagious form of atypical pneumonia now known as severe acute respiratory syndrome, or SARS. On July 5, 2003, the World Health Organization declared that the SARS outbreak had been contained. However, a number of isolated new cases of SARS were subsequently reported, most recently in central China in April 2004. During May and June of 2003, many businesses in China were closed by the PRC government to prevent transmission of SARS. Moreover, some Asian countries, including China, have recently encountered incidents of the H5N1 strain of bird flu, or avian flu. We are unable to predict the effect, if any, that avian flu may have on our business. In particular, any future outbreak of SARS, avian flu or other similar adverse public developments may, among other things, significantly disrupt our business, including limiting our ability to travel or ship our products within or outside China and forcing us to temporary close our manufacturing facilities. Furthermore, an outbreak may severely restrict the level of economic activity in affected areas,

which may in turn materially and adversely affect our financial condition and results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, SARS or any other epidemic.

Risks Related to This Offering

There has been no public market for our ordinary shares or ADSs prior to this offering, and you may not be able to resell our ADSs at or above the price you paid, or at all.

Prior to this offering, there has been no public market for our ADSs or our ordinary shares underlying the ADSs. We have applied to have our ADSs quoted on the Nasdaq Stock Market Inc.'s National Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the -counter trading system. If an active public market for our ADSs does not develop after this offering, the market price and liquidity of our ADSs may be materially and adversely affected. Moreover, the initial public offering price for our ADSs will be determined by negotiation between us and the underwriters based upon several factors, and the price at which our ADSs trade after this offering may decline below the initial public offering price. As a result, investors in our ADSs may experience a decrease in the value of their ADSs regardless of our operating performance or prospects.

The market price for our ADSs may be volatile.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

- announcements of technological or competitive developments;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- announcements regarding patent litigation or the issuance of patents to us or our competitors;
- announcements of studies and reports relating to the conversion efficiencies of our products or those of our competitors;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of other PV technology companies;
- additions or departures of our directors, executive officers and key research personnel; and
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States may affect the volatility in the price and trading volumes for our ADSs. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of these companies' securities at the time or after their offerings may affect the overall investor sentiment towards PRC companies listed in the United States and consequently may impact the trading performance of our ADSs.

As the initial public offering price of our ADSs is substantially higher than our net tangible book value per share, you will incur immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately US$9.27 per ADS (assuming no exercise by the underwriters of options to purchase additional ADSs), representing the difference between our net tangible book value per ADS as of September 30, 2006, after giving effect to this offering and an initial public offering price of US$12.50 per ADS (the mid-point of the estimated initial public offering price range set forth on the front cover of this prospectus). In addition, you may experience further dilution to the extent that our ordinary shares are issued upon the exercise of outstanding or to-be-issued share options. All of the ordinary shares issuable upon the exercise of currently outstanding share options will be issued at a purchase price on a per ADS basis that is less than the initial public offering price per ADS in this offering. See “Dilution” for a more complete description of how the value of your investment in our ADSs will be diluted upon the completion of this offering.

Substantial future sales or perceived sales of our ADSs or ordinary shares in the public market could cause the price of our ADSs to decline.

Sales of our ADSs or ordinary shares in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering, we will have 239,994,754 ordinary shares outstanding, including 60,000,000 ordinary shares represented by 12,000,000 ADSs, or 239,994,754 ordinary shares outstanding, including 69,000,000 ordinary shares represented by 13,800,000 ADSs, if the underwriters exercise their option to purchase additional ADSs in full. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the U.S. Securities Act of 1933, as amended, or the Securities Act. The remaining ordinary shares outstanding after this offering will be available for sale upon the expiration of certain lock-up arrangements entered into with us, the underwriters and other shareholders as further described under “Underwriting” and “Shares Eligible for Future Sale.” In addition, ordinary shares that certain option holders will receive when they exercise their share options will not be available for sale until the later of (i) the first anniversary of the grant date and (ii) the expiration of any relevant lock-up periods, subject to volume and other restrictions that may be applicable under Rule 144 and Rule 701 under the Securities Act. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

Our articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

We have adopted our amended and restated articles of association, which will become effective immediately upon completion of this offering. Our new articles of association limit the ability of others to acquire control of our company or cause us to engage in change-of -control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of

management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights as our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under our amended and restated articles of association, the minimum notice period required to convene a general meeting is 14 days. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw your ordinary shares to allow you to cast your vote with respect to any specific matter. If requested in writing by us, the depositary will mail a notice of such a meeting to you. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but you may not receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

You may be subject to limitations on transfers of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive distributions with respect to the underlying ordinary shares if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, in the event we conduct any rights offering in the future, the depositary may not make such rights available to you or may dispose of such rights and make the net proceeds available to you. As a result, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion

to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. As a result, the depositary may decide not to make the distribution and you will not receive such distribution.

We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our amended and restated memorandum and articles of association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

The Cayman Islands courts are also unlikely:

- to recognize or enforce against us judgments of courts of the United States based on certain civil liability provisions of U.S. securities laws; and
- to impose liabilities against us, in original actions brought in the Cayman Islands, based on certain civil liability provisions of U.S. securities laws that are penal in nature.

There is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the courts of the Cayman Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a U.S. public company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk Factors,” which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “aim,” “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “is/are likely to,” “may,” “plan,” “potential,” “will” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our expectations regarding the worldwide demand for electricity and the market for solar energy;
- our beliefs regarding the effects of environmental regulation, lack of infrastructure reliability and long-term fossil fuel supply constraints;
- our beliefs regarding the inability of traditional fossil fuel-based generation technologies to meet the demand for electricity;
- our beliefs regarding the importance of environmentally friendly power generation;
- our expectations regarding governmental support for the deployment of solar energy;
- our beliefs regarding the acceleration of adoption of solar technologies;
- our expectations with respect to advancements in our technologies;
- our beliefs regarding the competitiveness of our solar products;
- our expectations regarding the scaling of our manufacturing capacity;
- our expectations with respect to increased revenue growth and our ability to achieve profitability resulting from increases in our production volumes;
- our expectations with respect to our ability to secure raw materials, especially silicon wafers, in the future;
- our future business development, results of operations and financial condition; and
- competition from other manufacturers of PV products and conventional energy suppliers.

This prospectus also contains data related to the PV market worldwide and in China. This market data, including market data from Solarbuzz, an independent solar energy research firm, include projections that are based on a number of assumptions. The PV market may not grow at the rates projected by the market data, or at all. The failure of the market to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. In addition, the rapidly changing nature of the PV market subjects any projections or estimates relating to the growth prospects or future condition of our market to significant uncertainties. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$134.8 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and assuming an initial public offering price of US$12.50 per ADS, the midpoint of the estimated initial public offering price range as set forth on the cover page of this prospectus. A US$1.00 increase (decrease) in the assumed initial public offering price of US$12.50 per ADS would increase (decrease) the net proceeds to us from this offering by US$11.2 million, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us and assuming no exercise of the underwriters' option to purchase additional ADSs and no other change to the number of ADSs offered by us as set forth on the cover page of this prospectus.

We intend to use the net proceeds we will receive from this offering primarily for the following purposes:

- approximately US$50 million to purchase or prepay for raw materials;
- approximately US$40 million to expand our manufacturing capacity; and
- approximately US$10 million to invest in our research and development activities.

We intend to use the remaining proceeds for other general corporate purposes and for potential acquisitions of, or investments in, businesses and technologies that we believe will complement our current operations and our expansion strategies. We do not currently have any agreements or understandings with third parties to make any material acquisitions of, or investments in, other businesses.

Depending on future events and other changes in the business climate, we may determine at a later time to use the net proceeds for different purposes. Pending these uses, we intend to invest the net proceeds to us in short-term bank deposits, direct or guaranteed obligations of the U.S. government or other short-term money market instruments. These investments may have a material adverse effect on the U.S. federal income tax consequences of your investment in our ADSs. It is possible that we may become a passive foreign investment company for U.S. federal tax purposes, which could result in negative tax consequences for you. For a more detailed discussion of these consequences, see "Taxation — United States Federal Income Taxation — Passive Foreign Investment Company." Also see "Risk Factors — Risks Related to Our Business — We may become a passive foreign investment company, which could result in adverse U.S. tax consequences to U.S. investors."

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders.

CAPITALIZATION

The following table sets forth our capitalization, as of September 30, 2006:

- on an actual basis;
- on a pro forma basis to reflect the automatic conversion of all 79,644,754 of our outstanding series A convertible preference shares we issued in June and August 2006 into 79,644,754 ordinary shares upon the completion of this offering; and
- on a pro forma as adjusted basis to give effect to (1) the conversion of all of our outstanding series A convertible preference shares and (2) the issuance and sale of 12,000,000 ADSs we are offering at an assumed initial public offering price of US$12.50 per ADS, the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus, after deducting underwriting discounts, commissions and estimated offering expenses payable by us.

You should read this table together with "Selected Consolidated Financial and Operating Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of September 30, 2006					
	Actual	Actual	Pro Forma	Pro Forma	Pro Forma as Adjusted	Pro Forma as Adjusted
	RMB	US$	RMB	US$	RMB	US$
	(in thousands)					
Series A redeemable convertible preference shares, US$0.0001 par value; 79,644,754 shares issued and outstanding (liquidation value US$61.7 million)	423,704 (2)	53,606	—	—	—	—
Shareholders' equity						
Ordinary shares, US$0.0001 par value, 400,000,000 shares authorized; 100,350,000 shares issued and outstanding, 179,994,754 shares issued and outstanding on a pro forma basis and 239,994,754 shares issued and outstanding on a pro forma as adjusted basis (1)	84	11	147	19	198	25
Additional paid-in capital	82,208	10,401	502,173	63,534	1,567,866	198,364
Statutory reserve	2,245	284	2,245	284	2,245	284
Retained earnings	80,753	10,216	80,753	10,216	80,753	10,216
Total shareholders' equity	165,290	20,912	585,318	74,053	1,651,062	208,889
Total capitalization	588,994	74,518	585,318	74,053	1,651,062	208.889(3)

(1) Exclude 10,799,685 ordinary shares reserved for future issuance under our 2006 equity incentive plan.

(2) Include accrued dividends of RMB3.7 million (US$0.5 million), which will be paid to the holders of the series A convertible preference shares prior to the conversion of 79,644,754 series A convertible preference shares into 79,644,754 ordinary shares upon the completion of this offering.

(3) A US$1.00 increase (decrease) in the assumed initial public offering price of US$12.50 per ADS would increase (decrease) each of additional paid-in capital, total shareholders' equity and total capitalization by US$11.2 million.

As of the date of this prospectus, there has been no material change to our capitalization as set forth above.

DILUTION

If you invest in our ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the conversion of our series A convertible preference shares and the fact that the initial public offering price per ordinary share of our ADSs is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares. Our net tangible book value as of September 30, 2006 was approximately RMB158.7 million (US$20.1 million), or RMB1.58 (US$0.20) per ordinary share as of that date, and US$1.00 per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the conversion of all outstanding series A convertible preference shares into ordinary shares upon the completion of this offering and the additional proceeds we will receive from this offering, from the assumed initial public offering price per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after September 30, 2006, other than to give effect to our sale of the ADSs offered in this offering at the initial public offering price of US$12.50 per ADS after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us and the conversion of all outstanding series A convertible preference shares into ordinary shares upon the completion of this offering, our adjusted net tangible book value as of September 30, 2006 would have been RMB1,224.4 million (US$154.9 million), or RMB5.10 (US$0.65) per outstanding ordinary share, including ordinary shares underlying our outstanding ADSs, and RMB25.51 (US$3.23) per ADS. This represents an immediate increase in net tangible book value of US$0.45 per ordinary share and US$2.23 per ADS, to the existing shareholders and an immediate dilution in net tangible book value of US$1.85 per ordinary share and US$9.27 per ADS, to investors purchasing ADSs in this offering.

The following table illustrates such dilution on a per ordinary share and per ADS basis:

Assumed initial public offering price per ordinary share	US$	2.50
Assumed initial public offering price per ADS	US$	12.50
Net tangible book value per ordinary share as of September 30, 2006	US$	0.20
Increase in net tangible book value per ordinary share attributable to this offering	US$	0.45
Adjusted net tangible book value per ordinary share after giving effect to the conversion of all outstanding series A convertible preference shares into ordinary shares upon the completion of this offering and the additional proceeds we will receive from this offering	US$	0.65
Dilution in net tangible book value per ordinary share to new investors in this offering	US$	1.85
Dilution in net tangible book value per ADS to new investors in this offering	US$	9.27

A US$1.00 increase (decrease) in the assumed initial public offering price of US$12.50 per ADS would increase (decrease) our adjusted net tangible book value after giving effect to the offering by RMB88.2 million (US$11.2 million), the adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by RMB0.37 (US$0.05) per ordinary share and RMB1.84 (US$0.23) per ADS and the dilution in adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by RMB15.87 (US$2.01) per ordinary share and RMB79.36 (US$10.04) per ADS, assuming no change to the number of ADSs

offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on an as adjusted basis, as of September 30, 2006, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share paid before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration			
	Number	Percent	Amount	Percent	Average Price Per Ordinary Share	Average Price Per ADS
Existing shareholders	179,994,754(1)	75.0%	US$ 63,553,000	29.8%	US$ 0.35	US$ 1.77
New investors	60,000,000	25.0	US$150,000,000	70.2%	US$ 2.50	US$ 12.50
Total	239,994,754	100.0%	US$213,553,000	100.0%	US$ 0.89	US$ 4.45

(1) Assumes conversion of all our series A convertible preference shares into ordinary shares upon completion of this offering.

A US$1.00 increase (decrease) in the assumed initial public offering price of US$12.50 per ADS would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and the average price per ADS paid by all shareholders by US$12.0 million, US$12.0 million and US$0.25, respectively, assuming no change in the number of ADSs sold by us as set forth on the cover page of this prospectus and without deducting underwriting discounts and commissions and estimated offering expenses payable by us.

DIVIDEND POLICY

We have never declared or paid dividends, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. Under the amended and restated memorandum and articles of association that were in effect prior to this offering, holders of series A convertible preference shares were entitled to receive an annual 3.5% cumulative dividend. We will make a one-time cash dividend payment in the aggregate amount of approximately US$0.9 million immediately prior to this offering to these holders of the series A convertible preference shares.

Our board of directors has complete discretion on whether to pay dividends, subject to the approval of our shareholders. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

We rely on dividends paid by Linyang China for our cash needs, including the funds necessary to pay dividends to our shareholders. The payment of dividends by Linyang China is subject to limitations. See “Risk Factors — Risks Related to Doing Business in China — We rely principally on dividends and other distributions on equity paid by our operating subsidiary to fund cash and financing requirements, and limitations on the ability of our operating subsidiary to pay dividends or other distributions to us could have a material adverse effect on our ability to conduct our business.”

EXCHANGE RATE INFORMATION

The following table sets forth information regarding the noon buying rates in Renminbi and U.S. dollars for the periods indicated.

	Renminbi per U.S. Dollar Noon Buying Rate			
	Period End	Average [1]	Low	High
2001	8.2766	8.2772	8.2709	8.2786
2002	8.2800	8.2772	8.2700	8.2800
2003	8.2767	8.2771	8.2765	8.2800
2004	8.2765	8.2768	8.2764	8.2774
2005	8.0702	8.1826	8.0702	8.2765
2006				
June	7.9943	8.0042	7.9943	8.0225
July	7.9690	7.9897	7.9690	8.0018
August	7.9730	7.9722	7.9538	8.0000
September	7.9040	7.9334	7.8965	7.9545
October	7.8785	7.9019	7.8728	7.9168
November	7.8340	7.8622	7.8303	7.8750
December (through December 11)	7.8340	7.8267	7.8217	7.8350

Source: Federal Reserve Bank of New York

(1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

On December 11, 2006, the noon buying rate was RMB7.8340 to US$1.00.

We publish our financial statements in Renminbi. This prospectus contains translations of Renminbi amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars were made at the noon buying rate in the City of New York for cable transfers in Renminbi per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York, as of September 29, 2006, which was RMB7.9040 to US$1.00. No representation is made that the Renminbi amounts referred to in this prospectus could have been or could be converted into U.S. dollars at any particular rate or at all.

The People's Bank of China, or PBOC, issued a public notice on July 21, 2005 increasing the exchange rate of the Renminbi against the U.S. dollar by approximately 2% to RMB8.11 per US$1.00. Further to this notice, the PRC government has reformed its exchange rate regime by adopting a managed floating exchange rate regime based on market supply and demand with reference to a portfolio of currencies. Under this new regime, the Renminbi will no longer be pegged to the U.S. dollar. This change in policy has resulted in a more than 4% appreciation of the Renminbi against the U.S. dollar. The PRC government may decide to adopt an even more flexible currency policy in the future, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated financial data have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated statements of operations for the period from August 27, 2004 (inception) to December 31, 2004, the year ended December 31, 2005 and the nine months ended September 30, 2006 and our consolidated balance sheets as of December 31, 2004, 2005 and September 30, 2006 have been audited by Ernst & Young Hua Ming, an independent registered public accounting firm. The report of Ernst & Young Hua Ming on those consolidated financial statements is included elsewhere in this prospectus, and the selected consolidated financial information for those periods and as of those dates are qualified by reference to those financial statements and that report, and should be read in conjunction with them and with "Management's Discussion and Analysis of Financial Condition and Results of Operations." The selected consolidated statement of operations data for the nine months ended September 30, 2005 has been derived from our unaudited consolidated financial statements included elsewhere in this prospectus, which have been prepared on the same basis as our audited consolidated financial statements and contain normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for such unaudited periods. Our consolidated financial statements are prepared and presented in accordance with United States generally accepted accounting principles, or U.S. GAAP. Our historical results do not necessarily indicate our results expected for any future periods.

	Period from August 27, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
	(in thousands, except share and per share data)					
Consolidated Statement of Operations Data						
Net revenue						
PV modules	—	165,636	20,956	86,484	360,154	45,566
PV cells	—	542	68	—	6,624	838
PV cells processing	—	—	—	—	19,461	2,462
Total net revenue	—	166,178	21,024	86,484	386,239	48,866
Cost of revenue						
PV modules	—	(139,481)	(17,647)	(75,627)	(255,867)	(32,371)
PV cells	—	(422)	(53)	—	(5,548)	(702)
PV cells processing	—	—	—	—	(6,014)	(761)
Total cost of revenue	—	(139,903)	(17,700)	(75,627)	(267,429)	(33,834)
Gross profit	—	26,275	3,324	10,857	118,810	15,032
Operating expenses						
Selling expenses	—	(5,258)	(665)	(2,653)	(6,023)	(762)
General and administrative expenses	(629)	(4,112)	(520)	(2,711)	(31,585) [1]	(3,996)
Research and development expenses	—	(750)	(95)	(415)	(2,723)	(344)
Total operating expenses	(629)	(10,120)	(1,280)	(5,779)	(40,331)	(5,102)

	Period from August 27, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
	(in thousands, except share and per share data)					
Consolidated Statement of Operations Data						
Operating profit (loss)	(629)	16,155	2,044	5,078	78,479	9,930
Interest expenses	—	(123)	(15)	—	(3,855)	(488)
Interest income	22	95	12	24	492	62
Exchange losses	—	(1,768)	(224)	(935)	(2,123)	(269)
Other income	—	215	27	215	486	61
Other expenses	—	(260)	(33)	(207)	(474)	(60)
Change in fair value of embedded foreign currency derivative	—	—	—	—	(1,082)	(137)
Government grant	—	—	—	—	640	81
Net income (loss) before tax and minority interests	(607)	14,314	1,811	4,175	72,563	9,180
Income tax benefit	—	96	12	52	574	73
Minority interest	—	—	—	—	(266)	(33)
Net income (loss)	(607)	14,410	1,823	4,227	72,871	9,220
Net income (loss) attributable to ordinary shareholders	(607)	14,410	1,823	4,227	69,195	8,754
Net income (loss) per share						
— Basic	(0.01)	0.26	0.03	0.08	0.69	0.09
— Diluted	(0.01)	0.22	0.03	0.07	0.55	0.07
Shares used in computation						
— Basic	51,994,399	54,511,540	54,511,540	51,994,399	100,350,000	100,350,000
— Diluted	51,994,399	66,366,469	66,366,469	58,178,291	131,624,178	131,624,178
Pro forma net income per share						
— Basic		0.11	0.01		0.40	0.05
— Diluted		0.09	0.01		0.37	0.05
Shares used in computation						
— Basic		134,156,294	134,156,294		179,994,754	179,994,754
— Diluted		160,296,813	160,296,813		195,923,705	195,923,705

(1) In the nine months ended September 30, 2006, we recorded a share compensation charge of RMB10.3 million (US$1.3 million), which related to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company and a share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

	Period from August 27, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (unaudited)	(RMB)	(US$)
	(in thousands, except margin and other operating data)					
Other Financial Data						
Gross margin	—	15.8%		12.6%	30.8%	
Operating margin	—	9.7%		5.9%	20.3% (1)	
Net margin	—	8.7%		4.9%	18.9% (1)	
Net cash from (used in) operating activities	(8,180)	(76,582)	(9,688)	(76,194)	(414,929)	(52,497)
Capital expenditures	(295)	(37,464)	(4,740)	(19,167)	(95,355)	(12,064)
Other Operating Data						
Amount of PV cells produced (including PV cell processing) (in MW)	—	1.0(2)		—	16.2(3)	
Amount of PV modules produced (in MW):	—	5.5		3.1	11.3	
Average selling price (in US$/W):						
PV cells (4)	—	3.00		—	3.05	
PV modules (5)	—	3.93		3.91	4.02	

(1) Inclusive of the share compensation charge of RMB10.3 million (US$1.3 million) related to a sale of our ordinary shares to Linyang Electronics by other shareholders of our company and the share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

(2) Of which 0.9 MW was used in our PV module production.

(3) Of which 11.5 MW was used in our PV module production and 3.3 MW represented output from our PV cell processing services that we delivered to our customers in the form of PV cells.

(4) All sales contracts for PV cells are denominated in Renminbi. Translations of Renminbi into U.S. dollars have been made at period end exchange rates.

(5) Represents the average unit selling price in U.S. dollars specified in the sales contracts for PV modules.

The following table represents a summary of our consolidated balance sheet data as of December 31, 2004, and 2005, and September 30, 2006.

	As of December 31, 2004	As of December 31, 2005		As of September 30, 2006	
	(RMB)	(RMB)	(US$)	(RMB)	(US$)
		(in thousands)			
Consolidated Balance Sheet Data					
Cash and cash equivalents	3,525	7,054	892	68,946	8,723
Restricted cash	—	22,229	2,812	25,376	3,210
Accounts receivable	—	—	—	13,798	1,746
Inventories	4,511	76,819	9,719	221,608	28,037
Advance to suppliers	4,850	61,312	7,757	388,123	49,105
Other current assets	762	20,705	2,620	30,864	3,905
Amount due from related parties	18,000	—	—	153	20
Fixed assets, net	292	55,146	6,977	135,564	17,151
Deferred initial public offering cost	—	—	—	25,506	3,227
Total assets	31,940	243,361	30,789	917,946	116,137
Short-term bank borrowings	—	20,000	2,530	184,746	23,374
Long-term bank borrowings, current portion	—	—	—	8,000	1,012
Accounts payable	2,221	18,794	2,378	19,905	2,518
Notes payable	—	20,000	2,530	—	—
Accrued expenses and other liabilities	301	22,920	2,900	50,271	6,360
Customer deposits	—	55,319	6,999	32,577	4,122
Amount due to related parties	25	32,658	4,132	336	43
Long-term bank borrowings, non-current portion	—	—	—	23,000	2,910
Total liabilities	2,547	169,691	21,469	318,835	40,339
Minority interests	—	—	—	10,117	1,280
Series A redeemable convertible preference shares	—	—	—	423,704	53,606
Total shareholders' equity	29,393	73,670	9,320	165,290	20,912
Total liabilities, preference shares and shareholders' equity	31,940	243,361	30,789	917,946	116,137

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those projected in the forward-looking statements. In evaluating our business, you should carefully consider the information provided under the caption "Risk Factors" beginning on page 13 of this prospectus.

Overview

We are an established manufacturer of both PV cells and PV modules in China. We manufacture and sell a variety of PV cells and PV modules using advanced manufacturing process technologies that have helped us to rapidly increase our operational efficiency. All of our PV modules are currently produced using PV cells manufactured at our own facilities. We also provide PV cell processing services for some of our silicon suppliers. In addition, we recently incorporated Shanghai Linyang to provide system integration services in China whereby we tailor our PV products for specific customers' needs and link them with the end-use devices that require solar power. We sell our products both directly to system integrators and through third party distributors.

We commenced operations on August 27, 2004 through Linyang China. On August 27, 2004, Linyang Electronics, one of the leading electricity-measuring instrument manufacturers in China, owned 68% of the equity interests of Linyang China. In anticipation of our initial public offering, we incorporated Solarfun Power Holdings Co., Ltd., or Solarfun, in the Cayman Islands on May 12, 2006 as our listing vehicle. To enable us to raise equity capital from investors outside of China, we established a holding company structure by incorporating Linyang Solar Power Investment Holding Ltd., or Linyang BVI, in the British Virgin Islands on May 17, 2006. Linyang BVI is wholly-owned by Solarfun. Linyang BVI purchased all of the equity interests in Linyang China on June 2, 2006 from Linyang Electronics and the three other shareholders of Linyang China for aggregate consideration of US$7.3 million. This transaction was accounted for as a recapitalization. In March and April 2006, we established two majority-owned subsidiaries in China, Shanghai Linyang and Sichuan Leshan Jiayang New Energy Co., Ltd., or Sichuan Jiayang, to expand our business into new markets and sectors. As of September 30, 2006, we owned 83% and 55% of the equity interest in Shanghai Linyang and Sichuan Jiayang, respectively.

We operate and manage our business as a single segment. We produced 5.6 MW of our PV products in 2005 and 16.2 MW of our PV products (including PV cell processing) in the nine months ended September 30, 2006. The average selling price of our PV modules was US$3.93 per watt and US$4.02 per watt in 2005 and the nine months ended September 30, 2006, respectively, and the average selling price of our PV cells was US$3.00 per watt and US$3.05 per watt during the same periods. In 2005 and the nine months ended September 30, 2006, approximately 79.7% and 93.7%, respectively, of our net revenue were attributable to sales to customers outside of the PRC. Moreover, in 2005 and the nine months ended September 30, 2006, customers accounting for more than 10% of our net revenue accounted in the aggregate for 50.8% and 76.4%, respectively, of our net revenue. Our products and services are primarily provided to European customers under our proprietary "Solarfun" brand.

Since we completed our PV cell manufacturing line in November 2005, we began using our own PV cells for the production of our PV modules and only sell our PV cells to third parties on a selective basis. In the nine months ended September 30, 2006, all of our PV module products were manufactured using our own PV cells. In the three months ended December 31, 2005 and the nine months ended September 30, 2006, we produced 1.0 MW and 16.2 MW of PV cells, respectively, of which 0.9 MW and 11.5 MW was used for our module production during the

respective periods. Out of 16.2 MW of PV cells produced in the nine months ended September 30, 2006, we produced 3.3 MW of PV cells as PV cell processing services for our customers.

We have experienced significant revenue and earnings growth since we commenced operations in August 2004. Our net revenue and net income were RMB166.2 million (US$21.0 million) and RMB14.4 million (US$1.8 million), respectively, in 2005. Our net revenue was RMB386.2 million (US$48.9 million) in the first nine months of 2006, compared to RMB86.5 million in the same period in 2005. We had net income of RMB72.9 million (US$9.2 million) in the first nine months of 2006 and RMB4.2 million in the same period in 2005. The significant increase in our net revenue since 2005 was primarily due to the increase in sales of PV modules as well as the increase in the average selling price of our PV modules, while the significant increase in our net income was primarily a result of the cost savings derived from using our own PV cells for our PV module production since November 2005 and improved economies of scale in our operations.

Limited Operating History

We have a limited operating history upon which you can evaluate our business. You should consider the risks and difficulties frequently encountered by companies with a relatively short operating history, such as us, in new and rapidly evolving markets, such as the PV market. Our rapid revenue growth since we started operations in August 2004 should not be taken as indicative of the rate of revenue growth, if any, that can be expected in the future. In addition, our limited operating history provides a limited historical basis to assess the impact that critical accounting policies may have on our business and our financial performance.

Key Factors Affecting Our Financial Performance

The most significant factors affecting our financial performance are:

- availability and price of silicon wafers;
- average selling price of our PV products;
- manufacturing capacity;
- process technologies; and
- industry demand.

Availability and Price of Silicon Wafers

Silicon wafers are the most important raw materials for manufacturing PV products, and substantially all of our raw material costs are attributable to silicon wafers. There is currently an industry-wide shortage of silicon and silicon wafers due to increased demand as a result of recent expansions and large demand in the solar energy and semiconductor industries, which has resulted in significant price increases for, and a shortage of, silicon and silicon wafers in 2004, 2005 and the nine months ended September 30, 2006. As the solar energy industry continues to grow, we believe the average prices of silicon and silicon wafers may increase and we expect the shortages of silicon and silicon wafers will continue. Moreover, as building silicon manufacturing lines generally requires significant upfront capital commitment and it typically takes an average of two to three years to construct a manufacturing line and ramp up production, silicon suppliers are generally willing to expand their capacity only if they are certain of sufficient customer demand. As a result, silicon and silicon wafer suppliers are increasingly requiring customers to make prepayments for raw materials well in advance of their shipment, which, in turn, leads to significant working capital commitments for PV product manufacturers such as us.

We do not currently produce silicon or silicon wafers ourselves but source them from other companies. To maintain competitive manufacturing operations, we depend on our suppliers' timely delivery of quality silicon wafers in sufficient quantities and at acceptable prices. Our silicon wafer suppliers, in turn, depend on silicon manufacturers to supply silicon required for the production of silicon wafers. The significant growth of the solar energy industry has resulted in a significant increase in demand for silicon and silicon wafers. In addition, some suppliers of silicon also supply to silicon wafer manufacturers for the semiconductor industry, which typically have greater buying power and market influence than manufacturers for the solar energy industry.

As we expect the shortage of silicon and silicon wafers to continue in 2006 and 2007, we entered into various short-term and long-term supply agreements in 2006 with our major silicon and silicon wafer suppliers to secure adequate and timely supply of silicon wafers. In particular, we have entered into agreements for the provision of silicon materials to meet our planned silicon supply requirements for the remainder of 2006, a majority of our planned silicon supply requirements in 2007 and a significant portion of our planned silicon supply requirements in 2008, including through:

- supply agreements entered into in March and July 2006 with ReneSola Co., Ltd., or ReneSola, under which ReneSola has agreed to supply us with an aggregate of 20.3 MW of silicon wafers through the end of 2007, with the majority of the deliveries to be made in 2007;
- supply and framework supply agreements entered into with Jiangxi LDK Solar Hi-Tech Co., Ltd., or LDK, a wafer manufacturer located in Jiangxi Province, China. Under an amendment to prior supply agreements with LDK that we entered into in November 2006, LDK will provide 9.3 MW of silicon wafers to us from December 2006 to July 2007 based on a fixed price. Furthermore, we entered into a framework supply agreement with LDK, under which product purchase prices and delivery schedules for the contracted periods are not fixed. Under this agreement, LDK will provide 56.4 MW of silicon wafers from July 2007 to June 2008. The actual product purchase prices will be negotiated between us and LDK in good faith during the contracted periods based on market prices; and
- supply agreements with several other suppliers, under which these suppliers agreed to supply us with an aggregate amount of 41.7 MW of silicon wafers through the end of 2007.

In addition, we entered into a supply agreement in June 2006 with E-mei Semiconductor Material Factory in Sichuan Province, China, or E-mei. This agreement became effective in October 2006 and was further amended in November 2006. Under this agreement, we agreed to make prepayments totaling RMB220 million over a period not longer than 18 months starting from October 2006 to secure exclusive rights to purchase the silicon products to be produced by E-mei's future manufacturing facility at a discount to the prevailing market price for five years starting from the completion of the facility. E-mei will use the prepayments to construct a new manufacturing facility with an expected annual production capacity of 500 tons of silicon products. The agreement also provides that E-mei will complete the construction of the new manufacturing facility within 18 months after the effective date of the agreement. Moreover, under another supply contract we entered into with E-mei in October 2006, E-mei agreed to reserve for us at least 50% of its annual manufacturing capacity for solar energy products at its existing silicon production facilities in 2007.

We cannot assure you that we will be able to secure sufficient quantities of silicon and silicon wafers to meet our planned increase in manufacturing capacity. See "Risk Factors — Risks Related to Our Company and Our Industry — We are currently experiencing an industry-wide shortage of silicon wafers. The prices that we pay for silicon wafers have increased in the past and we expect prices may continue to increase in the future, which may materially and adversely affect our revenue growth and decrease our gross profit margins and profitability." If

the market price of silicon and silicon wafers increases, our suppliers may seek to renegotiate the terms of these supply contracts and may request for price increases on us. Increases in the prices of silicon and silicon wafers have in the past increased our production costs and may impact our cost of revenue, gross margins and profitability in the future. We have been successful in absorbing such increases in silicon wafer costs by improving our process technologies, increasing our manufacturing efficiencies or passing such cost increases to our customers. However, we cannot assure you that we will be able to absorb future silicon and silicon wafer price increases and continue to increase our gross margin and profitability.

In addition, due to a shortage of raw materials for the production of silicon wafers, increased market demand for silicon wafers, a failure by some silicon suppliers to achieve expected production volumes and other factors, some of our major silicon wafer suppliers failed to fully perform during 2006 on their silicon wafer supply commitments to us, and we consequently did not receive all of the contractually agreed quantities of silicon wafers from these suppliers. We subsequently cancelled or renegotiated these silicon supply contracts, resulting in an aggregate decrease in the delivered or committed supply under these contracts from approximately 142 MW to approximately 71 MW for the period from June 2006 to June 2008. In particular, we entered into a framework supply agreement with LDK in December 2005, under which LDK agreed to provide us with an aggregate of 16.3 MW of silicon wafers from April 2006 through the end of 2007. The purchase price under this agreement for the period from April 2006 to December 2006 is fixed. We entered into another framework supply agreement with LDK in May 2006, under which LDK agreed to provide us with an aggregate of 595.0 MW of silicon wafers from 2006 to 2010. This framework agreement was not based on a fixed price. We also entered into three supply agreements with LDK in December 2005, May 2006 and July 2006, under which LDK agreed to supply us with an aggregate of 12.0 MW silicon wafers from April 2006 to April 2007 based on fixed prices. These two framework agreements and three supply agreements were cancelled in November 2006. Prior to this cancellation, LDK had supplied 3.3 MW of silicon wafers to us under these four silicon supply agreements. In November 2006, we entered into a new framework supply agreement with LDK, under which product purchase prices and delivery schedules for the contracted periods are not fixed. Under this agreement, LDK will provide 56.4 MW of silicon wafers from July 2007 to June 2008. Furthermore, we entered into a supply agreement with LDK in November 2006, under which LDK will provide 9.3 MW of silicon wafers to us from December 2006 to July 2007 based on fixed prices. The purchase price of the new supply agreement is higher than those of the framework supply agreement entered into in December 2005 and one of the three cancelled supply agreements, but lower than the purchase prices of the two other cancelled supply agreements. Furthermore, we were able to enter into agreements with other suppliers to replace the majority of the remaining supply shortfall at a lower average silicon purchase price. Nevertheless, we cannot assure you that we will not experience similar or additional shortfalls of silicon or silicon wafers from our suppliers in the future or that, in the event of such shortfalls, we will be able to find other silicon suppliers to satisfy our production needs. See “Risk Factors — Risks Related to Our Company and Our Industry — Our dependence on a limited number of suppliers for a substantial majority of silicon and silicon wafers could prevent us from delivering our products in a timely manner to our customers in the required quantities, which could result in order cancellations, decreased revenue and loss of market share.”

Average Selling Price of Our PV Products

PV products are priced based on the number of watts of electricity they can generate. Pricing of PV products is principally affected by the manufacturing costs, including the cost of silicon wafers, as well as the overall demand in the PV industry. Increased economies of scale and advancement of process technologies over the past decade have also led to a reduction in manufacturing costs and the prices of PV products.

We generally price our products based on the prevailing market price at the time we enter into sales contracts with our customers, taking into account the size of the contract, the strength and history of our relationship with each customer and our capacity utilization. From time to time, we enter into agreements where the selling price for certain of our PV products is fixed over a defined period. This has helped reduce our exposure to risks from decreases in PV cell prices generally, but has, on the other hand, also prevented us from benefiting from price increases. An increase in our manufacturing costs, including the cost of silicon wafers, over such a defined period could have a negative impact on our overall gross profit. Our gross profit may also be impacted by certain adjustments for inventory reserves.

Prices of PV products have risen gradually as a result of the growth in the demand for PV products worldwide and shortages of silicon and silicon wafers in 2004, 2005 and 2006. The average selling price of our PV modules was US$3.93 and US$4.02 per watt in 2005 and the nine months ended September 30, 2006, respectively, and the average selling price of our PV cells was US$3.00 and US$3.05 per watt during the same periods. Fluctuations in the prevailing market prices have historically affected the prices of our products and may continue to have a material effect on the prices of our products in the future.

We believe that the high conversion efficiencies of our PV products and our low-cost manufacturing capabilities have enabled us to price our products competitively, and will further provide us with flexibility in adjusting our price while maintaining our profit margin.

Manufacturing Capacity

Capacity and capacity utilization are key factors in growing our net revenue and gross profit. In order to accommodate the growing demand for our products, we have expanded, and plan to continue to expand, our manufacturing capacity. An increase in capacity has a significant effect on our financial results, both by allowing us to produce and sell more PV products and achieve higher net revenue, and by lowering our manufacturing costs as a result of increased economies of scale.

Due to current strong end-market demand for PV products, we have been attempting to maximize the utilization of our available manufacturing capacity as it comes on-line, so as to allow us to spread our fixed costs over a higher production volume, thereby reducing our per unit and per MW fixed costs. As we build additional production facilities, our fixed costs will increase, and the overall utilization rate of our production facility could decline, which could negatively impact our gross profit. However, regardless of the capacity of a particular manufacturing facility, our capacity utilization may vary greatly depending on the mix of products we produce at any particular time.

We have expanded rapidly our manufacturing capacity since our establishment in August 2004. We produced 5.6 MW of our PV products in 2005 and 16.2 MW of our PV products (including PV cell processing) in the nine months ended September 30, 2006. We currently operate two PV cell manufacturing lines with an annualized aggregate capacity of 60 MW and have an aggregate annualized PV module manufacturing capacity of 60 MW. We commenced commercial production on these PV cell manufacturing lines in November 2005 and September 2006, respectively. We plan to increase our annual manufacturing capacity of PV cells in terms of capacity installed or under installation to 120 MW by the end of 2006. We expect to use the net proceeds from the sale of our series A convertible preference shares and from this offering to fund these contemplated expansions in manufacturing capacity.

Process Technologies

Advancements of process technologies have enhanced conversion efficiencies of PV products. High conversion efficiencies reduce the manufacturing cost per watt of PV products and could thereby contribute to increasing gross profit margins. For this reason, solar energy

companies, including us, are continuously developing advanced process technologies for large-scale manufacturing while reducing costs to maintain and improve profit margins.

Since our first PV cell production line became operational in November 2005, we have increased the average daily output of each of our monocrystalline PV cell production lines to 26,000 cells for the month ended September 30, 2006, improved the conversion efficiency of our monocrystalline PV cells to 16.8%, and reduced monocrystalline PV cell thickness to 200 microns and the average cell breakage rate to 2.7%. Our advanced process technologies have also significantly improved our productivity and increased the efficiency of our raw material usage, both of which have led to the lowering of the cost per watt of our products and improved our gross profit margins.

Industry Demand

Our business and revenue growth depends on PV industry demand. There has been a significant growth of the PV market in the past decade. According to Solarbuzz, the global PV market increased from 345 MW in 2001 to 1,460 MW in 2005 in terms of total annual PV installations. Annual PV installations are expected to increase to 3.9 GW by 2010. See “Our Industry.” In addition, any policy changes by relevant governmental bodies in certain key countries towards the solar energy industry will also have an impact on PV industry demand and, as a result, our business, financial condition, results of operations and prospects.

Net Revenue

We currently generate a substantial majority of our net revenue from the production and sale of PV modules. We also generate a small portion of our net revenue from the sale of PV cells to third parties. In addition, we have also entered into PV cell processing arrangements with certain silicon suppliers to produce PV cells made from silicon provided by these customers, and a portion of our net revenue in the nine months ended September 30, 2006 was derived from these services. We record the amount of revenue on these processing transactions based on the amount received from a customer for PV cells sold less the amount paid for the raw materials purchased from the same customer. The revenue recognized is recorded as PV cell processing revenue and the production costs incurred related to providing the processing services are recorded as PV cell processing costs within cost of revenue. Furthermore, in the event we pay the shipping costs on behalf of our customers, we include the shipping costs passed on to our customers in our sales revenue. We record revenue net of all value-added taxes imposed by governmental authorities and collected by us from customers concurrent with revenue-producing transactions.

The following table sets forth the net revenue from our principal products and services and as a percentage of our net revenue for the periods indicated.

	Year Ended December 31, 2005			Nine Months Ended September 30, 2006		
	Amount		Percentage of Net Revenue	Amount		Percentage of Net Revenue
	(RMB)	(US$)		(RMB)	(US$)	
	(In thousands, except percentages)					
Net Revenue:						
PV modules	165,636	20,956	99.7%	360,154	45,566	93.3%
PV cells	542	68	0.3	6,624	838	1.7
PV cell processing	—	—	—	19,461	2,462	5.0
Total	166,178	21,024	100.0%	386,239	48,866	100.0%

We commenced manufacturing and selling PV modules in January 2005, and had net revenue of RMB165.6 million (US$20.9 million) in 2005 and RMB360.1 million (US$45.6 million)

in the nine months ended September 30, 2006. During this period, we experienced both increased sales volumes and increases in the average selling prices for our PV modules.

We began manufacturing PV cells in November 2005, primarily to supply our PV module production. As a result, we only sold a small number of the total PV cells we manufactured to certain customers to maintain business relationships. Since our business strategy is focused on increasing our own output of PV modules on a cost-efficient basis, we plan to continue to use the substantial majority of our PV cells for use in manufacturing our PV modules and will maintain our sale of PV cells to third parties at a relatively low level. In 2005 and the nine months ended September 30, 2006, our net revenue from the sale of PV cells was RMB0.5 million (US$0.07 million) and RMB6.6 million (US$0.8 million), respectively.

In the nine months ended September 30, 2006, we provided services to certain of our silicon suppliers to process their silicon wafers into PV cells. We record as our net revenue from such services the gross revenue from sales of PV cells less the purchase cost of the silicon wafers. We recorded RMB19.5 million (US$2.5 million) as our net revenue from these services in this period. We plan to continue providing these services only on a selective basis to maintain relationships with certain of our silicon suppliers, as well as to optimize utilization of our manufacturing facilities, particularly during periods in which there is a shortage of silicon and silicon wafers.

We currently depend on a limited number of customers for a high percentage of our net revenue. In 2005 and the nine months ended September 30, 2006, customers accounting for more than 10% of our net sales accounted for an aggregate of 50.8% and 76.4%, respectively, of our net revenue. From a geographic standpoint, Europe, particularly Germany, has been our largest market. In 2005 and the nine months ended September 30, 2006, our sales to European customers accounted for 79.7% and 93.7%, respectively, of our net revenue, with German customers accounting for 76.2% and 45.7%, respectively, in such periods. Although we anticipate that our dependence on a limited number of customers in a few concentrated geographic regions will continue for the foreseeable future, we are actively expanding our customer base and geographic coverage through various marketing efforts, especially in other developing European PV markets, such as Spain, Italy and Austria.

Sales to our customers are typically made through non-exclusive, short-term arrangements. We require payment of deposits of a certain percentage of the contract price from our customers which we record under customer deposits in our consolidated balance sheets. Once the revenue recognition criteria are met, we then recognize these payments as net revenue. As of December 31, 2005 and September 30, 2006, we had received deposits of RMB55.3 million (US$7.0 million) and RMB32.6 million (US$4.1 million), respectively.

Costs of Revenue and Operating Expenses

Cost of Revenue

The following table sets forth our cost of revenue and operating expenses and these amounts as percentages of our net revenue for the periods indicated.

	Year Ended December 31, 2005			Nine Months Ended September 30, 2006		
	Amount		Percentage of Net Revenue	Amount		Percentage of Net Revenue
	(RMB)	(US$)		(RMB)	(US$)	
	(In thousands, except percentages)					
Cost of revenue	(139,903)	(17,700)	84.2%	(267,429)	(33,834)	69.2%
Operating expenses:						
Selling expenses	(5,258)	(665)	3.2	(6,023)	(762)	1.6
General and administrative expenses	(4,112)	(520)	2.5	(31,585) (1)	(3,996)	8.2
Research and development expenses	(750)	(95)	0.4	(2,723)	(344)	0.7
Total	(10,120)	(1,280)	6.1%	(40,331)	(5,102)	10.5%

(1) In the nine months ended September 30, 2006, we recorded a share compensation charge of RMB10.3 million (US$1.3 million), which related to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company and a share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

Our cost of revenue includes the cost of raw materials used for our PV module and PV cell production and PV cell processing, such as silicon wafers, and other direct raw materials and components, including ethylene vinyl acetate, triphenyltin, tempered glass, connecting bands, welding bands, silica gel, aluminum alloy and junction boxes. The costs relating to providing the PV cell processing services are recorded as service processing costs within cost of revenue. We expect the cost of silicon wafers, our primary raw material for the manufacturing of PV products, will continue to constitute a substantial portion of our cost of revenue in the near future.

Other items contributing to our cost of revenue are direct labor, which includes salaries and benefits for personnel directly involved in manufacturing activities, manufacturing overhead, which consists of utility, maintenance of production equipment, shipping and handling costs for products sold, and other support expenses associated with the manufacturing of our PV products and depreciation and amortization of manufacturing equipment and facilities.

We expect cost of revenue to increase as we increase our capacity and production volume. Potential increases in our suppliers' cost of silicon wafers as well as the potential increase in shipping costs for our PV products may also contribute to higher cost of revenue.

Silicon wafers are the most important raw materials for our products. We record the purchase price of silicon wafers and other raw materials initially as inventory in our consolidated balance sheets, and then transfer this amount to cost of revenue after the raw materials are consumed in our manufacturing process and the finished products are sold and delivered. As of December 31, 2005 and September 30, 2006, our inventory of raw materials totaled

RMB65.0 million (US$8.2 million) and RMB187.6 million (US$23.7 million), respectively, of which RMB58.2 million (US$7.3 million) and RMB168.8 million (US$21.4 million), respectively, represent silicon and silicon wafers. Silicon suppliers generally require prepayments from us in advance of delivery. We classify such prepayments as advances to suppliers and record such prepayments under current assets in our consolidated balance sheets. However, if such suppliers fail to fulfill their delivery obligations under the silicon supply agreements, we may not be able to recover such prepayments and would suffer losses, which may have a significant impact on our financial condition and results of operations.

Operating Expenses

Our operating expenses consist of selling expenses, general and administrative expenses and research and development expenses.

Selling Expenses

Our selling expenses primarily consist of warranty costs, advertising and other promotional expenses, and salaries, commissions, traveling expenses and benefits for our sales and marketing personnel. As we intend to pursue an aggressive marketing strategy to promote our products in different geographic markets, we expect that our selling expenses will increase for the immediate future. In 2005 and the nine months ended September 30, 2006, our selling expenses were RMB5.3 million (US$0.7 million) and RMB6.0 million (US$0.8 million), respectively.

We provide a two-year unlimited warranty for technical defects, a 10-year warranty against declines of greater than 10%, and a 20 or 25-year warranty against declines of greater than 20%, in the initial power generation capacity of our PV modules. As a result, we bear the risk of extensive warranty claims for a long period after we have sold our products and recognized net revenue. Since we began selling PV modules in February 2005, none of our PV products has been in use for more than two years. We consider various factors when determining the likelihood of product defects, including an evaluation of our quality controls, technical analysis, industry information on comparable companies and our own experience. As of December 31, 2005 and September 30, 2006, our accrued warranty costs totaled RMB1.5 million (US$0.2 million) and RMB5.1 million (US$0.6 million), respectively. Since our products have been in use for only a relatively short period, our assumptions regarding the durability and reliability of our products may not be accurate. Since we began to sell our products in 2005, we provided RMB1.6 million (US$0.2 million) and RMB3.6 million (US$0.5 million) in warranty costs in 2005 and the nine months ended September 30, 2006, respectively.

General and Administrative Expenses

Our general and administrative expenses primarily consist of salaries and benefits of our administrative staff, depreciation charges of fixed assets used for administrative purposes, as well as administrative office expenses including, among others, consumables, traveling expenses, insurance and share compensation expenses. In 2005 and the nine months ended September 30, 2006, our general and administrative expenses were RMB4.1 million (US$0.5 million) and RMB31.6 million (US$4.0 million), respectively. The significant increase in these expenses during the nine months ended September 30, 2006 was mainly due to a RMB12.1 million (US$1.5 million) share compensation charge as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited. An additional RMB10.3 million (US$1.3 million) in share compensation expenses was recorded relating to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company. See notes 13 and 15 to our consolidated financial statements included elsewhere in this prospectus.

After this offering, we will become a public company and will incur a significantly higher level of legal, accounting and other expenses than we did as a private company and, as a result, our general and administrative expenses may increase significantly. In addition, the Sarbanes-Oxley Act of 2002, as well as new rules subsequently implemented by the SEC and the Nasdaq Global Market have required changes in corporate governance practices of public companies. We expect these new rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. We are currently evaluating and monitoring developments with respect to these new rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Research and Development Expenses

Our research and development expenses primarily consist of salaries and benefits of our research and development staff, other expenses including depreciation, materials used for research and development purpose, and the travel expenses incurred by our research and development staff or otherwise in connection with our research and development activities. In 2005 and the nine months ended September 30, 2006, our research and development expenses were RMB0.7 million (US$0.1 million) and RMB2.7 million (US$0.3 million), respectively.

Share Compensation Expenses

We adopted our 2006 equity incentive plan in November 2006 pursuant to which we may issue up to 10,799,685 ordinary shares upon exercise of awards granted under the plan. As of November 30, 2006, options to purchase 8,012,998 ordinary shares have been granted under this plan at an exercise price of US$1.80 per ordinary share. As a result of these option grants and potential future grants under this plan, we expect to incur significant share compensation expenses in future periods. As of the date of this prospectus, we plan to use US$2.50 per ordinary share, the per-ordinary share equivalent of the estimated initial public offering price of US$12.50 per ADS (the mid-point of our estimated initial public offering price range), based on an ordinary share-to-ADS ratio of 5:1, as the underlying ordinary share value when calculating the total share-based compensation expenses. Based on our preliminary evaluation, we have estimated the total share-based compensation expenses to be RMB76.9 million (US$9.7 million). We expect to recognize this amount ratably over the vesting period. The vesting period ranges from six months to five years commencing December 2006. Based on the current estimates, we will recognize 2.4%, 26.4%, 24.3%, 21.5%, 13.6% and 11.8% of this amount during the three months ended December 31, 2006 and each of the year ended December 31, 2007, 2008, 2009, 2010 and 2011, respectively. Given the preliminary nature of our estimates, our actual share-based compensation expenses may be materially different from our current expectations upon further evaluation. We have adopted SFAS No. 123-R for the accounting treatment of our share option plan and we will record compensation expenses based on the fair value of the award, which is determined with the assistance of a third party valuer. See “— Recent Accounting Pronouncements” and “Management — 2006 Equity Incentive Plan.”

In 2005, we recorded RMB0.5 million (US$0.06 million) as share compensation expenses relating to shares subscribed for by Linyang Electronics in connection with a rights offering. In the nine months ended September 30, 2006, we recorded share compensation expenses of RMB10.3 million (US$1.3 million), which was reflected entirely in our general and administrative expenses for that period, relating to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company, and a share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited. See “— Operating Expenses — General and Administrative Expenses” and notes 13 and 15 to our consolidated financial statements included elsewhere in this prospectus.

Taxation

PRC Enterprise Income Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC accounting principles. In accordance with the PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises, or the Income Tax Law, and the related implementing rules, foreign invested enterprises incorporated in the PRC are generally subject to an enterprise income tax rate of 33%, consisting of 30% state enterprise income tax and 3% local enterprise income tax. The Income Tax Law and the related implementing rules provide certain favorable tax treatments to foreign invested enterprises. Production-oriented foreign-invested enterprises, which are scheduled to operate for a period of ten years or more, are entitled to exemption from income tax for two years commencing from the first profit-making year and 50% reduction of income tax for the subsequent three years. In certain special areas such as coastal open economic areas, special economic zones and economic and technology development zones, foreign-invested enterprises are entitle to reduced enterprise income tax rates, namely, in coastal open economic areas, the tax rate applicable to production-oriented foreign-invested enterprises is 24%; in special economic zones, the rate is 15%. In addition, according to the Income Tax Law, local governments at the provincial level are authorized to waive or reduce the 3% local income tax on foreign-invested enterprises that operate in an encouraged industry.

In accordance with the current PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises and the related implementing rules, as a foreign-invested production-oriented enterprise established in Qidong, Nantong City, a coastal open economic area, Linyang China is currently subject to a preferential state enterprise income tax rate of 24%. In addition, under these taxation laws and regulations, Linyang China is exempted from state and local enterprise income tax for 2005 and 2006 and will be taxed at a reduced state enterprise income tax rate of 12% for the years of 2007, 2008 and 2009 and at a rate of 24% from 2010 onward. From 2005 until the end of 2009, Linyang China is also exempt from the 3% local income tax applicable to foreign-invested enterprises in Jiangsu Province. From 2010 onward, Linyang China will not be exempt from the 3% local enterprise income tax. In addition, under relevant PRC tax rules and regulations, Linyang China may apply for a two-year income tax exemption on income generated from its increased capital resulting from our contribution to Linyang China of funds we received through issuances of series A convertible preference shares in a private placement in June and August 2006, and a reduced tax rate of 12% for the three years thereafter. We are currently in the process of applying for such preferential tax treatment. In addition, our subsidiaries, Shanghai Linyang and Sichuan Jiayang, are subject to an enterprise income tax rate of 33%, consisting of 30% enterprise income tax and 3% local enterprise income tax.

If Linyang China no longer qualifies for the preferential enterprise income tax rate, we will consider available options under applicable law that would enable us to qualify for alternative preferential tax treatment. To the extent we are unable to offset the expiration of this preferential tax treatment with other tax benefits, the expiration of this preferential tax treatment will cause our effective tax rate to increase.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of, among other things, assets, liabilities, revenue and expenses. We base our estimates on our own historical experience and on various other factors that we believe to be relevant under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Some of our accounting policies require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of

our financial statements as their application places the most significant demands on our management's judgment.

Revenue Recognition

Our primary business activity is to produce and sell PV modules. We periodically, upon special request from customers, sell an insignificant amount of PV cells in the form of cells. We record revenue related to the sale of PV modules or PV cells when the criteria of SEC Staff Accounting Bulletin No. 104, "Revenue Recognition," are met. These criteria include all of the following; persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured.

More specifically, our sales arrangements are evidenced by either master sales agreements or by individual sales agreements for each transaction. The shipping terms of our sales arrangements are generally "free-on -board" shipping point, whereby the customer takes title and assumes the risks and rewards of ownership of the products upon delivery to the shipper. Other than warranty obligations, we do not have any commitments or obligations to deliver additional products or services to our customers. The product sales price agreed to at the order initiation date is final and not subject to adjustment. We do not accept sales returns and do not provide customers with price protection. Generally, our customers pay all or a substantial portion of the product sales price prior to shipment. We assess customer's creditworthiness before accepting sales orders. Historically we have not experienced any credit losses related to sales. Based on the above, we record revenue related to product sales upon transfer of title, which in almost all cases occurs upon delivery of the product to the shipper.

In the event we pay the shipping costs for the convenience of the customer, the shipping costs are included in the amount billed to the customer. In these cases, sales revenue includes the amount of shipping costs passed on to the customer. We record the shipping costs incurred in our cost of revenue.

We periodically enter into service arrangements to process raw materials into PV cells. For these PV cell service arrangements, we purchase raw material from a customer and contemporaneously agree to sell a specified quantity of PV cells back to the same customer. The quantity of PV cells sold back to the customers under these processing arrangements is consistent with the amount of raw materials purchased from the customer based on current production conversion rates. We record the amount of revenue from these processing transactions based on the amount received for PV cells sold less the amount paid for the raw materials purchased from the customer. The revenue recognized is recorded as processing service revenue and the production costs incurred related to providing the processing services are recorded as service processing costs within cost of revenue. These sales are subject to all of the above-noted accounting policy disclosure relating to revenue recognition.

Revenue is recognized net of all value-added taxes imposed by governmental authorities and collected by us from customers concurrent with revenue-producing transactions.

Fixed Assets, Net

Fixed assets are stated at cost net of accumulated depreciation and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 years
Plant and machinery	10 years
Furniture, fixtures and office equipment	5 years
Computer software	5 years
Motor vehicles	5 years

We periodically reassess the useful lives of our fixed assets and in doing so we take into consideration any relevant changes in technology, the industry and the manner in which we plan to use the assets.

Repair and maintenance costs are charged as expenses when incurred, whereas the cost of renewals and betterment that extend the useful life of fixed assets are capitalized as additions to the related assets. Retirement, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statement of operations.

Cost incurred in constructing new facilities, including progress payments, interest and other costs relating to the construction, are capitalized and transferred to fixed assets on completion. Interest capitalized at September 30, 2006 totaled RMB0.3 million (US$0.04 million).

Warranty Costs

Our standard warranty on PV modules sold to customers provides for a two-year unlimited warranty against technical defects, a 10-year warranty against a decline from initial power generation capacity of more than 10% and a 20 to 25-year warranty against a decline from initial power generation capacity of more than 20%. We consider various factors in determining the likelihood of product defects, including our quality controls, technical analyses, industry information on comparable companies and our own experience. Based on those considerations and our ability and intention to provide refunds for defective products, we have accrued for warranty costs for the two-year unlimited warranty against technical defects based on 1% of revenue derived from the sales of our PV modules. No warranty cost accrual has been recorded for the 10-year and 20 to 25-year warranties because we have determined the likelihood of claims arising from these warranties to be remote based on internal and external testing of the PV modules and the quality control procedures in place in the production process. The basis for the warranty accrual will be reviewed periodically based on our actual experience. Apart from our standard warranty, we do not sell any other warranty coverage.

Impairment of Long-Lived Assets

We evaluate our long-lived assets or asset group for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of a group of long-lived asset group may not be recoverable. Such a determination of recoverability requires a careful analysis of all relevant factors affecting the assets or asset group and involves significant judgment on the part of our management. When these events occur, we evaluate the impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. The estimation of future undiscounted net cash flows requires significant judgments regarding such factors as future silicon prices, production levels and PV product prices. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, we would recognize an impairment loss based on the excess of the carrying amount of the asset group over fair value.

Beneficial Conversion Features

We have evaluated the embedded conversion option in our series A convertible preference shares to determine if there are any embedded derivatives requiring bifurcation and to determine if there are any beneficial conversion features. No beneficial conversion feature was recorded because the fair value per ordinary share at the commitment date was less than the conversion price. When estimating the fair value of our ordinary shares, we review both internal and external sources of information. As there was no public trading market for the underlying shares at the

date of measurement, the sources used to determine the fair market value of the underlying shares are subjective in nature, and involve significant judgment and estimation processes.

Share Compensation

For share transactions with, or awards granted to, directors, employees or other service providers during the pre-initial public offering period, we recorded compensation expenses equal to the difference between the consideration paid and the fair value of the ordinary shares. Fair value is determined by management with the assistance of an independent third party valuer. The valuation of privately held securities involves significant judgment and estimation processes.

Controls and Procedures

Our auditors, an independent registered public accounting firm, in connection with their audit of our consolidated financial statements for the period from August 27, 2004 (inception) to December 31, 2004 and the year ended December 31, 2005, noted and communicated to us certain significant deficiencies in our internal control over financial reporting that were deemed to constitute "material weaknesses" in our internal control over financial reporting as defined in standards established by the U.S. Public Company Accounting Oversight Board, or the PCAOB. A material weakness is defined by the PCAOB as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement in the annual or interim financial statements will not be prevented or detected. A "significant deficiency" is a control deficiency, or combination of control deficiencies, that adversely affects the company's ability to initiate, authorize, record, process or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement in the company's annual or interim financial statements that is more than inconsequential will not be prevented or detected. A "control deficiency" exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

These material weaknesses previously identified by our independent auditors consisted of inadequate independent oversight and inadequate personnel resources, processes and documentation to address reporting requirements under U.S. GAAP and relevant SEC regulations. In order to remedy these material weaknesses, we adopted and implemented several measures to improve our internal control over financial reporting. In addition to appointing a new chief financial officer in July 2006 to lead our company's financial management and a new principal accounting officer in August 2006, both of whom have extensive audit experience and U.S. GAAP knowledge, we established in November 2006 an audit committee composed of a majority of independent directors to oversee the accounting and financial reporting processes as well as external and internal audits of our company.

In the course of auditing our consolidated financial statements as of and for the nine months ended September 30, 2006, our auditors noted improvements in our internal controls, as well as certain circumstances in which our financial statement closing processes could and should be further enhanced that collectively constituted a material weakness in our internal control over financial reporting. Specifically, written intentions to grant share options to certain of our employees should have been disclosed in the previously issued December 31, 2004, December 31, 2005 and March 31, 2006 financial statements as a subsequent event. However, our management believes that none of the specific deficiencies identified has individually or collectively had a material adverse effect on our financial statements, and these deficiencies were not related to any fraudulent acts.

To address this material weakness, we have undertaken additional initiatives to strengthen our control over financial reporting generally and specifically to improve our U.S. GAAP financial

closing-related policies and procedures. These initiatives have included hiring additional qualified professionals with relevant experience for our finance and accounting department, and increasing the level of interaction among our management, audit committee independent auditors and other external advisors. We are also in the process of implementing additional measures to further make improvements, including providing additional specialized training for our existing personnel. However, the process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. See "Risk Factors — Risks Relating to Our Business — Our independent auditors, in the course of auditing our consolidated financial statements noted several significant deficiencies in our internal controls that were deemed to constitute material weaknesses. If we fail to maintain an effective system of internal control over financial reporting, our ability to accurately and timely report our financial results or prevent fraud may be adversely affected. In addition, investor confidence and the market price of our ADSs may be adversely impacted if we or our independent auditors are unable to attest to the adequacy of the internal control over financial reporting of our company in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002."

Consolidated Results of Operations

Quarterly Results of Operations Data

The following table sets forth selected unaudited quarterly consolidated statement of operations data for each of our seven most recent fiscal quarters.

	Three Months Ended						
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
	(In thousands of Renminbi)						
Net revenue:							
PV modules	5	20,297	66,183	79,151	93,551	85,769	180,834
PV cells	—	—	—	542	1,547	5,025	52
PV cell processing	—	—	—	—	7,373	10,216	1,872
Total	5	20,297	66,183	79,693	102,471	101,010	182,758
Cost of revenue:							
PV modules	(549)	(17,373)	(57,706)	(63,853)	(62,867)	(63,081)	(129,919)
PV cells	—	—	—	(422)	(1,437)	(4,040)	(71)
PV cell processing	—	—	—	—	(2,361)	(2,773)	(880)
Total	(549)	(17,373)	(57,706)	(64,275)	(66,665)	(69,894)	(130,870)
Gross profit (loss)	(544)	2,924	8,477	15,418	35,806	31,116	51,888
Operating expenses:							
Selling expenses	(82)	(492)	(2,079)	(2,605)	(1,581)	(1,536)	(2,906)
General and administrative expenses	(633)	(667)	(1,411)	(1,401)	(1,609)	(12,782) [1]	(17,194) [2]
Research and development expenses	(7)	(89)	(319)	(335)	(360)	(820)	(1,543)
Total	(722)	(1,248)	(3,809)	(4,341)	(3,550)	(15,138)	(21,643)

	Three Months Ended						
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
	(In thousands of Renminbi)						
Operating profit (loss)	(1,266)	1,676	4,668	11,077	32,256	15,978	30,245
Interest expenses	—	—	—	(123)	(361)	(1,417)	(2,077)
Interest income	9	6	9	71	31	72	389
Exchange loss	—	(385)	(550)	(833)	(10)	112	(2,225)
Other income	—	188	27	—	29	701	(244)
Government grant	—	—	—	—	540	100	—
Change in fair value of embedded foreign currency derivative	—	—	—	—	498	68	(1,648)
Other expenses	—	(11)	(196)	(53)	31	(265)	(240)
Net income (loss) before tax	(1,257)	1,474	3,958	10,139	33,014	15,349	24,200
Income tax benefit	—	12	38	46	112	150	311
Minority interest	—	—	—	—	—	53	(319)
Net income (loss)	(1,257)	1,486	3,996	10,185	33,126	15,552	24,193
Net income (loss) attributable to ordinary shares	(1,257)	1,486	3,996	10,185	33,126	15,552	20,517

(1) In the three months ended June 30, we recorded share compensation expenses of RMB10.3 million (US$1.3 million) relating to a sale of our ordinary shares at less than fair market value to Linyang Electronics, a company controlled by our chairman and chief executive officer, by other shareholders of our company.

(2) In the three months ended September 30, 2006, we recorded share compensation expenses of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

	Three Months Ended			
	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006
Other Operational Data				
Amount of PV cells produced (including PV cell processing) (in MW)	1.0	3.9	5.0	7.3
Amount of PV modules produced (in MW):	2.4	2.8	2.9	5.7
Average selling price (in US$/W):				
PV cells [1]	3.00	2.82	3.10	1.68
PV modules [2]	3.95	3.98	4.00	4.04
Average conversion efficiency rate of monocrystalline cells	15.8%	16.0%	16.1%	16.5%
Minimum PV cell thickness (in mm) [3]	NA	240	220	200

(1) All sales contracts for PV cells are denominated in Renminbi. Translations of Renminbi into U.S. dollars were made at period end exchange rates.

(2) Represents the average unit selling price in U.S. dollars specified in the sales contracts for PV modules.

(3) Represents the minimum cell thickness that can be mass-produced as of the end of that period.

Net Revenue

Our net revenue was RMB20.3 million, RMB66.2 million, RMB79.7 million, RMB102.5 million, RMB101.0 million and RMB182.8 million in the three months ended June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively.

Net Revenue from PV Modules

PV module production accounts for a substantial majority of our net revenue in each quarter. We also provide PV cell processing services, which account for a much smaller portion of our net revenue in each quarter. Our net revenue from the sale of PV modules was RMB20.3 million, RMB66.2 million, RMB79.2 million, RMB93.6 million, RMB85.8 million and RMB180.8 million in the three months ended June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively. This represented quarterly growth rates of 226.1%, 19.6%, and 18.2% over the three-month periods ended September 30, 2005, December 31, 2005 and March 31, 2006, respectively. Our net revenue from the sale of PV modules in the three months ended June 30, 2006 represented a decrease of 9.1% from RMB93.6 million in the three months ended March 31, 2006. However, our net revenue from PV modules subsequently increased by 110.8% to RMB180.8 million in the three months ended September 30, 2006. The growth in the three-month periods ended September 30, 2005, December 31, 2005 and March 31, 2006 was mainly due to the ramp-up of our operations during these periods and the efforts of our sales and marketing teams to increase unit sales of our PV modules. The growth in the three months ended September 30, 2006 was primarily due to the commencement of the commercial operations of our second PV cell production line in September 2006, which resulted in a significant increase in the production and sales volume of our PV modules. In addition, the increase in average conversion efficiency rate of monocrystalline PV cells from 16.1% in the three months ended June 30, 2006 to 16.5% in the three months ended September 30, 2006 contributed to the significant increase in our net revenue between these periods. To a lesser extent, the growth was also due to increases in the average selling prices of our PV modules, which increased from US$4.00 per watt in the three months ended June 30, 2006 to US$4.04 per watt in the three months ended September 30, 2006. The decrease from the three months ended March 31, 2006 to the three months ended June 30, 2006 was primarily due to our increased use of our PV cell production line for PV cell processing during that period.

Net Revenue from PV Cells

Our net revenue from the sale of PV cells was RMB0.5 million, RMB1.5 million, RMB5.0 million and RMB0.05 million in the three months ended December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively. The decrease in our net revenue from the sale of PV cells in the three months ended September 30, 2006 was mainly attributable to the fact that we used the substantial majority of the PV cells we produced for our module production, and we only sold a limited amount of these cells to third parties on a selective basis. We do not expect that sales of PV cells to third parties will constitute a significant portion of our net revenue in the future as we plan to continue to use our own cells primarily for the manufacture of our PV modules.

Net Revenue from PV Cell Processing

Our net revenue from the PV cell processing services increased from RMB7.4 million in the three months ended March 31, 2006 to RMB10.2 million in the three months ended June 30, 2006, principally as a result of the increased use of our PV cell production line for PV cell processing. Net revenue from PV cell processing decreased from RMB10.2 million in the three months ended June 30, 2006 to RMB1.9 million in the three months ended September 30, 2006, mainly due to the decreased PV cell processing services we provided during this period.

Cost of Revenue

Our cost of revenue showed corresponding increases over these periods as a result of the ramp-up of our PV module and PV cell manufacturing operations. In particular, our cost of revenue increased significantly on a quarterly basis by 232.2% and 11.4%, respectively, over the three-month periods ended September 30, 2005 and December 31, 2005, but remained relatively

flat in the two three-month periods ended March 31, 2006 and June 30, 2006, and increased by 87.2% in the three months ended September 30, 2006.

Cost of Revenue for PV Modules

Our cost of revenue relating to PV modules increased from RMB17.4 million in the three months ended June 30, 2005 to RMB57.7 million in the three months ended September 30, 2005 to RMB63.9 million in the three months ended December 31, 2005. This represented quarterly growth rates of 232.2% and 10.7% over these periods. Our cost of revenue for PV modules remained relatively flat at RMB62.9 million in the three months ended March 31, 2006 and RMB63.1 million in the three months ended June 30, 2006, despite increases in our revenue from PV modules, mainly due to the fact that all of our PV module products in that period were manufactured using our own PV cells, which allowed us to significantly reduce our related costs. Our cost of revenue relating to PV modules increased to RMB129.9 million in the three months ended September 30, 2006, principally due to the significant increase in the sales volume of our PV modules.

Cost of Revenue for PV Cells

Our cost of revenue relating to PV cells was RMB0.4 million, RMB1.4 million, RMB4.0 million and RMB0.07 million in the three months ended December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively. The changes in our cost of revenue relating to PV cells were mainly due to the fluctuations in sales of PV cells.

Cost of Revenue for PV Cell Processing

In the three months ended March 31, June 30 and September 30, 2006, our cost of revenue relating to our PV cell processing services was RMB2.4 million, RMB2.8 million and RMB0.9 million, respectively, primarily consisting of the cost of raw materials other than silicon we used for the processing and related labor costs. The changes in these costs relate primarily to the fluctuations in our PV cell processing sales.

Gross Profit and Gross Margin

PV module production accounts for a substantial majority of our profit in each quarter. We also provide PV cell processing services, which account for a much smaller portion of our profit in each quarter. Our gross profit increased from RMB2.9 million in the three months ended June 30, 2005 to RMB8.5 million in the three months ended September 30, 2005. This significant increase was primarily due to increased production and sales volume of our PV modules while the cost of revenue as a percentage of our net revenue remained relatively stable. Our gross profit in the three months ended December 31, 2005 was RMB15.4 million, and mainly reflected increased sales of PV modules, which was offset by both the losses from the PV cell production line in its initial ramp-up phase and the increased silicon costs we incurred during that period. Our gross profit in the three months ended March 31, 2006 increased to RMB35.8 million, primarily due to the ramp-up of our PV cell operations and use of our own PV cells for module production, which resulted in higher profit margin for our PV module operations. This increase was also attributable to the increased efficiencies in operating our PV cell production line. Gross profit decreased to RMB31.1 million in the three months ended June 30, 2006, principally because of the increased costs of silicon wafers and our increased use of our production line for PV cell processing during that period, which reduced the available capacity for PV module production. Gross profit increased to RMB51.9 million in the three months ended September 30, 2006, primarily due to our second PV cell production line commencing commercial operations in September 2006, which resulted in an increase in the production and sales volume of our PV modules. Our gross margin in the three months ended June 30, 2005, September 30, 2005,

December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006 was 14.4%, 12.8%, 19.3%, 34.9%, 30.8% and 28.4%, respectively.

Operating Expenses

Our operating expenses, consisting of selling expenses, general and administrative expenses and research and development expenses, increased in the three months ended March 31, 2005, the three months ended June 30, 2005 and the three months ended September 30, 2005. These increases corresponded mainly to the ramp-up of our sales and marketing team and our marketing efforts, as well as the general increase in the size of our operations. The increase in our selling expenses from RMB2.1 million in the three months ended September 30, 2005 to RMB2.6 million in the three months ended December 31, 2005 was primarily due to the increase in our marketing expenses, including the expenses relating to our participation in a trade show in Shanghai at the end of 2005. The decrease in our operating expenses in the three months ended March 31, 2006 from RMB4.3 million to RMB3.6 million was primarily due to the fact that we did not incur such marketing expenses in the three months ended March 31, 2006. Our overall operating expenses in the three months ended June 30, 2006 increased to RMB15.1 million mainly due to the recording of share compensation expenses of RMB10.3 million, which related to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company. Our operating expenses increased to RMB21.6 million in the three months ended September 30, 2006 from RMB15.1 million in the three months ended June 30, 2006, primarily due to a share compensation charge of RMB12.1 million as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited and the increased costs we incurred for hiring new management and research and development personnel.

Operating Profit (Losses)

As a result of the foregoing, after experiencing operating losses in the first three months of our operations, we recorded operating profit of RMB1.7 million, RMB4.7 million, RMB11.1 million, RMB32.3 million, RMB16.0 million and RMB30.2 million in the three months ended June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively. The decrease in the operating profit in the three months ended June 30, 2006 was mainly due to our increased use of our production line for PV cell processing during that period and a share compensation charge of RMB10.3 million. Operating profit increased from the three months ended June 30, 2006 to the three months ended September 30, 2006, primarily due to the commencement of our second PV cell production line, which was partially offset by the RMB12.1 million of share compensation expenses that resulted from the issuance of series A convertible preference shares to Good Energies Investments Limited.

Other Income (Expenses)

We incurred interest expenses of RMB0.1 million, RMB0.4 million, RMB1.4 million and RMB2.1 million relating to our outstanding borrowings in the three months ended December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively. In the three months ended June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, we also recorded exchange losses of RMB0.4 million, RMB0.6 million, RMB0.8 million, RMB0.01 million, RMB0.1 million and RMB2.2 million, respectively. In the three months ended March 31, June 30 and September 30, 2006, we recorded changes in fair value of embedded foreign currency derivatives in our sales contracts of RMB0.5 million, RMB0.07 million and negative RMB1.6 million, respectively, which related to our fixed-price arrangements denominated in U.S. dollars. In the three months ended March 31, 2006 and June 30, 2006, we had government grants of RMB0.5 million and RMB0.1 million, respectively.

Net Income

As a result of the foregoing, we had net income of RMB1.5 million, RMB4.0 million, RMB10.2 million, RMB33.1 million, RMB15.6 million and RMB24.2 million in the three months ended June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006, respectively. The increase in our net income in the three months ended June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006 was primarily due to the increased sales of our PV products coupled with the increased efficiencies in operating our PV cell production line, the use of our own PV cells for our PV module production since November 2005 and improved economies of scale in our operations. The decrease in our net income in the three months ended June 30, 2006 was primarily due to share compensation expenses of RMB10.3 million during that period. Our net income in the three months ended September 30, 2006 was lower than the three months ended March 31, 2006, primarily due to a share compensation charge of RMB12.1 million as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited in August 2006.

Net Income (Loss) Attributable to Ordinary Shares

The net income attributable to ordinary shares in the three months ended June 30, 2005, September 30, 2005, December 31, 2005, March 31, 2006, June 30, 2006 and September 30, 2006 was RMB1.5 million, RMB4.0 million, RMB10.2 million, RMB33.1 million, RMB15.6 million and RMB20.5 million, respectively. The net income attributable to ordinary shares in the three months ended September 30, 2006 reflects the deemed dividend of RMB3.7 million to holders of series A convertible preference shares.

Results of Operations in the Period from August 27 (Inception) to December 31, 2004, the Year Ended December 31, 2005 and the Nine Months Ended September 30, 2005 and 2006

The following table sets forth our summary consolidated statement of operations for the periods indicated:

	From August 27 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30,		
				2005	2006	
	(RMB)	(RMB)	(US$)	(RMB)	(RMB)	(US$)
			(in thousands)			
Net revenue:						
PV modules	—	165,636	20,956	86,484	360,154	45,566
PV cells	—	542	68	—	6,624	838
PV cell processing	—	—	—	—	19,461	2,462
Total	—	166,178	21,024	86,484	386,239	48,866
Cost of revenue:						
PV modules	—	(139,481)	(17,647)	(75,627)	(255,867)	(32,371)
PV cells	—	(422)	(53)	—	(5,548)	(702)
PV cell processing	—	—	—	—	(6,014)	(761)
Total	—	(139,903)	(17,700)	(75,627)	(267,429)	(33,834)
Gross profit	—	26,275	3,324	10,857	118,810	15,032
Operating expenses:						
Selling expenses	—	(5,258)	(665)	(2,653)	(6,023)	(762)
General and administrative expenses [1]	(629)	(4,112)	(520)	(2,711)	(31,585)	(3,996)
Research and development expenses	—	(750)	(95)	(415)	(2,723)	(344)
Total	(629)	(10,120)	(1,280)	(5,779)	(40,331)	(5,102)
Operating profit (loss)	(629)	16,155	2,044	5,078	78,479	9,930
Interest expenses	—	(123)	(15)	—	(3,855)	(488)
Interest income	22	95	12	24	492	62
Exchange losses	—	(1,768)	(224)	(935)	(2,123)	(269)
Other income	—	215	27	215	486	61
Other expenses	—	(260)	(33)	(207)	(474)	(60)
Changes in fair value of embedded foreign currency derivative	—	—	—	—	(1,082)	(137)
Government Grant	—	—	—	—	640	81
Net income (loss) before tax	(607)	14,314	1,811	4,175	72,563	9,180
Income tax benefit	—	96	12	52	574	73
Minority interest	—	—	—	—	(266)	(33)
Net income (loss)	(607)	14,410	1,823	4,227	72,871	9,220
Net income (loss) attributable to ordinary shares	(607)	14,410	1,823	4,227	69,195	8,754

(1) In the nine months ended September 30, 2006, we recorded a share compensation charge of RMB10.3 million (US$1.3 million), which related to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by other shareholders of our company and a share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited.

Nine Months Ended September 30, 2006 Compared to Nine Months Ended September 30, 2005

We began PV module production in January 2005 and began selling PV modules in February 2005. Our operating results in the nine months ended September 30, 2006 represented significant increases compared to the same period in 2005 due to the increase in sales volume, average

selling prices and profit margins of our products. We previously outsourced PV cells used for our PV module production from third party suppliers at market prices. In the nine months ended September 30, 2006, we manufactured all of the PV cells used for our PV module production, thereby significantly reducing our reliance on third party PV cell suppliers, decreasing our PV module production costs and increasing our profit margins.

Net Revenue

Our net revenue was RMB386.2 million (US$48.9 million) in the nine months ended September 30, 2006, compared to RMB86.5 million in the same period in 2005. The net revenue we generated from our PV cell business and PV module business amounted to RMB6.6 million (US$0.8 million) and RMB360.2 million (US$45.6 million), respectively, during the nine months ended September 30, 2006. Our sales volumes of PV cells and modules in the same period reached 0.3 MW and 11.2 MW, respectively. We also began providing PV cell processing services from January 2006 and generated revenue of RMB19.5 million (US$2.5 million) from PV cell processing in the nine months ended September 30, 2006, based on 3.3 MW of PV cells we processed and provided to our customers in this period. We derived 93.7% and 6.3% of our net revenue in the nine months ended September 30, 2006 from customers in Europe and China, respectively. The average selling prices of our PV modules and cells were US$4.02 per watt and US$3.05 per watt, respectively, during this period.

Cost of Revenue and Gross Profit

Our cost of revenue was RMB267.4 million (US$33.8 million) in the nine months ended September 30, 2006, compared to RMB75.6 million in the same period in 2005. The costs associated with PV cell and PV module production were RMB5.5 million (US$0.7 million) and RMB255.9 million (US$32.4 million), respectively, accounting for 2.1% and 95.7% of our total cost of revenue, respectively, in the nine months ended September 30, 2006. We also had cost of revenue relating to PV cell processing of RMB6.0 million (US$0.8 million) in the nine months ended September 30, 2006. Cost of revenue as a percentage of our net revenue was 69.2% in the nine months ended September 30, 2006. As a result of the foregoing, our gross profit was RMB118.8 million (US$15.0 million) for the nine months ended September 30, 2006, compared to RMB10.9 million in the same period in 2005. Our gross profit margin in the nine months ended September 30, 2006 was 30.8%, compared to 12.6% in the same period in 2005.

Operating Expenses and Operating Profit (Loss)

Our operating expenses were RMB40.3 million (US$5.1 million) in the nine months ended September 30, 2006, compared to RMB5.8 million in the same period in 2005. These operating expenses consisted mainly of general and administrative expenses, as well as, to a lesser extent, selling expenses and research and development expenses.

We incurred selling expenses of RMB6.0 million (US$0.8 million) in the nine months ended September 30, 2006, which represented 1.6% of our net revenue in the same period. These expenses mainly related to our marketing efforts in our main target markets of Germany, Spain, Italy and China. We incurred selling expenses of RMB2.7 million (US$0.3 million) in the nine months ended September 30, 2005.

Our general and administrative expenses increased by RMB28.9 million to RMB31.6 million (US$4.0 million) in the nine months ended September 30, 2006 from RMB2.7 million in the same period in 2005, due primarily to a RMB12.1 million (US$1.5 million) share compensation charge resulting from the issuance of series A convertible preference shares to Good Energies Investments Limited and the recording of an additional RMB10.3 million (US$1.3 million) in share compensation expenses, which related to a sale of our ordinary shares to Linyang Electronics, a company controlled by our chairman and chief executive officer, at less than fair market value by

other shareholders of our company. See notes 13 and 15 to our consolidated financial statements included elsewhere in this prospectus. General and administrative expenses also increased due to an increase in the number of our general and administrative personnel, as well as the overall increase in our business activities and the size of our operations. General and administrative expenses as a percentage of our net revenue was 8.2% in the nine months ended September 30, 2006. This measure includes a share compensation charge of RMB10.3 million (US$1.3 million) related to a sale of our ordinary shares to Linyang Electronics by other shareholders of our company and the share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited during this period.

In addition, we also incurred research and development expenses of RMB2.7 million (US$0.3 million) in the nine months ended September 30, 2006, compared to RMB0.4 million in the same period in 2005.

As a result of the foregoing, our operating profit in the nine months ended September 30, 2006 was RMB78.5 million (US$9.9 million), representing an increase of RMB73.4 million from RMB5.1 million in the same period in 2005. Our operating margin in the nine months ended September 30, 2006 was 20.3%. This measure includes a share compensation charge of RMB10.3 million (US$1.3 million) related to a sale of our ordinary shares to Linyang Electronics by other shareholders of our company and the share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited during this period.

Interest Expenses and Other Income (Expenses)

Our interest expenses in the nine months ended September 30, 2006 were RMB3.9 million (US$0.5 million), mainly consisting of interest expenses on our commercial loans. Our interest expenses were nil in the nine months ended September 30, 2005. In the nine months ended September 30, 2006, exchange losses were RMB2.1 million (US$0.3 million) and losses from changes in the fair value of embedded foreign currency derivatives in our sales contracts were RMB1.1 million (US$0.1 million), primarily due to the expected appreciation of the Renminbi against the U.S. dollar. Exchange losses and losses from changes in the fair value of embedded foreign currency derivatives were RMB0.9 million and nil, respectively, in the same period in 2005. We had other income of RMB0.5 million (US$0.06 million) in the nine months ended September 30, 2006, compared to RMB0.2 million in the same period in 2005.

Net Income Before Tax and Income Tax Benefit

As a result of the foregoing, we had net income before tax of RMB72.6 million (US$9.2 million) in the nine months ended September 30, 2006 and RMB4.2 million in the same period in 2005. Our tax expenses were nil in the nine months ended September 30, 2006, because Linyang China, our operating subsidiary in the PRC, was exempted from enterprise income tax for 2006. Our tax expenses were nil in the same period in 2005. We recorded RMB0.6 million (US$0.1 million) income tax benefit as a result of recognizing deferred tax assets related to warranty provision in the nine months ended September 30, 2006.

Net Income

We had net income of RMB72.9 million (US$9.2 million) in the nine months ended September 30, 2006 and RMB4.2 million in the same period in 2005. Our net income margin in the nine months ended September 30, 2006 was 18.9%. This measure includes a share compensation expenses of RMB10.3 million (US$1.3 million) related to a sale of our ordinary shares to Linyang Electronics by other shareholders of our company and the share

compensation expenses of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited during this period.

Year Ended December 31, 2005

The following discussion summarizes our results of operations for the year ended December 31, 2005. Since we only had minimal operating activities during the period from August 27 to December 31, 2004, we do not believe that a comparison between this period and the year ended December 31, 2005 is meaningful.

Net Revenue

Our net revenue in 2005 was RMB166.2 million (US$21.0 million), which was derived entirely from sales of our PV modules and cells. The net revenue we generated from our PV cell business and PV module business totaled RMB0.5 million (US$0.1 million) and RMB165.6 million (US$21.0 million), respectively, during this period. We sold 5.2 MW of PV modules and 0.02 MW of PV cells manufactured during this period. Substantially all of our PV modules manufactured in 2005 used PV cells purchased from third parties, as we did not begin production of our own PV cells until November 2005. Approximately 99.7% and 0.3% of our net revenue in 2005 was generated from sales of PV modules and cells to overseas customers and customers in China, respectively. The average selling prices of our PV modules and cells were US$3.93 per watt and US$3.00 per watt, respectively, during this period.

Cost of Revenue and Gross Profit

Our cost of revenue was RMB139.9 million (US$17.7 million) in 2005, which represented 84.2% of our net revenue during this period. The costs associated with PV cell and PV module production were RMB0.4 million (US$0.05 million) and RMB139.5 million (US$17.6 million), accounting for 0.3% and 99.7% of our total cost of revenue, respectively. As a result of the foregoing, we had gross profit of RMB26.3 million (US$3.3 million) and gross margin of 15.8% in 2005.

Operating Expenses and Operating Profit (Loss)

Our operating expenses were RMB10.1 million (US$1.3 million) in 2005, including RMB5.3 million (US$0.7 million) in selling expenses and RMB4.1 million (US$0.5 million) in general and administrative expenses and RMB0.8 million (US$0.1 million) in research and development expenses, which accounted for 3.2%, 2.5% and 0.5%, respectively, of our net revenue during this period. As a result of the foregoing, our operating profit in 2005 was RMB16.2 million (US$2.0 million), representing an operating margin of 9.7%.

Interest Expenses, Interest Income and Other Income (Expenses)

Our interest expenses in 2005 were RMB0.1 million (US$0.01 million), mainly consisting of interest expenses on our commercial loans. Our interest income in 2005 was RMB0.1 million (US$0.01 million), mainly consisting of interest income on our bank deposits. We also incurred exchange losses in the amount of RMB1.8 million (US$0.2 million) in 2005, mainly due to foreign currency exchange losses resulting from the increased exchange rate of the Renminbi against the U.S. dollar.

Net Income (Loss) Before Tax and Income Tax Benefit

As a result of the foregoing, our net income before tax in 2005 was RMB14.3 million (US$1.8 million). We did not incur any tax expenses in 2005 because Linyang China was exempted from enterprise income tax for 2005 and 2006. We recorded RMB0.1 million income tax benefit as a result of recognizing deferred tax assets related to warranty provision.

Net Income (Loss)

Our net income in 2005 was RMB14.4 million and our net income margin was 8.7%.

Period from August 27, 2004 (Inception) to December 31, 2004

We commenced our business operations on August 27, 2004. Since we did not begin production of any of our PV products until 2005, we did not generate any revenue or incur any cost of revenue for the period from August 27 to December 31, 2004. We incurred general and administrative expenses of RMB0.6 million, and as a result, we had net loss of RMB0.6 million during this period.

Liquidity and Capital Resources

We believe that our current cash and cash equivalents, cash flow from operations and the proceeds from this offering will be sufficient to meet our anticipated cash needs, including our cash needs for working capital and capital expenditures, for at least 12 months following this offering. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. In addition, after this offering, we will become a public company and will incur a significantly higher level of legal, accounting and other expenses than we did as a private company and we may need to obtain additional capital resources to cover these costs.

We are a holding company, and conduct substantially all of our business through Linyang China, our PRC operating subsidiary. We rely on dividends paid by Linyang China for our cash needs, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities organized in China is subject to limitations. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside a certain amount of its after-tax profits each year, if any, to fund certain statutory reserves. These reserves are not distributable as cash dividends. As of September 30, 2006, a total of RMB2.2 million (US$0.3 million) was not available for distribution to us in the form of dividends due to these PRC regulations.

Liquidity

The following table sets forth a summary of our cash flows for the periods indicated:

	Period from August 27, 2004 (Inception) to December 31, 2004	Year Ended December 31, 2005		Nine Months Ended September 30,		
				2005	2006	
	(RMB)	(RMB)	(US$)	(RMB)	(RMB)	(US$)
			(in thousands)			
Net cash used in operating activities	(8,180)	(76,582)	(9,688)	(76,194)	(414,929)	(52,497)
Net cash used in investing activities	(295)	(37,464)	(4,740)	(19,167)	(95,117)	(12,034)
Net cash generated from financing activities	12,000	117,575	14,874	101,600	571,938	72,362
Net increase in cash and cash equivalents	3,525	3,529	446	6,239	61,892	7,831

Net Cash Used in Operating Activities

Net cash used in operating activities primarily consists of net income (loss), as adjusted for non-cash items such as depreciation, amortization of intangible assets, warranty provision, share compensation expense and deferred tax benefit, and the effect of changes in certain operating assets and liabilities line items such as inventories, other current assets (including advances to suppliers and other receivables), amounts due to related parties, accounts and notes payable, customer deposits, accrued expenses and other liabilities.

Our net cash used in operating activities was RMB414.9 million (US$52.5 million) in the nine months ended September 30, 2006, which was derived from a net income of RMB72.9 million (US$9.2 million) adjusted to reflect a net increase relating to non-cash items and a net decrease relating to changes in operating assets and liabilities. The adjustments relating to non-cash items were primarily comprised of an increase for depreciation expense of RMB4.0 million (US$0.5 million), warranty provision of RMB3.6 million (US$0.5 million), share compensation expenses of RMB22.4 million (US$2.8 million) and deferred tax benefits of RMB0.6 million (US$0.1 million). The adjustments relating to changes in operating assets and liabilities, which resulted in a net decrease of RMB517.6 million (US$65.5 million), were primarily comprised of:

- a RMB326.8 million (US$41.3 million) increase in advances to suppliers, primarily due to increased prepayments to our suppliers for purchases of silicon and silicon wafers;
- a RMB144.8 million (US$18.3 million) increase in inventories principally as a result of increased purchases of silicon and silicon wafers; and
- a RMB22.7 million (US$2.9 million) decrease in deposits received from customers, primarily due to our provision of more preferential credit terms to our customers.

Our net cash used in operating activities was RMB76.2 million in the nine months ended September 30, 2005, based on a net income of RMB4.2 million and a net change in operating assets and liabilities of RMB81.8 million, including primarily:

- a RMB37.2 million increase in deposits received from customers;
- a RMB37.7 million increase in inventories; and
- a RMB61.1 million increase in advances to suppliers.

Our net cash used in operating activities was RMB76.6 million (US$9.7 million) in 2005, consisting primarily of net income of RMB14.4 million (US$1.8 million), adjusted by a RMB0.8 million (US$0.1 million) depreciation of fixed assets, RMB1.5 million (US$0.2 million) warranty provision, and RMB0.5 million (US$0.06 million) stock compensation expense, and offset by a net increase in operating assets and liabilities of RMB93.8 million, including primarily:

- an increase of RMB72.3 million (US$9.1 million) in inventories principally as a result of an increase of RMB60.5 million (US$7.5 million) in the purchase of raw materials;
- an increase of RMB56.5 million (US$7.1 million) in advances to suppliers;
- an increase of RMB16.6 million (US$2.1 million) in accounts payable mainly due to raw materials purchases;
- an increase of RMB22.2 million (US$2.8 million) in restricted cash relating to customer deposits; and
- an increase of RMB55.3 million (US$7.0 million) in deposits received from customers.

These changes in 2005 were all principally due to the increase in our overall business as we ramped up our production and sale of PV modules and PV cells.

Our net cash used in operating activities was RMB8.2 million in the period from August 27 to December 31, 2004, primarily consisting of a net loss of RMB0.6 million, adjusted by an increase of RMB7.6 million in operating assets and liabilities, which principally resulted from an increase of RMB4.5 million in inventories and an increase of RMB4.9 million in advances to suppliers.

Net Cash Used in Investing Activities

Our net cash used in investing activities primarily consists of cash used for the acquisition of fixed assets and advances made to related parties.

Our net cash used in investing activities was RMB95.1 million (US$12.0 million) in the nine months ended September 30, 2006, consisting of RMB88.7 million (US$11.2 million) of cash used for the acquisition of fixed assets, including primarily our manufacturing machinery and equipment, and RMB6.7 million (US$0.8 million) of cash used for the acquisition of intangible assets. Our net cash used in investing activities in the nine months ended September 30, 2005 was RMB19.2 million, all of which related to the acquisition of fixed assets.

Our net cash used in investing activities was RMB37.5 million (US$4.7 million) in 2005, consisting primarily of cash used for the acquisition of fixed assets of RMB37.5 million (US$4.7 million).

Our net cash used in investing activities in the period from August 27 to December 31, 2004 was RMB0.3 million, all of which related to the acquisition of fixed assets.

Net Cash Generated from Financing Activities

Our net cash generated from financing activities primarily consists of capital contributions by equity shareholders, short-term bank borrowings and advances provided by related parties, as offset by bank deposits for securing credit facilities granted by commercial banks, which are not available for use for our operations.

Our net cash generated from financing activities was RMB571.9 million (US$72.4 million) in the nine months ended September 30, 2006. This was mainly attributable to the issuance of series A convertible preference shares in the amount of RMB423.8 million (US$53.6 million) and new bank loans of RMB219.7 million (US$27.8 million). We generated RMB101.6 million of net cash from financing activities in the nine months ended September 30, 2005.

Our net cash generated from financing activities was RMB117.6 million (US$14.9 million) in 2005, including RMB29.3 million (US$3.7 million) in proceeds received as capital contributions from our shareholders and RMB20.0 million (US$2.5 million) in short-term bank loans, RMB146.4 million (US$18.5 million) in repayment of advances and RMB116.1 million (US$14.7 million) in advances from Linyang Electronics Co., Ltd. for working capital purposes.

We had net cash generated from financing activities of RMB12.0 million in the period from August 27 to December 31, 2004, consisting entirely of capital contributions from our shareholders offset by the advance of RMB18.0 million to Linyang Electronics Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd. as silicon purchase prepayments.

Contractual Obligations and Commercial Commitments

The following table sets forth our contractual obligations as of September 30, 2006:

	Payment Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
	(in thousands of Renminbi)				
Purchase obligations relating to machinery and equipment	76,922	76,922	—	—	—
Purchase obligations relating to raw materials	1,666,525	967,925	698,600	—	—
Other purchase obligations	—	—	—	—	—
Other long-term liabilities reflected on the balance sheet	—	—	—	—	—
Total	1,743,447	1,044,847	698,600	—	—

One of the raw material purchase contracts totaling approximately RMB1,265.4 million (US$160.1 million) was terminated and certain other raw material purchase contracts have been renegotiated subsequent to September 30, 2006. Subsequent to September 30, 2006, we entered into various fixed price and fixed quantity agreements with certain domestic suppliers to procure silicon wafers or ingots, with a planned total purchase amount of RMB920.8 million (US$116.5 million). See also note 20 to our consolidated financial statements included elsewhere in this prospectus.

In October and November 2006, Linyang China entered into entrusted loan agreements with Linyang Electronics under which Linyang Electronics lent to Linyang China an aggregate of RMB80.0 million (US$10.1 million) through a third party PRC commercial bank. These entrusted loans bear interest at 6.138% per annum, are unsecured and are repayable six months from the date of inception. Furthermore, in November 2006, we obtained short-term bank borrowings totaling RMB109.9 million (US$13.9 million) from three PRC commercial banks, of which RMB30.0 million (US$3.8 million) was guaranteed by Linyang Electronics; RMB39.9 million (US$5.0 million) was jointly guaranteed by Linyang Electronics and Huaerli (Nantong) Electronics Co., Ltd., or Huaerli (Nantong); and RMB40.0 million (US$5.0 million) was secured by land use rights and guaranteed by Linyang Electronics, Qidong Huahong Electronics Co., Ltd., or Qidong Huahong, and our chairman and chief executive officer and his wife.

As of the date of this prospectus, we had already entered into contracts to sell the majority of our planned production of PV products for 2007. See “Our Business — Sales and Distribution.”

Capital Resources

We have financed our operations primarily through cash flows from operations and also through bank loans and related-party loans. As of September 30, 2006, we had short-term bank loans from various commercial banks with an aggregate outstanding balance of RMB192.7 million (US$24.4 million) and outstanding long-term bank loans in the aggregate amount of RMB23.0 million (US$2.9 million). Our short-term bank loans bore average interest rates of 5.859% and 5.67% per annum, respectively, in 2005 and the nine months ended September 30, 2006. These short-term bank loans have terms of six months to one year, and expire at various times throughout the year. These facilities contain no specific renewal terms but we have historically been able to obtain extensions of some of the facilities shortly before they mature. In addition, our short-term bank loans are secured by land use rights, restricted cash or guaranteed by our related parties. Our long-term bank loans had an average interest rate of 5.76% per annum in the nine months ended September 30, 2006 and were guaranteed by Linyang Electronics.

Capital Expenditures

Our capital expenditures were RMB0.3 million, RMB37.5 million (US$4.7 million) and RMB95.4 million (US$12.1 million) in the period from August 27 to December 31, 2004, the year ended December 31, 2005 and the nine months ended September 30, 2006, respectively, and all related primarily to the purchase of manufacturing equipment for the production of PV cells and modules. We expect to incur capital expenditures of RMB60.0 million and RMB360.0 million for the remainder of 2006 and in 2007, respectively, which will be used primarily to purchase additional manufacturing equipment to meet our manufacturing capacity expansion plans.

We believe that our current cash and cash equivalents, anticipated cash flow from operations and the proceeds from this offering will be sufficient to meet our expected cash requirements, including for working capital and capital expenditure purposes, for at least 12 months following this offering. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash is insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from lending institutions. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would dilute our shareholders. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business operations and prospects may suffer.

Off-Balance Sheet Arrangements

We do not have any outstanding derivative financial instruments, off-balance sheet guarantees, interest rate swap transactions or foreign currency forward contracts. We do not engage in speculative transactions involving derivatives.

Inflation

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the change of consumer price index in China was 3.9% and 1.5% in 2004 and 2005, respectively.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Risk

Our financial statements are expressed in Renminbi and our functional currency is Renminbi. The change in value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in a more than 4% appreciation of the Renminbi against the U.S. dollar since the date of its announcement. There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar.

A substantial portion of our sales is denominated in U.S. dollars, Renminbi and Euros, while a substantial portion of our costs and expenses is denominated in Renminbi and U.S. dollars, with the remainder in Euros. Therefore, the revaluation in July 2005 and potential future revaluations have increased and could further increase our costs. In addition, any significant

revaluation of the Renminbi may have a material adverse effect on our revenue and financial condition. The value of, and any dividends payable on, our ADSs in foreign currency terms may also be affected. For example, when converting the U.S. dollars we receive from this offering into Renminbi for our operations, any appreciation of the Renminbi against the U.S. dollar will have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making dividend payments on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

Fluctuations in exchange rates, particularly among the U.S. dollar, Renminbi and Euro, also affect our gross and net profit margins and could result in fluctuations in foreign exchange and operating gains and losses.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to the interest rates for our short-term bank deposits. We have not used any derivative financial instruments to manage our interest risk exposure. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed, nor do we anticipate being exposed, to material risks due to changes in interest rates. However, our future interest income may be lower than expected due to changes in market interest rates.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board, or FASB, issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes,” or FIN 48, which is an interpretation of FAS 109, “Accounting for Income Taxes,” to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We will adopt FIN 48 as of January 1, 2007, as required. The cumulative effect of adopting FIN 48 will be recorded in retained earnings (or other appropriate components of equity or net assets in the statement of financial position as applicable) in the year of adoption. We do not expect that the adoption of FIN 48 will have a significant effect on our financial condition or results of operations.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, “Fair Value Measurements,” or SFAS No. 157. SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The provisions are to be applied prospectively as of the beginning of the fiscal year in which SFAS No. 157 is initially applied, except as it pertains to a change in accounting principles related to (i) large positions previously accounted for using a block discount and (ii) financial instruments (including derivatives and hybrids) that were initially measured at fair value using the transaction price in accordance with guidance in footnote 3 of EITF 02-3 or similar guidance in SFAS No. 155. For these transactions, differences between the amounts recognized in the statement of financial position prior to the adoption of SFAS No. 157 and the amounts recognized after adoption should be accounted for as a cumulative-effect adjustment to the opening balance of retained earnings in the year of adoption. We are currently assessing the impact, if any, that SFAS No. 157 will have on our financial condition or results of operations.

OUR INDUSTRY

Overview

Global demand for electric power has grown consistently at a rate of 2%-5% annually in the past decade in line with the continued increase in reliance on electricity-dependent technologies worldwide, according to the Energy Information Administration of the U.S. Department of Energy. In particular, demand for electric power has increased at a high rate in emerging economies such as China, where reliable electricity is critical to continued industrialization and economic growth. According to International Energy Outlook 2006 published by the U.S. Department of Energy, worldwide electricity consumption is expected to increase from 14.8 trillion kilowatt hours, or kWh, in 2003 to 30.1 trillion kWh in 2030, while during the same period, demand is expected to grow at 4% per year in non-OECD (Organisation for Economic Co-operation and Development) economies.

Sources for generating electricity include traditional sources, such as coal, natural gas, oil and nuclear power, and renewable resources, such as solar, biomass, geothermal, hydro-electric and wind power. Compared to fossil and nuclear fuels, which are finite resources that may eventually become too expensive to extract and bring to market, renewable resources are potentially unlimited in availability, although appropriate technology and a supportive regulatory environment are necessary to make the harnessing of renewable energy sources commercially viable. Renewable energy sources excluding hydroelectric power represented approximately 2% of worldwide electricity generation in 2004 and their use has the potential to increase significantly in the future. The following table sets forth the amount of electricity generated from various sources as percentages of total worldwide electricity generation for the periods indicated.

	Year Ended December 31,				
	2000	2001	2002	2003	2004
	(In percentages)				
Thermal electric	63.4%	64.0%	64.6%	65.7%	65.7%
Nuclear electric	16.8	17.0	16.6	15.9	15.8
Renewable sources					
Hydroelectric	18.1	17.3	16.9	16.5	16.5
Other (1)	1.7	1.7	1.9	1.9	2.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: U.S. Department of Energy — Energy Information Administration

(1) Includes geothermal, solar, wind, and wood and waste electric power generation.

Among the renewable resources for electricity generation, solar electricity generation has emerged as a rapidly growing segment with significant potential to meet the global electricity needs. Solar energy technologies can be used to convert sunlight into heat, generally called solar thermal energy, or directly into electricity, generally called PV electricity generation.

PV generation systems utilize interconnected PV cells, most of which are made with specially processed silicon that generates electric current upon exposure to sunlight. Such PV cells are packaged into PV modules, which not only protect the cells but also collect the electricity generated. Multiple PV modules, related power electronics, and other components make up the PV systems, which are used for both on-grid and off-grid generation. In the first instance, electricity generated is fed into an electricity transmission grid for sale, whereas in the latter instance, electricity is generated for locations where access to the electricity transmission grid is either physically impossible or not economically feasible.

Compared to traditional energy sources and other renewable energy technologies for electricity generation, the benefits of PV systems include the following:

- ***Renewability and Environmental Friendliness.*** Solar energy is derived from non-depleting sources. PV systems consume no fuel and produce no air, water or noise emissions.
- ***No Fuel Risk Advantage.*** Unlike traditional energy sources, such as fossil and nuclear fuels, solar energy is not subject to fuel price volatility or delivery risk. Although the amount and timing of sunlight vary over the day, season and year, a well configured system could provide a reliable, long-term supply source for fixed price electricity.
- ***Peak Energy Generation.*** Given that maximum sunlight hours correspond to peak electricity demand periods, PV panels generate the highest amount of electricity when electricity prices reach their highest levels.
- ***Location Advantage.*** Given the universal availability of sunlight, PV systems are generally installed at a customer's site. Therefore solar power does not face the same expenses and energy losses associated with transmission and distribution from large scale power generation plants to the end users. In addition, solar power often is regarded as an attractive, and sometimes the only viable, choice among renewable energy sources for retail customers given its universal location availability.
- ***Relatively Minimal Infrastructure Investment.*** PV systems can be deployed for large-scale residential and commercial applications very quickly, typically without the construction of a complex infrastructure.
- ***Modularity.*** PV systems can be deployed in many sizes and configurations to meet the specific needs of customers.
- ***Dual Use.*** In addition to power generation, PV panels can be used as the exterior of a building and are increasingly installed on the roofs and facades of commercial and residential buildings.
- ***Durability.*** Accelerated aging tests have shown that, without the need for major maintenance, solar power systems can operate for 25 or more years.

The Global PV Market

The PV market worldwide has experienced significant growth since the beginning of this decade. According to Solarbuzz, the global PV market increased from 345 MW in 2001 to 1,460 MW in 2005 in terms of total annual PV installations. In addition, PV industry revenue increased from US$7 billion in 2004 to US$9.8 billion in 2005. Cumulative installed PV electricity generation capacity also expanded by 39% in 2005, and currently exceeds 5 GW worldwide. Furthermore, investment in new plants to manufacture PV cells exceeded US$1 billion in 2005. According to Solarbuzz, annual PV installations are expected to increase to 3.9 GW, and PV industry revenue is expected to increase to US$23.1 billion by 2010.

On the basis of data published by Solarbuzz, the following tables set forth actual (for 2004-2005) and projected (for 2006-2010) PV market size in terms of annual revenue and installations for the periods indicated.

	Actual		Projected				
	2004	2005	2006	2007	2008	2009	2010
Installations (MW)	1,086	1,460	1,600	1,795	2,255	2,932	3,938
Revenue (US$ billion)	7.0	9.8	11.0	11.3	14.5	18.0	23.1

Source: Solarbuzz Marketbuzz 2006 upside case

Currently, installations in Germany, Japan and the United States together comprise a majority of worldwide PV industry installations. This is primarily attributable to government policies in these countries, in the form of regulations and incentives, which have accelerated the adoption of solar technologies. For example, Germany's annual PV installations grew 53% to 837 MW in 2005, and represented 57% of the world market in 2005. In addition, Japan's annual PV installations grew 14% to 292 MW in 2005. Other geographic areas, such as Southern Europe and China, have also increasingly demonstrated potential for rapid market development.

Competitive Landscape

According to Solarbuzz, although there are over 100 companies engaged in PV cell manufacturing or which have announced plans to do so, PV cell production is currently dominated by a small number of manufacturers. The top ten PV cell manufacturers accounted for 74% of the total PV cells produced worldwide in 2005. In terms of geographical distribution, the top manufacturers were generally based in regions from which the majority of solar energy revenue is currently derived, with manufacturers in Japan, Europe and the United States representing 46%, 28% and 9%, respectively, of the total world PV cell production in 2005. Meanwhile, the percentage of global PV cell production for regions other than Japan, Europe and the United States increased from 10% in 2001 to 17% in 2005.

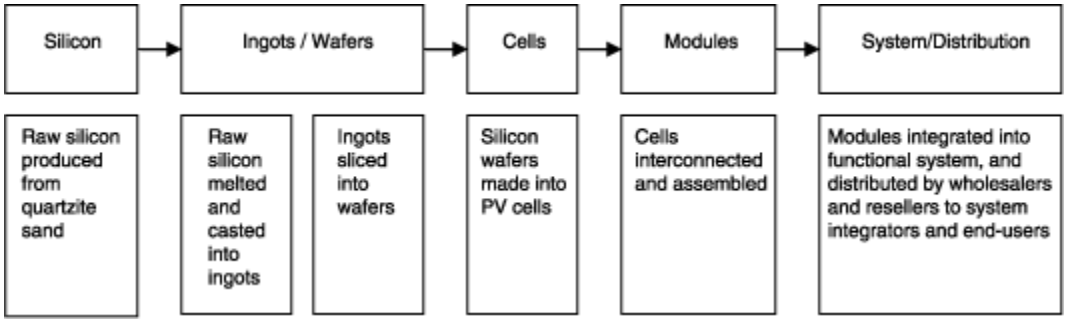
The following table sets forth global cell production by geographic region for the periods indicated.

Production (MW)	2001	2002	2003	2004	2005
Europe	89	134	203	340	508
Japan	168	246	365	596	829
USA	93	101	90	139	156
Rest of the World	38	49	84	171	307
Total	388	530	742	1,246	1,800

Source: Solarbuzz Marketbuzz 2006

The PV Industry Value Chain

The following diagram illustrates the stages of the PV electricity generation value chain.



Growth Trends in the Global PV Market

We believe the following factors will continue to drive the growth of the global PV market, including the demand for our products and services:

Rising Energy Demand and Limited Fossil Energy Sources with Increasing Prices

In recent years, global economic development has resulted in surging energy demand and rising energy prices. The situation is compounded by the finite supply of traditional energy sources, such as natural gas, coal, and petroleum. In addition, petroleum prices have risen dramatically because of war, political instability, labor unrest, and the threat of terrorism in oil-producing regions. Thus, future energy demand is increasingly expected to be met by renewable energy sources, such as solar energy.

Growing Adoption of Government Incentives for Solar and Other Renewable Energy Sources

In response to the increasing environmental concerns worldwide, many governments have promulgated regulations and implemented policies to limit the release of hazardous and “green house” gases, such as carbon dioxide, and to encourage the use of renewable energy sources. Due to the fact that most renewable energy sources are currently less cost competitive than traditional energy sources, a growing number of countries have created incentive programs for the solar sector, including:

- direct subsidies to end users to counter costs of equipment and installation;
- net metering laws enabling on-grid end users to sell electricity back to the grid at retail prices;
- government standards mandating minimum consumption levels of renewable energy sources; and
- low interest loans and tax incentives to finance solar power systems.

Due to government support in the past decade, solar energy has become an attractive alternative to traditional energy sources. Set forth below are brief descriptions of the incentive programs adopted by selected countries ***.***

China. The PRC government has been introducing various laws, regulations and initiatives to support renewable energy, including solar energy, over the last few years. In 2000, the PRC government initiated the Brightness Program, a rural electrification program, to provide electricity to rural areas in China. Under the initial phase of the Brightness Program relating to township electrification, an estimated 20 MW of PV or PV/ wind systems were installed from 2002-2004, impacting 1,000 municipalities. According to Solarbuzz, a second phase of the Brightness Program relating to village electrification contemplates installing village PV systems and solar home systems with a total capacity of over 250 MW from 2005-2010.

In February 2005, China enacted the Renewable Energy Law, which became effective in January 2006. The Renewable Energy Law provides certain financial incentives for the development of renewable energy projects. According to Solarbuzz, China will spend approximately US$180 billion over the next 15 years to increase its use of renewable energy, including solar and wind energy, from the current 7% of its total energy consumption to 15% by 2020, and the Chinese government is planning for its cumulative domestic solar PV installations to reach 400 MW by 2010 and 1,000 MW by 2020 from approximately 75 MW in 2005.

Various local authorities have also introduced initiatives to encourage the adoption of renewable energy, including solar energy. For example, in 2005, the Shanghai municipal government endorsed the “100,000 Roofs Project.” The goal of the project is to install solar power systems onto 100,000 rooftops or equivalent of 300 MW in Shanghai by 2015. In the short

term, there are plans to install 5 MW of PV systems by 2007 in Shanghai. In addition, solar power will be used at various sports venues of Beijing 2008 Olympic Games. We expect that the increase in solar energy consumption in local municipalities will encourage further growth of the solar energy industry in China.

Germany. Under Germany's Renewable Energy Sources Act, the country aims to increase the share of electricity from renewable energy to 12.5% by 2010 and 20% by 2020. In particular, the Renewable Energy Sources Act requires electricity transmission grid operators to connect various renewable energy sources to their electricity transmission grids and to purchase all electricity generated by such sources at guaranteed feed-in tariffs. Additional regulatory support measures include investment cost subsidies, low-interest loans and tax relief to end users of renewable energy.

Italy. Before 2005, the Italian PV market benefited primarily from regional support for PV installations with grants of up to 65% of investment, in the absence of national incentive funds. In 2005, Italy passed a new law that sets fixed feed-in tariffs for electricity produced from renewable energy sources. The incentives are available to individuals, companies and public bodies. In January 2006, the Italian government approved various measures relating to PV feed-in tariffs, including increasing the PV feed-in tariff cap to 500 MW by 2015.

Japan. The Japanese government has implemented a series of incentive programs, including the "PV 2030" roadmap, which outlines government policies to support solar power electricity. Japan also provides government subsidies for research and development. According to Solarbuzz, due to those incentive programs, there are over 200,000 PV installations on residential housing in Japan.

Spain. The incentive regime in Spain includes a national net metering program and favorable interest loans. The actual feed-in tariff for solar energy in Spain is fully guaranteed for 25 years and guaranteed at 80% subsequently. The target for cumulative installed generation capacity from PV in 2010 was recently raised by the Spanish government to 400 MW.

United States. At the federal level, several recent developments are favorable to the PV industry in general. The United States Congress approved the Energy Policy Act of 2005, which provides a 30% investment tax credit for PV installations. In addition, the President of the United States announced the Advanced Energy Initiative in January 2006, which sets the goal of replacing more than 75% of oil imports from the Middle East by 2025 through using alternative energy. Furthermore, the President of the United States proposed US$148 million in funds to support the solar energy research and development program in the United States government's 2007 budget. In addition, a number of states, including California and New Jersey, have committed substantial resources to developing and implementing renewable energy programs. For example, in January 2006, the California Public Utilities Commission passed the California Solar Initiative with the goal of installing 3 GW PV systems by 2017. In April 2006, the New Jersey Board of Public Utilities voted to approve new regulations which expand the State's Renewable Portfolio Standard by extending the existing goals out to 2020 and increasing the required amount of renewable energy and solar energy. Under the newly adopted regulations, 20% of New Jersey's electricity must come from renewable sources by 2020. The New Jersey regulations also include a 2% solar set aside which is forecast to require 1,500 MW of electricity to be generated through solar power, the largest solar commitment relative to population and electricity consumption in the United States.

Continuously Decreasing Production Costs

Currently, the cost of solar energy substantially exceeds the retail price of electricity in most markets of the world. According to Solarbuzz, the total cost of producing solar electricity is approximately 25-40 cents/ kWh in most industrialized countries, whereas domestic tariffs are generally 7-12 cents/ kWh and bulk electricity generation costs are 2-5 cents/ kWh. As a result,

the demand for solar power products is highly dependent on government subsidies and economic incentives. However, over the long term, a self-sustaining PV market requires PV installation prices to decrease to a point where PV can complete in most segments with retail electricity.

We believe that the cost per watt of solar power systems could be further reduced by the following measures:

- lowering silicon raw material costs;
- decreasing silicon usage per watt;
- increasing conversion efficiencies of PV cells in a cost-effective manner;
- improving manufacturing efficiencies;
- reducing capital expenditure per unit of solar power capacity expansion; and
- enhancing manufacturers' economies of scale.

Challenges Facing the Industry

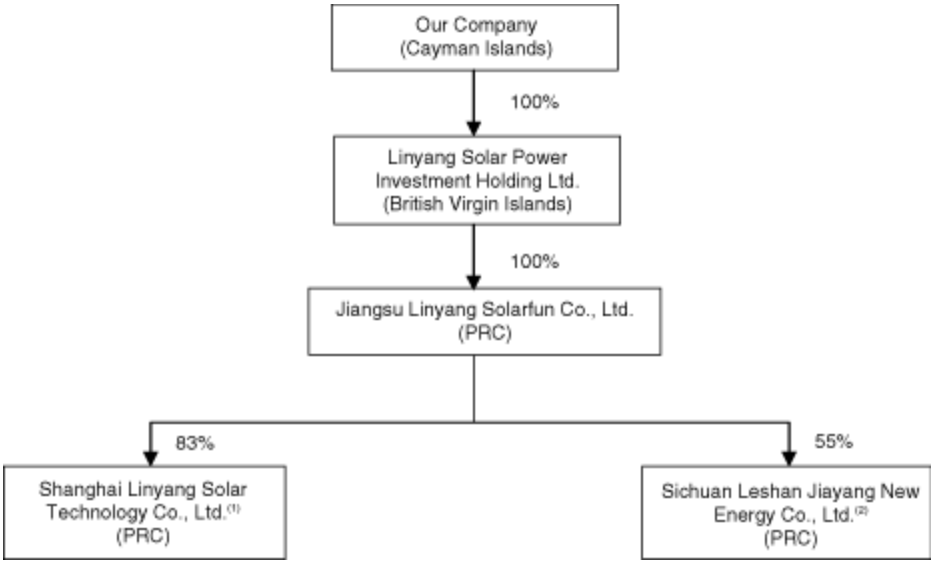
In spite of the advantages of solar energy generated through PV systems, the PV industry still must overcome a number of hurdles in order to grow and accomplish broad commercialization of its products, including:

- ***Current high cost of solar electricity.*** Without government subsidies, solar electricity is currently less cost competitive than traditional electricity sources. Such government subsidies may include feed-in tariffs, net metering programs, renewable portfolio standards, rebates, tax incentives, and low interest loans. Any reduction in or elimination of government subsidies during this stage of the solar energy industry's development may result in a decrease in demand for solar modules. See "Risk Factors — Risks Related to Our Company and Our Industry — The reduction or elimination of government subsidies and economic incentives for on-grid solar energy applications could have a materially adverse effect on our business and prospects."
- ***Intermittent source of power.*** PV systems need sunlight to generate electricity and are less efficient in climates with low sunlight and extreme temperatures. As a result, these systems usually cannot be used as the sole source of electricity. To offer a complete solution to the end user, PV systems need to be combined with a storage solution, such as a battery, or other source of electricity, such as grid electricity or diesel generation.
- ***Limited availability of semiconductor materials.*** Semiconductor materials are required to convert solar energy into electricity for solar modules. According to Solarbuzz, crystalline silicon technology was used for over 94% of the PV cells produced in 2005. High demand from the PV and microelectronics industries has resulted in a shortage of silicon feedstock, limiting the growth of many solar module manufacturers.

Even though silicon feedstock manufacturers are building new plants to boost supply, these projects are not only time-consuming, but also require substantial capital expenditures.

OUR CORPORATE HISTORY AND STRUCTURE

We are a Cayman Islands holding company and conduct substantially all of our business through our operating subsidiary in the PRC, Jiangsu Linyang Solarfun Co., Ltd., or Linyang China. We own 100% of Linyang Solar Power Investment Holding Ltd., or Linyang BVI, a British Virgin Islands holding company, which owns 100% of Linyang China. Linyang China has two subsidiaries, Shanghai Linyang Solar Technology Co., Ltd., or Shanghai Linyang, and Sichuan Leshan Jiayang New Energy Co., Ltd., or Sichuan Jiayang. We established these subsidiaries to expand our business into new markets and sectors. The diagram sets forth the entities directly or indirectly controlled by us following our restructuring, which was completed on June 27, 2006:



(1) The other shareholders of Shanghai Linyang Solar Technology Co., Ltd. are three individuals: Mr. Yongliang Gu, Mr. Rongqiang Cui, and Mr. Cui's spouse. Mr. Gu and Mr. Cui are our shareholders.

(2) The other shareholders of Sichuan Jiayang are Sichuan Jianengjia, which holds a 30% equity interest, and a member of Sichuan Jiayang's management team, Mr. Wei Gu, who holds a 15% equity interest on behalf of Mr. Yonghua Lu, our chairman and chief executive officer, pursuant to an entrustment agreement entered into in November 2006. Under this entrustment agreement, Mr. Lu provided RMB3.0 million (US$0.4 million) to Mr. Gu to acquire the 15% equity interest in Sichuan Jiayang. Under the entrustment agreement, all the rights enjoyed by Mr. Gu as the holder of record of the 15% equity interest in Sichuan Jiayang, including economic rights, belong to Mr. Lu. Mr. Gu may only exercise rights relating to this equity interest in Sichuan Jiayang, such as voting and transfer rights, pursuant to written instructions from Mr. Lu. Mr. Lu also has the right to transfer all or a portion of the 15% equity interest to the management of Sichuan Jiayang or other third parties. This entrustment arrangement was originally contemplated at the time of establishment of Sichuan Jiayang, but was not formalized in writing until November 2006, and was meant to serve as a transitional step in advance of potentially fully transferring these equity interests to Mr. Gu and other members of Sichuan Jiayang's management team as performance incentives.

We commenced our operations in August 2004 through Linyang China. In connection with our initial public offering, we completed a restructuring in June 2006 pursuant to which we established our current holding company structure. Immediately prior to our restructuring, on

June 1, 2006, Linyang China was a Sino-foreign joint venture company with four shareholders: Jiangsu Linyang Electronics Co., Ltd., or Linyang Electronics, held 70% of the equity interests of Linyang China; Mr. Rongqiang Cui, our shareholder, and Mr. Yongliang Gu, our shareholder, held 3% and 2%, respectively, of Linyang China; and a non-PRC resident held the remaining 25% as the non-PRC joint venture partner. Linyang Electronics is one of the leading electricity-measuring instrument manufacturers in China. Mr. Yonghua Lu, our founder, chairman and chief executive officer, together with his spouse, holds 75% of the equity interests of Linyang Electronics, with the non-PRC resident joint venture partner of Linyang China holding the remaining 25%. In connection with the restructuring, the non-PRC resident joint venture partner of Linyang China ceased to own any interest in our company and received cash for the transfer of his interest in Linyang China.

In June and August 2006, we issued in a private placement an aggregate of 79,644,754 series A convertible preference shares to Citigroup Venture Capital International Growth Partnership, L.P., Citigroup Venture Capital International Co-Investment, L.P., Hony Capital II, L.P., LC Fund III, L.P., Good Energies Investments Limited and two individual investors. The proceeds we received from this transaction, before deduction of transaction expenses, were US$53 million.

For a discussion of our current shareholding structure, see “Principal and Selling Shareholders.”

OUR BUSINESS

Overview

We are an established manufacturer of both PV cells and PV modules in China. We manufacture and sell a variety of PV cells and PV modules using advanced manufacturing process technologies that have helped us to rapidly increase our operational efficiency. All of our PV modules are currently produced using PV cells manufactured at our own facilities. We sell our products both directly to system integrators and through third party distributors. We also provide PV cell processing services for some of our silicon suppliers. We conduct our business in China through our operating subsidiary, Linyang China. In addition, we recently incorporated Shanghai Linyang to provide system integration services in China whereby we tailor our PV products for specific customers' needs and link them with the end-use devices that require solar power. In November 2006, Shanghai Linyang won a competitive bid to provide a substantial majority of the PV modules to be used in a 1 MW solar power plant in Shanghai. Shanghai Linyang is still in the process of negotiating the final agreement relating to this project.

Since our first PV cell production line became operational in November 2005, we have increased the average daily output of each of our monocrystalline PV cell production lines to 26,000 cells for the month ended September 30, 2006, improved the conversion efficiency of our monocrystalline PV cells to 16.8%, and reduced monocrystalline PV cell thickness to 200 microns and the average cell breakage rate to 2.7%.

We currently operate two PV cell production lines, each with 30 MW of annual manufacturing capacity. We commenced commercial production on these lines in November 2005 and September 2006, respectively. In order to meet the fast-growing market demands for solar products, we plan to significantly expand our PV cell manufacturing capacity over the next several years. We expect that, by the end of 2006, the aggregate annual manufacturing capacity of our PV cell production lines that are completed or under construction will reach 120 MW. In addition, we plan to achieve an aggregate annual manufacturing capacity of 240 MW by the end of 2007 and 360 MW by the end of 2008.

We increased our annual PV module manufacturing capacity from 30 MW to 60 MW in October 2006, and plan to achieve an aggregate annual manufacturing capacity of 80 MW by the end of 2006, 180 MW by the end of 2007 and 300 MW by the end of 2008. In addition, we established Sichuan Leshan Jiayang New Energy Co., Ltd., or Sichuan Jiayang, in April 2006, to increase our PV module production capacity and capture potential system integration opportunities in western China. Sichuan Jiayang's 10 MW of PV module assembly capacity became operational in June 2006 and we expect to increase this capacity to 20 MW by the end of 2007 and 60 MW by the end of 2008. As part of our expansion plans, we also ordered the equipment for a new 15 MW automatic "building integrated" PV production line in May 2006, which is expected to become operational by early 2007. A "building integrated" PV system integrates PV modules into the core structure of a building's roof or facade.

We have experienced significant revenue and earnings growth since our establishment in August 2004. Our net revenue and net income were RMB166.2 million (US$21.0 million) and RMB14.4 million (US$1.8 million), respectively, in 2005. Our net revenue was RMB386.2 million (US$48.9 million) in the first nine months of 2006, compared to RMB86.5 million in the first nine months of 2005. We had net income of RMB72.9 million (US$9.2 million) in the nine months ended September 30, 2006, compared to RMB4.2 million in the same period in 2005.

Our Strengths

We believe the following strengths enable us to capture opportunities in the rapidly growing PV industry and compete effectively in the PV market in China and internationally:

Strong Execution Capability Demonstrated by Significant and Rapid Operational and Financial Achievements in a Competitive Market

We have achieved significant milestones in a highly competitive market within the short period since our establishment, including the following:

- *Rapid Buildout of Manufacturing Capacity and Fast Rollout of Products.* We built up our manufacturing capacity within a short period of time, achieving an annual manufacturing capacity of 60 MW of PV cells and 60 MW of PV modules as of September 30, 2006. We completed our first PV cell production line within seven months from the initial project design phase in April 2005 to final completion of construction in November 2005. In February 2006, less than three months after our PV cell production line became operational, the average conversion efficiency rate of our monocrystalline PV cells had increased to 16.2%. We also reduced the thickness of our monocrystalline PV cells to 240 microns and the average breakage rate to 2.9%, and increased the average daily output of our PV cell production line to 23,000 cells. We believe our ability to build up our manufacturing capacity and produce high-quality products within a short period of time has allowed us to meet the market demands in a timely manner.
- *Continuing Improvements of Process Technology and Product Quality.* In line with the ongoing refinement of our manufacturing processes, from February 2006 to September 2006, we further improved the technical parameters of our PV cells, with the average conversion efficiency rate of our monocrystalline PV cells increasing from 16.2% to 16.8%, the thickness of our monocrystalline PV cells decreasing from 240 microns to 200 microns and the average breakage rate decreasing from 2.9% to 2.7%. In October 2005, we obtained TÜV certification for our PV modules after only one trial and on-site audit. The TÜV certification means that our production process has been qualified for IEC 61215 and safety class II test standards and production quality inspections are performed periodically. IEC 61215 is a test standard for the durability and reliability of crystalline silicon modules and safety class II is a test standard for the electrical shock insulation capabilities of PV modules. Obtaining and maintaining this certification has significantly enhanced our sales in Europe, since European customers generally require this certification for any PV products they purchase.
- *Rapid Increase in Profitability.* In 2005, we had net income of RMB14.4 million (US$1.8 million), which increased to RMB72.9 million (US$9.2 million) in the nine months ended September 30, 2006.

We believe these achievements reflect the execution capabilities of our experienced management team, the technical support offered by our research and development team, the skills of our operational personnel, and the efficiency of our production and management system. Due to these factors, we believe we are well-positioned to maintain our execution momentum to capitalize on the rapidly growing PV market.

Extensive Industry Relationships and Scalable Manufacturing Capacity to Support Our Manufacturing Expansion Plans

We believe our existing manufacturing capacity and strong customer and supplier relationships will serve as a solid base for us to implement our future expansion plans.

We currently have an annual manufacturing capacity of 60 MW for both PV cells and PV modules. We also began installation of two additional 30 MW PV cell production lines, and expect

to complete the construction of these lines in February 2007. We believe our experience in building up capacity within short periods of time will allow us to successfully execute our future capacity expansion plans.

We believe our access to silicon supplies is a key factor in our expansion plans, as there is currently an industry-wide shortage of these raw materials. We have established long-term strategic cooperation arrangements with our key silicon and silicon wafer suppliers, including supply contracts with LDK that are effective from December 2006 to June 2008 and two supply contracts with ReneSola with terms of 16 months and one year, respectively. In addition, we entered into a supply agreement in June 2006 with E-mei, which became effective in October 2006 and was further amended in November 2006, under which we agreed to make prepayments to purchase the silicon products to be produced by E-mei's future manufacturing facility. Furthermore, under another supply contract we entered into with E-mei in October 2006, E-mei agreed to reserve for us at least 50% of its annual manufacturing capacity at its existing solar energy products manufacturing facilities in 2007. We have also established PV cell processing arrangements with some of our silicon suppliers. We believe these and other supply agreements we have already entered into will satisfy our planned silicon wafer requirements for the remainder of 2006, a majority of our planned silicon supply requirements in 2007 and a significant portion of our planned silicon supply requirements in 2008.

In addition, our key customers include prominent solar power system integrators, such as S.E. Project S.R.L. and Social Capital S.L., as well as a growing group of Chinese customers. We expect these strategic relationships with suppliers and customers will serve as the basis for our further growth and expansion. In addition, we are in the process of discussing potential business opportunities with other leading international solar energy companies.

Operational Cost Advantages Achieved through Efficient Utilization of Management, Engineering, Labor and Manufacturing Resources in China

As our operations are based in China, we have significant cost advantages over companies in the solar energy industry that are based in developed countries. Our approach to manufacturing is aimed to take advantage of the low labor costs and other savings afforded by China's production environment. In particular, the factors that contribute to our relatively low cost basis include the following:

- The cost of professional management and engineering personnel as well as skilled labor in China is much lower than in developed countries. In the nine months ended September 30, 2006, our operating expenses (inclusive of the share compensation charge of RMB10.3 million (US$1.3 million) related to a sale of our ordinary shares to Linyang Electronics by other shareholders of our company and the share compensation charge of RMB12.1 million (US$1.5 million) as a result of the issuance of series A convertible preference shares to Good Energies Investments Limited) accounted for 10.4% of our net revenue.
- We have enjoyed relatively low equipment costs. We combine imported equipment with domestically produced equipment based on our own manufacturing design to achieve an optimal mix between technical specifications and cost, without compromising the process and product quality.
- Due to the continuous improvement of our production system, we have increased our daily average production volume, improved our conversion rate and reduced our average cell breakage rate. In addition, we have implemented a performance-based compensation and incentive system for our employees that is aimed at aligning the interests and objectives of each department with the common goals of our company. As a result, we have increased the efficiency of our operations due to better communication and interaction between departments and thereby have achieved lower operating costs.

Industry Experience to Support Our Development of Downstream Business Opportunities in China

We believe we are well-positioned to leverage our core competencies in PV cell and PV module manufacturing to effectively develop system integration and other downstream businesses. This evolution is supported by:

- Our management's extensive participation in the electricity generation industry and experience in electronics manufacturing over the last decade.
- Our establishment of Shanghai Linyang in the first quarter of 2006 to explore downstream opportunities. In particular, Shanghai Linyang's personnel have previously been involved in several solar energy electricity generation projects in Shanghai, including the Shanghai Xinzhuang Industry Park 3 KW on-grid application system, the Shanghai Charity Foundation 3 KW on-grid application system and the Shanghai Energy Conservation Center 1 KW off-grid application system. In September 2006, Shanghai Linyang won the bid for the Suyuan Group 74 KW on-grid application system project in Nanjing. Furthermore, in November 2006, Shanghai Linyang won a competitive bid to provide a substantial majority of the PV modules to be used in a 1 MW solar power plant in Shanghai. However, Shanghai Linyang is still in the process of negotiating the final agreements relating to these projects. We believe Shanghai will become one of the key testing grounds for solar energy consumption in China.
- Our fully automatic "building integrated" PV production line, which we ordered from G.T. Solar in May 2006 and which is expected to become operational by early 2007. This additional production capability will help us to meet the needs of the developing market for PV building materials.

Research and Development Capabilities That Leverage Both Third Party Collaborations and Internal Resources

We have adopted a systematic approach to our research and development activities that is aimed at achieving both near-term manufacturing process efficiency gains and long-term technological breakthroughs by leveraging third party collaborations as well as our internal resources. This approach consists of:

- *Collaborations with Leading Research Institutions.* We have established a joint research program with ISC Konstanz in Germany to improve our PV cell manufacturing. We also have a long-term joint development relationship with Shanghai Jiaotong University, one of the leading science and engineering universities in China. We believe this relationship will provide our company access to leading PV experts in China and allow us to participate in the development and implementation of the next generation of PV technologies. We have also cooperated with the Institute of Electrical Engineering of the Chinese Academy of Sciences to construct a testing laboratory that conforms to international standards. In addition, we have established a joint PV research program with Sun Yat-sen University in China relating to system integration technologies and are also in the process of discussing the formation of potential collaborative relationships with several other leading international research institutions. We believe these and other initiatives in the area of research and development have helped us to achieve our current level of technological advancement and will continue to drive our technological advancements in the future.
- *Internal Research and Development Capabilities.* Our research and development efforts have yielded practical results that have allowed us to improve our products and enhance our overall business. Our research and development team is led by three overseas-educated senior research engineers. We currently have four patents either granted or pending in China. From the inception of our company through September 30, 2006, we

have spent RMB20.0 million to construct a pilot line at our PV Engineering Center. This PV Engineering Center will help us to convert our research results into commercially viable products. We plan to utilize the PV Engineering Center to further optimize our production processes and improve our average conversion efficiency and reduce the thickness and average breakage rates of our PV cells.

- *Establishment of PV Technology Committee.* We have established a PV technology committee that is composed of 16 PV technology experts. This committee's mandate is to monitor and report on technological developments, trends and new governmental policies affecting the industry. The committee also participates in the research and development activities of our company, conducts its own research on selected topics and contributes to the development and training of our research and development team.

Entrepreneurial Management with Extensive Industry Contacts and Strong Track Record of Successful Execution

Our management team consists of an experienced and diversified group of entrepreneurs and professionals who have positioned our company to take advantage of the rapidly growing PV market. Our senior management has significant industry and managerial experience and numerous contacts throughout the electricity generation industry, which is evidenced by their track records of founding and managing successful enterprises. For example, Mr. Yonghua Lu, our founder, chairman and chief executive officer, has been chairman and general manager of Linyang Electronics, one of the largest electricity measuring instrument manufacturers in China since 1997. Mr. Hanfei Wang, our director and chief operating officer, was a key management team member of a leading solar company in China from 2001 to 2004. Mr. Kevin C. Wei, our chief financial officer, has over 15 years of financial management and internal and external audit experience in both the United States and China. Mr. Yuting Wang, our chief engineer, has extensive experience in solar energy research and development in China. In addition, more than half of our middle management and production supervisors have extensive manufacturing and managerial experience based on their prior employment at Linyang Electronics and other successful PV enterprises. In addition, Ms. Xihong Deng, who currently serves as our director and executive vice president in charge of international business development as a secondee from Hony Capital II, L.P., one of our shareholders, with over 15 years of working experience at leading financial institutions and private equity firms, has extensive international working experience in mergers and acquisitions and business development in the United States and other countries.

Our Strategies

Our long-term goal is to become a leading global PV cell and module manufacturer and to leverage our core strengths to become an innovator and an important player in the downstream PV markets, particularly in China. To achieve this goal, we plan to implement the following specific strategies:

Continue to Expand Manufacturing Capacity and Reduce Operational Costs to Achieve Greater Economies of Scale

We believe that scale and manufacturing capacity are the key factors in determining competitiveness in the PV market. Our plans for expanding our production capacity are three-fold:

- *PV Cell Production.* We currently have two PV cell production lines in commercial operation. We also began installation of two additional 30 MW PV cell production lines, which we expect to become operational by February 2007. We plan to add four additional

PV cell production lines in each of 2007 and 2008 to raise our production capacity to 240 MW by the end of 2007 and to 360 MW by the end of 2008.

- *PV Module Assembly.* We plan to increase our PV module assembly capacity to 80 MW, 180 MW and 300 MW by the end of 2006, 2007 and 2008, respectively. We have also set up 10 MW of PV module assembly capacity through our majority-owned subsidiary, Sichuan Jiayang, and expect to increase this capacity to 60 MW by the end of 2008.
- *Other Production Lines.* In addition, we plan to install other production lines for other products. For example, we plan to begin operation of a new 15 MW "building integrated" PV production line by early 2007.

Our planned expansion is expected to help us to achieve economies of scale in production and reduced materials procurement costs, as well as rationalize our equipment costs and general and administrative expenses. In addition, we plan to begin to design our own equipment, including cleaning and printing machines, debottleneck our production capacity and improve our manufacturing processes. We believe that this will reduce our investment and production costs and allow us to meet our customers' product and volume requirements, while maintaining our profitability. We believe that as silicon prices decline over time, the low labor cost of our manufacturing processes and our production management system will allow us to maintain our price competitiveness in the global market.

Increase Investments for Research and Development Activities, Enhance Production Process Technologies and Develop Next Generation Products through Continuous Innovation

To further enhance our existing product technology and our manufacturing processes and develop new products and technologies, we plan to devote substantial resources to research and development, including by supporting various types of cooperation projects with leading international research institutions. In particular, our research and development efforts will focus on the following areas:

- *Increase Conversion Efficiencies.* We are developing new technologies and designing advanced equipment to manufacture, on a large scale and cost-effectively, PV cells with higher conversion efficiencies.
- *Reduce Silicon Usage by Using Thinner Silicon Wafers.* We are developing process technologies for wafers with thicknesses of less than 150 microns to address manufacturing challenges associated with reducing the thickness of silicon wafers.
- *Develop Thin-Film Silicon PV Cell Technologies and Other Technologies.* We are developing manufacturing technologies for the next generation thin film silicon PV cells on glass, which would significantly reduce the consumption of silicon materials and manufacturing costs.

In addition, in order to improve our operating efficiency, we continue to develop new equipment and tools and redesign our manufacturing processes. We also plan to build upon our existing research and development capabilities by continuing to recruit experienced research personnel and establishing additional alliances and collaborations with leading Chinese and international institutions.

Diversify Our Product and Service Offerings and Expand Our Business in Downstream Markets

We plan to diversify our PV cell and PV module offerings and to enter the system integration business by leveraging our core competencies in cell and module manufacturing and

our management's experience and relationships in the electricity generation and electronics manufacturing industries. In particular:

- Our product lines currently include primarily PV cells and PV modules, and we plan to expand them to include "building integrated" PV and other PV applications and products, such as inverters and net meters, in order to address a broader range of market opportunities and reduce our dependence on our current products. Moreover, we believe the addition of these products will also help us to increase our profitability and brand recognition.
- We expect the PV market in China to grow rapidly in light of recent legislation and policies. We plan to take advantage of the rapid development of China's PV market, including the potential opportunities relating to the 2008 Beijing Olympic Games, the 2010 Shanghai World Expo and the PRC government's promotion of the development of solar energy in China's western provinces, to begin to provide PV system services. By targeting high-profile projects, we believe we can also use these downstream opportunities to enhance awareness of our core products and our brand. We have already established Shanghai Linyang and Sichuan Jiayang to capitalize on the potential system integration opportunities in China. Provision of system integration services typically generates a higher profit margin than PV cells and PV modules. Development of system integration products and services may also provide us with greater pricing power, as the new products and services are less susceptible to commoditization than our current products.

Secure Long-Term Supplies of Silicon

We intend to leverage our financial strength, market position and industry experience in China to enter into various forms of strategic alliances with silicon suppliers in China and overseas to reduce our exposure to the risk of supply shortages. In particular, we plan to secure long-term supplies of silicon necessary for our production through the following means:

- *Long-Term Supply Contracts.* We have entered into supply contracts with LDK, ReneSola and E-mei. We are in active discussions with many other silicon and silicon wafer suppliers both in China and overseas to secure additional contracts for stable and reliable silicon supplies. We believe that our expanding production capacity makes us an attractive customer for global silicon and silicon wafer suppliers.
- *PV Cell Processing Arrangements.* We plan to diversify our supply channels by seeking to establish, where appropriate, PV cell processing arrangements with silicon and silicon wafer suppliers both overseas and in China. We have already established PV cell processing arrangements with some of our silicon suppliers and PV manufacturers.
- *Other Solutions.* We plan to establish alliances with and make investments in silicon producers and selectively enter into spot market silicon purchase contracts to supplement our existing long-term supply agreements.

Broaden Our Geographical Revenue Base, and Build and Enhance Brand Recognition Both Domestically and Internationally

We plan to broaden the geographical distribution of our sales in order to seek new market opportunities, reduce our reliance on any particular geographic region and to achieve a more balanced distribution of our products.

- *Overseas Market.* Europe has been our largest market since we commenced operations in 2004. As part of our plan to enter the United States market, we are in the process of obtaining UL certification for our products in the United States, which we expect to obtain by early 2007, and to commence our marketing efforts in the United States thereafter. We also plan to set up our own marketing and services network in the United States and

Europe during the first half of 2007 to coordinate and organize our local marketing and after-sales activities to achieve further penetration into the international markets and greater customer satisfaction.

- *PRC Market.* We believe that China's PV market will grow rapidly with the enactment of more solar energy incentive policies by the PRC government. By leveraging upon the existing broad domestic sales platform of Linyang Electronics, our affiliate, we intend to further expand our PRC market presence, especially in the downstream market.
- *Strengthening Our Brand.* We plan to build and enhance our "Solarfun" brand both domestically and internationally by continuing to provide high quality products and services and through a targeted marketing campaign.

Strengthen and Grow Our Management and Research and Development Teams Through Training and Professional Development and Recruitment of Personnel with International Experience

We have increased our focus on training and professional development at all levels of our management and technical personnel and plan to hire several experienced management team members. We intend to make full use of our incentive schemes in order to motivate and nurture our existing employees and attract qualified candidates. We also plan to:

- use our presence in Shanghai as a hiring platform and operational base to attract international professionals;
- encourage our existing research and development personnel to participate in technological exchange programs at leading domestic and overseas research institutions and universities; and
- actively utilize Linyang PV Research and Development Center at Shanghai Jiaotong University to foster engineering talent through cooperative projects and by offering solar industry-related grants.

Our Products and Services

Our products and services include PV cells, PV modules and PV cell processing services. The table below shows our net revenue derived from the sales of PV cells, PV modules, the provision of PV cell processing services, and the percentage contribution of each of these products and services to our net revenue, for the periods indicated:

	Year Ended December 31, 2005		Nine Months Ended September 30, 2006	
Products and Services	**Net Revenue**	**%**	**Net Revenue**	**%**
	(In thousands of Renminbi, except percentages)			
PV cells	542	0.3%	6,624	1.7%
PV modules	165,636	99.7%	360,154	93.2%
PV cell processing	—	—	19,461	5.1%

Our Products

PV Cells

A PV cell is a semiconductor device that converts sunlight into electricity by a process known as the photovoltaic effect. The following table sets forth the specifications of two types of PV cells we currently produce:

PV Cell Type	Dimensions (mm×mm)	Conversion Efficiency (%)	Thickness (em)	Maximum Power (W)
Monocrystalline silicon cell	125 × 125	15.0 - 17.2%	200 - 220	2.23 - 2.56
	156 × 156	15.0 - 16.8%	200 - 220	3.60 - 4.03
Multicrystalline silicon cell	125 × 125	14.5 - 16.0%	220 - 240	2.19 - 2.50
	156 × 156	14.5 - 15.8%	220 - 240	3.41 - 3.85

The key technical efficiency measurement of PV cells is the conversion efficiency rate. In general, the higher the conversion efficiency rate, the lower the production cost of PV modules per watt because more power can be incorporated into a given size package. The average conversion efficiency rate of our monocrystalline PV cells reached 16.8% in September 2006, representing an increase from 14.8% in November 2005 when we began producing PV cells.

We currently produce a variety of PV cells ranging from 200 microns to 240 microns in thickness, with the substantial majority of these PV cells having a thickness of 220 microns. In order to further lower our production costs, we intend to focus on producing PV cells with decreasing thickness levels.

PV Modules

A PV module is an assembly of PV cells that have been electrically interconnected and laminated in a durable and weather-proof package. We have been selling a wide range of PV modules, currently ranging from 5W to 200W in power output specification, made primarily from the PV cells we manufacture. We are developing modules with higher power to meet the rising expansion of on-grid configurations. The majority of the PV modules we currently offer to our customers range in power between 160W and 200W. We sell approximately 84% of our PV modules under our proprietary “Solarfun” brand, and approximately 16% of our PV modules under the brand names of our customers.

The following table sets forth the types of PV modules we manufacture with the specifications indicated.

PV Module Manufactured with:	Dimensions (mm)	Weight (Kg)	Power (W)
Monocrystalline silicon	1580 × 808 ×	45 15	160 - 185
	1494 × 1000 × 4	5 18	190 - 210
Multicrystalline silicon	1580 × 808 ×	45 15	155 - 180
	1494 × 1000 × 4	5 18	185 - 205

We believe our PV cells and modules are highly competitive with other products in the solar energy market in terms of efficiency and quality. We expect to continue improving the conversion efficiency and power, and reducing the thickness, of our solar products as we continue to devote significant financial and human resources in our various research and development programs.

Our Services

PV Cell Processing

We provide PV cell processing services to convert silicon wafers into PV cells on behalf of third parties, including some of our silicon suppliers. For these PV cell processing service arrangements, we "purchase" raw materials from a customer and at the same time agree to "sell" a specified quantity of PV cells back to the same customer. The quantity of PV cells sold back to the customer under these processing arrangements is consistent with the amount of raw materials purchased from the customer based on current production conversion rates. We record the amount of revenue from these processing transactions based on the amount received for PV cells sold less the amount paid for the raw materials purchased from the customer. The revenue recognized is recorded as processing service revenue and the production costs incurred related to providing the processing services are recorded as service processing costs within cost of revenue.

Solar System Integration

A solar application system consists of one or more PV modules that are physically mounted and electrically interconnected, with system components such as batteries and power electronics, to produce and reserve electricity. On March 29, 2006, we incorporated our 83%-owned subsidiary, Shanghai Linyang. We have commenced our commercial activities to provide solar system integration services to end-users in China through Shanghai Linyang. We intend to focus on designing and installing solar application systems based on customers' specific requirements, using PV modules we manufacture under our "Solarfun" brand. Shanghai Linyang's personnel have previously been involved in several on-grid and off-grid pilot projects in China, including the Shanghai Xinzhuang Industry Park 3KW on-grid application system, the Shanghai Charity Foundation 3KW on-grid application system, and the Shanghai Energy Conservation Center 1KW off-grid application system. In September 2006, Shanghai Linyang won the bid for the Suyuan Group 74KW on-grid application system project in Nanjing. In November 2006, Shanghai Linyang won a competitive bid to provide a substantial majority of the PV modules to be used in a 1 MW solar power plant in Shanghai. However, Shanghai Linyang is still in the process of negotiating the final agreements relating to these projects.

Raw Materials Supply Management

Manufacturing of our solar products requires reliable supplies of various raw materials, including silicon wafers, ethylene vinyl acetate, triphenyltin, tempered glass, connecting bands, welding bands, silica gel, aluminum alloy and junction boxes. We seek to diversify the supply sources of raw materials and have not in the past experienced any disruption of our manufacturing process due to insufficient supply of raw materials. In addition, we are not dependent on any single supplier. The aggregate costs attributable to our five largest raw materials suppliers in 2005 and in the nine months ended September 30, 2006 were 71.3% and 54.6%, respectively, of our total raw materials purchases.

We maintain different inventory levels of our raw materials, depending on the type of product and the lead time required to obtain additional supplies. We seek to maintain reasonable inventory levels that achieve a balance between our efforts to reduce our storage costs and optimize working capital on one hand, and the need to ensure that we have access to adequate supplies on the other. In light of the current industry-wide constraints on silicon wafer supply, our current policy is to procure as many silicon wafers as possible. As of December 31, 2005 and September 30, 2006, we had RMB65.0 million (US$8.2 million) and RMB187.6 million (US$23.7 million), respectively, of raw materials in inventory.

Silicon Wafers

Among the various raw materials required for our manufacturing process, silicon wafers are the most important for producing PV cells. A silicon wafer is a flat piece of crystalline silicon that can be processed into a PV cell. Silicon wafers used for PV cell production are generally classified into two different types: monocrystalline and multicrystalline silicon wafers. Compared to monocrystalline silicon wafers, multicrystalline silicon wafers have a lower conversion rate but are less expensive. We currently use 5-inch and 6-inch wafers in our production, and plan to use 8-inch wafers in the future, since the amount of silicon wastage decreases with an increase in the diameter of the wafers used. Our PV cell production line is suitable for manufacturing using both types of silicon wafers. We believe that the ability to manufacture using both types of silicon wafers provides us with greater flexibility in procuring raw materials, especially during the periods of silicon supply shortages.

We purchase both silicon ingots and silicon wafers from third-party suppliers. We outsource the slicing of silicon ingots into silicon wafers to third parties. We purchase silicon from both domestic and overseas suppliers, with the majority of our purchases being made in the domestic market. Currently, our principal silicon suppliers include LDK, ReneSola and E-mei.

We purchase silicon from third-party suppliers on a purchase order or annual or semi-annual contract basis. Under the annual/semi-annual purchase agreements, we are typically required to prepay a certain percentage of the purchase price.

We seek to secure a dependable silicon supply through various means, including entering into PV cell processing arrangements, long-term supply contracts and strategic alliances with local and overseas silicon suppliers. In addition, we are seeking opportunities to invest in silicon producers in China to secure silicon supplies.

We are actively exploring opportunities to establish long-term relationships and strategic alliances with our major suppliers. Under an amendment to prior supply agreements with LDK that we entered into in November 2006, LDK will provide 9.3 MW of silicon wafers to us from December 2006 to July 2007 based on a fixed price. Furthermore, we entered into a framework supply agreement with LDK, under which product purchase prices and delivery schedules for the contracted periods are not fixed. Under this agreement, LDK will provide 56.4 MW of silicon wafers from July 2007 to June 2008. The actual product purchase prices will be negotiated between us and LDK in good faith during the contracted periods based on market prices.

In addition, we entered into two fixed price supply agreements in March and July 2006 with ReneSola. Under these two supply agreements, ReneSola has agreed to supply us with an aggregate of 20.3 MW of silicon wafers through the end of 2007. Furthermore, in June 2006, we entered into a supply agreement with E-mei, which became effective in October 2006 and was further amended in November 2006. Under this agreement, we agreed to make prepayments totaling RMB220 million over a period not longer than 18 months starting from October 2006 to secure exclusive rights to purchase the silicon products to be produced by E-mei's future manufacturing facility at a discount to the prevailing market price for five years starting from the completion of the facility. E-mei will use the prepayments to construct a new manufacturing facility with an expected annual production capacity of 500 tons of silicon products. The agreement also provides that E-mei will complete the construction of the new manufacturing facility within 18 months after the effective date of the agreement. Moreover, under another supply contract we entered into with E-mei in October 2006, E-mei agreed to reserve for us at least 50% of its annual manufacturing capacity at its existing solar energy product manufacturing facilities in 2007.

Based on these arrangements and other supply agreements we have entered into, we believe we have already secured a majority of our planned silicon supply requirements in 2007 and a significant portion of our planned silicon supply requirements in 2008. In 2006, however,

due to a shortage of raw materials for the production of silicon wafers, increased market demand for silicon wafers, a failure by some silicon suppliers to achieve expected production volumes and other factors, some of our major silicon wafer suppliers failed to fully perform on their silicon wafer supply commitments to us, and we consequently did not receive all of the contractually agreed quantities of silicon wafers from these suppliers. We subsequently cancelled or renegotiated these silicon supply contracts, resulting in an aggregate decrease in the delivered or committed supply under these contracts from approximately 142 MW to approximately 71 MW for the period from June 2006 to June 2008. The majority of this shortfall was due to the cancellation of a single silicon supply contract with one of our silicon suppliers. However, we were able to enter into contracts with other suppliers to replace the majority of the shortfall from the cancellation of this contract at a lower average silicon purchase price. Nevertheless, we cannot assure you that we will not experience similar or additional shortfalls of silicon or silicon wafers from our suppliers in the future or that, in the event of such shortfalls, we will be able to find other silicon suppliers to satisfy our production needs. See also “Risk Factors — Risks Related to Our Company and Our Industry — Our dependence on a limited number of suppliers for a substantial majority of silicon and silicon wafers could prevent us from delivering our products in a timely manner to our customers in the required quantities, which could result in order cancellations, decreased revenue and loss of market share” and “Our Business — Key Factors Affecting Our Financial Performance — Availability and Price of Silicon Wafers.” We are also in the process of discussing potential business opportunities with other silicon suppliers outside China.

Other Raw Materials

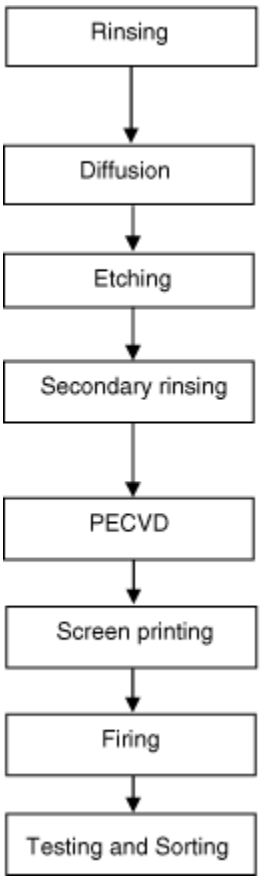
In addition to silicon, we use a variety of other raw materials for our production. As part of our continuing cost control efforts, a significant portion of these raw materials is locally sourced. We believe that our policy to use primarily locally sourced raw materials and our continuing price negotiations with our local raw material suppliers have made a significant contribution to our profitability since we commenced operations in 2004. The use of locally sourced raw materials also shortens our lead order time and provides us with better access to technical and other support from our suppliers.

Production

We manufacture our PV cells and PV modules through Linyang China, our wholly owned PRC subsidiary, in an approximately 37,500 square meter facility located in Qidong, Jiangsu Province, China. We currently operate two PV cell production lines, each with 30 MW of annual manufacturing capacity. We commenced commercial production on these lines in November 2005 and September 2006, respectively. We also increased our annual PV module manufacturing capacity to 60 MW in October 2006. From the inception of our company in August 2004 through September 30, 2006, we have invested RMB69.8 million (US$8.8 million) in building up our current PV cell production capacity. We were able to lower our initial investment by purchasing key equipment with more sophisticated technology from overseas suppliers while procuring other equipment domestically. In this manner, we believe we have achieved an optimal balance between technical specifications and cost efficiency without sacrificing product quality. We plan our production on an annual, semi-annual and monthly basis in accordance with anticipated demand and make weekly adjustments to our actual production schedule based on actual orders received.

Production Process

The following diagram shows the general production stages for our PV cells:



Rinsing is the process during which ultrasonic cleaning is performed on silicon wafers, followed by chemical treatment of the wafer surface, which reduces the cells' reflection of sunlight and improves sunlight absorption capacity.

Diffusion is the process during which certain impurities are introduced into the silicon wafer through a thermal process to enable the formation of an electric field within the PV cell.

Etching is the process that is applied on the border of the wafers to prevent the direct electrical shorting between the front and the back of each PV cell.

Secondary rinsing is the process during which the wafer surface is chemically cleaned to remove the silicon dioxide that may have formed on the surface of the wafer in order to improve the cell's absorbing capacity of sunlight.

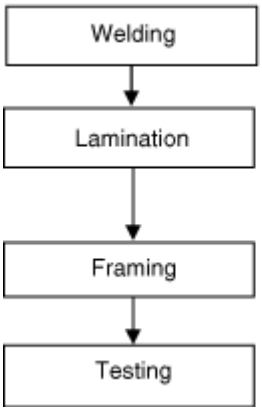
PECVD is the process which produces a silicon nitride film on the wafer's surface in the front, which improves the PV cell's capacity for absorbing sunlight.

Through the screen-printing process, negative and positive metal contacts, or electrodes, are printed on the front and back surfaces of the PV cell.

Silicon and metal electrodes are connected through an electrode firing process in a conveyor belt furnace at high temperature.

PV cells are tested to determine their electrical performance and sorted based on their conversion rate.

The following diagram shows the production procedures for our PV modules:



Multiple PV cells are interconnected based on the desired electrical configurations through welding.

The interconnected cells are then laid out and laminated in a vacuum through a heating process. Through the lamination process, the PV modules are sealed in weatherproof packages that can withstand high levels of ultraviolet radiation and moisture.

Assembled PV modules are packaged in protective aluminum frames prior to testing.

PV modules are tested to determine their electrical performance.

Quality Control and Certifications

Our finished PV cells and PV modules are inspected and tested according to standardized procedures. In addition, we have established multiple inspection points at key production stages to identify product defects during the production process. Unfinished products that are found to be below standard are repaired or replaced. Our quality control procedures also include raw

material quality inspection and testing. Moreover, we provide regular training and specific guidelines to our operators to ensure that production processes meet our quality inspection and other quality control procedures.

We maintain several certifications for our quality control procedures, which demonstrate our compliance with international and domestic operating standards. We believe that our quality control procedures are enhanced by the use of sophisticated production system designs and a high degree of automation in our production process. The certifications we currently maintain include ISO 9001:2000 quality system certification for the process of design, production of sale of our PV modules, and the TÜV certification for our SF160-24 type PV modules. The TÜV certification is issued by an independent approval agency in Germany to certify our production process is qualified for IEC 61215 and safety class II test standards and constant production quality inspections are performed periodically. Maintaining this certification has greatly enhanced our sales in European countries. We are in the process of obtaining UL certification issued by Underwriters Laboratories Inc., an independent product-safety testing and certification organization in the United States. We expect to obtain this certification by early 2007, which will enable us to sell our products to customers in the United States.

Capacity Expansion and Technology Upgrade Plans

In order to meet the fast-growing market demands for solar products, we plan to significantly expand our production capacity in the next three years. Our second PV cell production line with an annual manufacturing capacity of 30 MW commenced commercial production in September 2006. We also expanded our annual production capacity of PV modules to 60 MW in October 2006 by installing new production lines. We have entered into purchase agreements for manufacturing equipment and facilities and invested an aggregate of RMB14.1 million (US$1.8 million) for these expansions from January 2006 through September 2006, and expect to invest an additional RMB55.0 million (US$7.0 million).

As one of our key strategies, we intend to continuously expand our annual production capacity and improve the conversion efficiency of our solar products. The following table shows our major operational objectives by the end of each of the periods indicated, based on our expansion and technology upgrade plans:

	As of December 31,		
	2006	2007	2008
PV cell production lines completed or under construction	4	8	12
Annual PV cell production capacity (in MW) (1)	60	240	360
Annual PV cell production capacity including lines under construction (in MW)	120	240	360
Annual PV module production capacity (in MW) (1)(2)	80	180	300
Average conversion efficiency rate of monocrystalline silicon cells	16.8%	17.0%	17.6%
Average conversion efficiency rate of multicrystalline silicon cells	15.5%	16.0%	16.5%
Minimum PV cell thickness (in em) (3)	200	180	160

(1) Maximum manufacturing capacity assuming 24 hours of operation per day for 350 days per year.

(2) Excludes capacity of Sichuan Jiayang.

(3) Represents the minimum cell thickness that can be mass-produced as of the end of that period.

The expansion plans and capacities indicated in the table above are indicative only of our current plans and are subject to change due to a number of factors, including, among others, market conditions and demand for our products.

In addition, we plan to enter the “building integrated” PV business by investing approximately RMB20.0 million to construct a “building integrated” PV production line and commence trial production by early 2007. We believe that building this production line will create synergies with our existing solar business and allow us to diversify into new product lines.

Sales and Distribution

We sell our PV modules through distributors and directly to system integrators. We do not sell our products to end users. Our customers include solar energy product distributors, engineering and design firms and other energy product distributors. Our system integrator customers provide value-added services and typically design and sell complete systems that use our PV modules. We also provide system integration services directly to end users in China. Customers that accounted for a significant portion of our total net revenue included Suntaics Ltd. in 2005, and S.E. Project S.R.L., Suntaics Ltd., Social Capital S.L., and Solar Projekt Energysystem GmbH in the nine months ended September 30, 2006.

Details of the customers accounting for more than 10% of our net revenue in 2005 and the nine months ended September 30, 2006 are as follows:

	Year Ended December 31, 2005		Nine Months Ended September 30, 2006	
	Net Revenue	%	Net Revenue	%
	(in thousands, except percentages)			
S.E. Project S.R.L.	—	—	121,421	31.4%
Social Capital S.L.	—	—	60,237	15.6%
Solar Projekt Energysystem GmbH	13,140	7.9%	58,671	15.2%
Suntaics	84,438	50.8%	54,856	14.2%

We entered into a framework sales agreement with Social Capital S.L. in June 2006, under which Social Capital S.L. agreed to purchase 84 MW of our PV products from 2007 to 2008, subject to final agreement regarding the pricing terms based on market rates. In November 2006, we entered into a framework sales agreement with Scatec AS, or Scatec, under which Scatec agreed to purchase at least 60 MW of our PV modules from 2007 to 2012, with an annual minimum purchase volume of 10 MW. The purchase prices will be negotiated between us and Scatec in good faith during the contracted periods. We also entered into a sales agreement with Scatec to supply 10 MW of PV modules from December 2006 to August 2007, which represents the initial phase of the framework agreement. As of the date of this prospectus, we had already entered into contracts to sell the majority of our planned production of PV products for 2007.

In 2005 and the nine months ended September 30, 2006, 72.4% and 16.1%, respectively, of our sales were made to distributors and 27.6% and 83.9%, respectively, of our sales were made to system integrators. We currently work with a limited number of distributors that have specific expertise and capabilities in a given market segment or geographic region. We plan to expand our distribution network by actively exploring opportunities to develop additional distributor relationships in other markets and geographic regions, such as Spain, Italy, Austria and the United States.

We sell our solar products to system integrators through our direct sales force. We plan to establish branch offices in Germany and the United States in the first half of 2007 to coordinate and facilitate our direct sales and marketing efforts in those respective countries.

Our products and services are primarily provided to European customers and, to a lesser extent, to Chinese customers. The following table sets forth our net revenue by geographic region, and the percentage contribution of each of these regions to our net revenue, for the periods indicated:

Region	Year Ended December 31, 2005		Nine Months Ended September 30, 2006	
	Net Revenue	%	Net Revenue	%
	(In thousands of Renminbi, except percentages)			
Germany	126,555	76.2%	176,646	45.7%
Italy	5,946	3.6	122,993	31.8
Spain	—	—	60,281	15.6
PRC	33,667	20.2	24,171	6.3
Others	10	—	2,148	0.6
Total	166,178	100.0%	386,239	100.0%

After-Sales Services and Warranties

We provide a two-year unlimited warranty for technical defects, a 10-year warranty against declines of greater than 10%, and a 20- or 25-year warranty against declines of greater than 20%, in the initial power generation capacity of our PV modules. After-sales services for our PV modules and solar application systems covered by warranties are provided by our international sales team. Since we began to sell our products in 2005, we provided RMB1.6 million (US$0.2 million) and RMB3.6 million (US$0.5 million) in warranty costs in 2005 and the nine months ended September 30, 2006, respectively.

Research and Development

The solar industry is characterized by rapidly evolving technology advancements. Achieving fast and continual technology improvements is of critical importance to maintaining our competitive advantage. Our research and development efforts concentrate on lowering production costs per watt by increasing the conversion efficiency rate of our products and reducing silicon usage by reducing the thickness of PV cells. In addition, we are developing production technologies for next generation thin film PV cells, which are expected to significantly reduce the consumption of silicon materials and manufacturing costs.

We have been developing more advanced technologies to improve the conversion efficiency and reduce the thickness of our PV cells. Through our continuous efforts, we have been able to increase the average conversion efficiency rate of our monocrystalline PV cells from 14.8% in November 2005 to 16.8% in September 2006. We also reduced our monocrystalline PV cell thickness to 200 microns as of the end of September 2006.

We are in the process of constructing a pilot line, which will be equipped with advanced technologies. We plan to leverage this pilot line to convert more effectively our research results into commercially viable products. Our estimated total investment for this line is RMB20 million. This pilot line commenced trial operations in September 2006. We plan to utilize this pilot line to further improve the conversion efficiency and reduce the thickness of our PV cells. We expect to increase our conversion efficiency for monocrystalline silicon cells to 17.0% and 17.6%, and for multicrystalline silicon cells to 16.0% and 16.5%, by the end of 2007 and 2008, respectively, and reduce our PV cell thickness to 180 microns by the end of 2008.

Our technology department works closely with our manufacturing department to lower production costs by improving our production efficiency. All of our research and development personnel in our technology department have undergraduate or higher education degrees. In particular, Mr. Fei Yun, our director of technology, spent approximately nine years studying and conducting research at the Center for Photovoltaic Devices and Systems of the University of New South Wales, Australia, prior to joining our company. In addition, Professor Guangfu Zheng, our senior researcher, who received his doctorate degree from the University of New South Wales in Australia, has been engaged in photovoltaics research since 1976. During his study and research in the University of New South Wales in Australia from 1991 to 1999, Professor Guangfu Zheng made significant advancements in conversion efficiency for thin-film solar cells. Moreover, he currently receives a special subsidy from the PRC government for foreign experts.

In February 2006, we established the Linyang PV Research and Development Center with Shanghai Jiaotong University. This center, which is located at Shanghai Jiaotong University, employs PV technology experts who focus on improving conversion efficiency rates of PV cells. Under our agreement with Shanghai Jiaotong University, we are jointly entitled to the intellectual property rights relating to the research results of this center. Similarly, we entered into a research and development cooperation agreement with Sun Yat-sen University in Guangzhou, China, in September 2006, under which we will conduct joint research on system integration technologies. In the same month, we set up a research and development framework program with ISC Konstanz, a German solar research institute, to improve our PV cell manufacturing. In addition, we are sponsoring a master's degree program in Photovoltaics at Shanghai Jiaotong University that will enhance our profile among faculty and students, as well as facilitate our recruitment of top graduates. We also set up a laboratory with an institute under the Chinese Academy of Sciences in June 2006, which implements sophisticated testing procedures to measure various technical parameters of our solar products.

Intellectual Property and Proprietary Rights

Our intellectual property is an essential element of our business. We rely on patent, copyright, trademark, trade secret and other intellectual property law, as well as non-competition and confidentiality agreements with our employees, suppliers, business partners and others, to protect our intellectual property rights.

As of September 30, 2006, we had been granted one patent by the State Intellectual Property Office of China and had three other patent applications pending in China. Our issued and pending patent applications relate primarily to process technologies for manufacturing PV cells.

In March 2005, we applied for the registration of "Solarfun," our trademark for our PV cells and modules, and our Solarfun logo. The application is currently pending with the China Trademark Office. We are also in the process of registering "Solarfun" and our Solarfun logo in the European Union, the United States, Australia, Japan, Singapore and South Korea.

We rely on trade secret protection and confidentiality agreements to protect our proprietary information and know-how. Our management and each of our research and development personnel have entered into a standard annual employment contract, which includes confidentiality undertakings and an acknowledgement and agreement that all inventions, designs, trade secrets, works of authorship, developments and other processes generated by them on our behalf are our property, and assigns to us any ownership rights that they may claim in those works. Our supply contracts with our customers also typically include confidentiality undertakings. Despite these precautions, it may be possible for third parties to obtain and use intellectual property that we own or license without consent. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may materially and adversely affect our business, financial condition, results of operations and

prospects. See “Risk Factors — Risks Related to Our Company and Our Industry — Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.”

Competition

Due to various government incentive programs implemented in China, Europe, the United States, Japan and other countries in recent years, the global solar energy market has been rapidly evolving and has become highly competitive. In particular, a large number of manufacturers have entered the solar market. According to Solarbuzz, there are over 100 companies engaged in PV products manufacturing or have announced plans to do so.

Our main overseas competitors are, among others, BP Solar, Kyocera Corporation, Mitsubishi Electric Corporation, Motech Industries Inc., Sharp Corporation, Q-Cells AG, Sanyo Electric Co., Ltd. and Sunpower Corporation. Our primary competitors in China include Suntech Power Holding’s Co., Ltd., Baoding Tianwei Yingli New Energy Resources Co., Ltd. and Nanjing PV-Tech Co., Ltd. We compete primarily on the basis of the power efficiency, quality, performance and appearance of our products, price, strength of supply chain and distribution network, after-sales service and brand image. Many of our competitors have longer operating histories and significantly greater financial or technological resources than we do and enjoy greater brand recognition. Some of our competitors are vertically integrated and design and produce upstream silicon wafers, mid-stream PV cells and modules and downstream solar application systems, which provide them with greater synergies to achieve lower production costs. During periods when there is a shortage of silicon and silicon wafers, we compete intensely with our competitors in obtaining adequate supplies of silicon wafers. We expect the current silicon shortage will continue into 2007.

Moreover, many of our competitors are developing next-generation products based on new PV technologies, including amorphous silicon, transparent conductive oxide thin film, carbon material and nano-crystalline technologies, which, if successful, will compete with the crystalline silicon technology we currently use in our manufacturing processes. Through our research collaborations, we are also seeking to develop new technologies and products. If we fail to develop new technologies and products in a timely manner, we may lose our competitive advantage.

We, like other solar energy companies, also face competition from traditional non-solar energy industries, such as the petroleum and coal industries. The production cost per watt of solar energy is significantly higher than other types of energy. As a result, we cannot assure you that solar energy will be able to compete with other energy industries, especially if there is a reduction or termination of government incentives and other forms of support.

Environmental Matters

Our manufacturing processes generate noise, waste water, gaseous wastes and other industrial wastes. Our manufacturing facilities are subject to various pollution control regulations with respect to noise and air pollution and the disposal of waste and hazardous materials. We are also subject to periodic inspections by local environmental protection authorities. We have established a pollution control system and installed various equipment to process and dispose of our industrial waste and hazardous materials. We believe that we have obtained all requisite environmental permits and approvals to conduct our business. We also maintain an ISO 14001 environmental management system certification, which is issued by International Organization for Standardization to demonstrate our compliance with international environmental standards. We have not been subject to any material proceedings or fines for environmental violations.

Employees

As of September 30, 2006, we had 502 full-time employees. The following table sets forth the number of our full-time employees by function as of December 31, 2004 and 2005 and September 30, 2006, respectively:

	As of December 31,		
	2004	2005	September 30, 2006
Manufacturing and engineering	72	169	348
General and administration	3	30	65
Quality control	3	17	95
Research and development	2	11	21
Purchasing and logistics	1	6	12
Marketing and sales	3	8	11
Total	84	241	502

We offer our employees competitive compensation packages and various training programs, and as a result we have generally been able to attract and retain qualified personnel.

As required by PRC regulations, we participate in various employee benefit plans that are organized by municipal and provincial governments, including housing, pension, medical and unemployment benefit plans. We are required under PRC law to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time. Members of the retirement plan are entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The total amount of contributions we made to employee benefit plans in 2005 and the nine months ended September 30, 2006 was approximately RMB0.9 million (US$0.1 million) and RMB2.2 million (US$0.3 million), respectively.

We adopted our 2006 equity incentive plan in November 2006, which provides an additional means to attract, motivate, retain and reward selected directors, officers, managers, employees and other eligible persons. An aggregate of 10,799,685 ordinary shares, or 5.7% of our share capital on a fully diluted basis, has been reserved for issuance under this plan. As of November 30, 2006, there were outstanding options to purchase 8,012,998 ordinary shares under our 2006 equity incentive plan.

We typically enter into a standard confidentiality and non-competition agreement with our management and research and development personnel. These contracts include a covenant that prohibits each of them from engaging in any activities that compete with our business during, and for three years after, the period of their employment with our company.

We believe we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations. Our employees are not covered by any collective bargaining agreement.

Insurance

We maintain property insurance for our equipment, automobiles, facilities and inventory. A significant portion of our fixed assets are covered by these insurance policies as of September 30, 2006. We do not maintain business interruption insurance, product quality insurance or key-man life insurance. We believe our insurance coverage is customary and standard for companies of comparable size in comparable industries in China. However, we

cannot assure you that our existing insurance policies are sufficient to insulate us from all losses and liabilities that we may incur.

Our Principal Facilities

Our corporate headquarters and manufacturing facilities are located in the Linyang Industrial Park, Qidong, Jiangsu Province, China, where we hold the land use rights for a total area of approximately 37,500 square meters of office and manufacturing space. Under these land use rights, which expire in 2054, we are entitled to use and make improvements on such office and manufacturing space. Furthermore, we recently acquired the land use rights for a parcel of land in the Linyang Industrial Park with a total area of 22,587 square meters, which expire in 2056. We also leased an area of approximately 1,500 square meters for our Linyang PV Research and Development Center in Shanghai in May 2006, which will expire in May 2011. The annual rent is approximately RMB0.2 million (US$0.02 million). In August 2006, we leased an office of 610 square meters for administration and international business in Shanghai, the annual rent of which is approximately RMB1.1 million (US$0.1 million). The term of the lease is two years.

We believe that our existing facilities are adequate and suitable to meet our present needs and that additional space can be obtained on commercially reasonable terms to meet our future requirements. The Linyang Industrial Park, which also encompasses the facilities of Linyang Electronics, is currently undergoing an expansion that is expected to be completed by the end of 2007. We expect to acquire additional land use rights for office and manufacturing space at the Linyang Industrial Park after the expansion has been completed.

Legal and Administrative Proceedings

There are no material legal proceedings, regulatory inquiries or investigations pending or threatened against us. We may from time to time be subject to various legal or administrative proceedings arising in the ordinary course of our business.

In November 2006, our audit committee was notified by our independent auditors, Ernst & Young Hua Ming, that they received non-detailed anonymous allegations that our company illegally borrowed money from state-owned commercial banks in the PRC by bribing bank officials, and improperly provided entertainment and meals to Ernst & Young Hua Ming. The audit committee undertook what it believes to be appropriate measures to address these allegations, including retaining an independent international law firm as special counsel to conduct an investigation, and found no basis for these allegations. The special counsel issued a report in respect of the results of its investigation concluding that it did not discover any information in the course of its investigation that substantiates in any way the anonymous allegations. In addition, Ernst & Young Hua Ming also conducted its own internal investigation in connection with these allegations, and this investigation did not produce any information that would lend credence to the allegations. As a result of these investigations and other internal inquiries, our audit committee did not find any basis for these anonymous allegations. However, if, despite our audit committee's investigation, these allegations later prove to have merit, there could be liability for our company and we may be required to take additional measures to improve our internal controls. In addition, these types of allegations require our board of directors and management to expend significant resources to investigate and take other appropriate actions, and addressing such allegations could divert the attention of our board of directors and management from the operation of our business, thereby resulting in a negative impact on our financial condition and results of operations.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers upon completion of this initial public offering.

Name	Age	Position/Title
Yonghua Lu	44	Chairman and Chief Executive Officer
Hanfei Wang	43	Director and Chief Operating Officer
Timothy Chang	42	Director
Xihong Deng	42	Director and Executive Vice President
Sven Michael Hansen	42	Director
Terry McCarthy	62	Independent Director
Ernst A. Bütler	62	Independent Director
Thomas J. Toy	51	Independent Director
Kevin Wei	39	Chief Financial Officer
Jianping Zhang	41	Vice President
Min Cao	49	Vice President
Fei Yun	44	Director of Technology
Yuting Wang	65	Chief Engineer
Ru Cai	35	Principal Accounting Officer

Directors

Mr. Yonghua Lu is our founder, chairman of our board of directors and chief executive officer. He also has been chairman of Linyang Electronics since 1997 and was general manager of that company from 1997 to August 2006. Linyang Electronics had been the parent company of Linyang China until June 2, 2006. Mr. Lu was general manager of Qidong Changtong Computer Group Company, and deputy manager of Qidong Computer Factory, from 1988 to 1996. From 1983 to 1988, he was deputy manager of the Lining Cloth Factory of Qidong “Wu Qi” Farm and manager of the Cashmere Factory of Qidong “Wu Qi” Farm. Mr. Lu has over 20 years of experience in enterprise management. He has received many awards and honors for his entrepreneurship, including being named one of Jiangsu Province’s Top Ten Outstanding Young Entrepreneurs and Fifth-term National Township Entrepreneur. Mr. Lu has attended a 15-month training course for Applied Social Studies at Soochow University Graduate School of Humanities, and a 20-month executive MBA course at Renmin University in China.

Mr. Hanfei Wang is our director and chief operating officer. He joined our company in 2005. Mr. Wang was chief operating officer of Hongdou Group Chituma Motorcycle Co. from 2004 to 2005. He was manufacturing manager, marketing manager, management representative and deputy production general manager of Suntech Power Holdings Co., Ltd., a company currently listed on the New York Stock Exchange, from 2001 to 2004. From 1995 to 2001, Mr. Wang was production and materials senior supervisor of Wuxi Nemic-Lambda Electronics Co., Ltd., a PRC subsidiary of Densei-Lambda K.K., a Japanese publicly listed company, responsible for production and quality management. Mr. Wang received his bachelor’s degree in physics from Soochow University in China. He has also attended an executive MBA course in Fudan University in China.

Mr. Timothy Chang has served as our director since June 2006. Mr. Chang is managing director of Citigroup Venture Capital International Asia Pacific Limited. Prior to joining Citigroup Venture Capital International Asia Pacific Limited, Mr. Chang was managing director of Greater

China for Cerberus Global Capital, a New York-based hedge fund. Prior to that, Mr. Chang was managing director of Icon Ventures Asia, a venture capital fund focused on wireless enabling technologies and outsourced services in Asia. From 1998 to 2000, he was one of four executive directors responsible for the activities of AIG Direct Investment in Asia. He led the Special Situations Group which was responsible for direct investments on behalf of the AIG Asian Opportunities Fund involving complex financial engineering, especially distressed debt/corporate restructurings. Mr. Chang also previously served as a director of Peregrine Capital in Hong Kong and was the managing director in charge of the Multinational Group overseeing Peregrine Capital's corporate finance activity in Asia on behalf of U.S., European, and Asian multinationals. Mr. Chang graduated *summa cum laude* from Harvard University with a bachelor's degree in Applied Mathematics/ Economics.

Ms. Xihong Deng has served as our director since June 2006 and, under the management consulting service agreement we entered into with Hony Capital II, L.P., she has also served as our executive vice president in charge of international business development since November 2006, and is expected to continue to hold that position until the earlier of the end of 2007 and the appointment of a suitable replacement. Ms. Deng has been managing director of Hony Capital II, L.P. since 2004. Prior to that, she was director and chief executive officer of Molecular Nanosystems, Inc., a nanotechnology company in California from 2002 to 2004. From 1992 to 2002, Ms. Deng was vice president at J.P. Morgan in the United States and worked in various departments, including investment banking, equity capital markets and private equity. From 1989 to 1992, she was engaged in fixed income research in Citigroup in the United States. Ms. Deng holds a bachelor's degree and a master's degree from Tsinghua University in China, and a master's degree from the State University of New York at Stony Brook.

Dr. Sven Michael Hansen has served as our director since August 2006. Dr. Hansen currently serves as the chief investment officer of Good Energies Inc. He also serves as the chairman of Concentrix Solar GmbH, a German company that focuses on the development of solar power plants, and as a director of Trina Solar Limited, a Chinese solar products manufacturer, and InErgies Capital Inc., a Swiss company that advises on energy sector investments. He is a member of the advisory board of the Sustainable Energy Finance Initiative of the United Nations. From 2001 to 2003, he was a managing partner of Black Emerald Group in Switzerland. Dr. Hansen served as group finance director and also a member of the executive board of Intels Group from 1999 to 2001. From 1996 to 1998, he worked in New York and London as a vice president and an executive director in the Structure Finance business of UBS. Dr. Hansen received his bachelor's degree from the University of Basle, and MBA and Ph.D. degrees from the University of St. Gallen.

Mr. Terry McCarthy has served as our independent director since November 2006. From 1985 to 2006, Mr. McCarthy worked for Deloitte & Touche LLP in San Jose, California in various roles as a managing partner, tax partner-in-charge and client services partner. Beginning in 1999, he worked extensively with companies entering the China market and, from 2003 to 2006, he was associate managing partner of the Deloitte US Chinese Services Group. In 1976, Mr. McCarthy co-founded Hayes, Perisho & McCarthy, Inc., a CPA firm in Sunnyvale, California, where he was an audit partner and president from 1976 to 1985. From 1972 to 1976, he held several positions at Hurdman & Cranstoun, CPAs, including senior audit manager. He received a bachelor's degree from Pennsylvania State University, an MBA from the University of Southern California and a master's degree in Taxation from Golden Gate University.

Mr. Ernst A. Bütler has served as our independent director since November 2006. Mr. Bütler has been an independent board member/consultant and owner of E.A. Bütler Management in Zurich since 2005. His other current positions include board member of Bank Frey & Co. AG, Zurich, chairman of the board of Alegra Capital Ltd., Zürich, board member of PHI Investment, Zurich, consultant to the owner of a group of PRC companies, and advisor to the executive board of Partners Group in Zug, Switzerland, the largest independent Asset Manager of

Alternative Investments in Europe. From 1999 to 2005, he was a partner of Partners Group in Zug, responsible for markets in Switzerland, Italy and France. Mr. Bütler spent over 25 years with Credit Suisse and Credit Suisse First Boston, with his last assignment being managing director and co-head of the Corporate and Investment Banking Division in Switzerland. He received a bachelor's degree from the School of Economics and Business Administration in Zürich in 1973, and attended post-graduate programs at the University of Massachusetts in the United States, The European Institute of Business Administration in Paris, and Massachusetts Institute of Technology.

Mr. Thomas J. Toy has served as our independent director since November 2006. His other current positions include director and incoming chairman-elect of the board, compensation committee chairperson and audit committee member of UTStarcom Inc. (Nasdaq: UTSI), director and corporate governance committee chairperson of White Electronic Designs Corp. (Nasdaq: WEDC) and director of several privately held companies. Mr. Toy has also been co-founder and managing director of PacRim Venture Partners, a venture capital firm based in Menlo Park, California, since 1999, and he is a partner with SmartForest Ventures, a venture capital firm based in Portland, Oregon. From 1987 to 1999, he was partner and managing director of the Corporate Finance Division of Technology Funding, a venture capital firm based in San Mateo, California. From 1979 to 1987, Mr. Toy held several positions at Bank of America National Trust and Savings Association, including vice president. He received his bachelor's and master's degrees from Northwestern University in the United States.

Executive Officers

Mr. Kevin C. Wei is our chief financial officer. Prior to joining our company in July 2006, Mr. Wei was chief financial officer of an on-line advertising agency in China. Mr. Wei was head of Internal Audit of LG.Philips Displays International Inc. from 2003 to 2005, where he was responsible for managing global internal audit coverage and risk management. From 1999 to 2003, he was Asia Pacific regional corporate audit manager with Altria Corporate Services Inc., including one year at Nabisco Inc. prior to its acquisition by Kraft Foods. From 1996 to 1999, Mr. Wei was a manager at KPMG LLP where he worked in transaction services and audit groups at its San Francisco and Shanghai offices. From 1991 to 1996, Mr. Wei was a senior auditor with Deloitte Touche LLP in Seattle. Between 1994 and 1995, Mr. Wei was seconded to a World Bank technical assistance project in Beijing, China, where he was a senior consultant on a Deloitte Touche international task force team advising the PRC Ministry of Finance promulgating the PRC Enterprise Accounting Standards, which are also known as PRC GAAP. Mr. Wei graduated from Central Washington University, where he earned a Bachelor of Science degree (*cum laude*) with a double major in Accounting and Management Information Systems.

Mr. Jianping Zhang is vice president of our company. Prior to joining our company in 2006, Mr. Zhang had served as a director, general manager in Topsun Technologies Qidong Gaitianli Pharmaceutical Co., Ltd. since 2000. During the same period, he was also president of the Chamber of Commerce of Qidong Food and Medicine Industry. Mr. Zhang was a director and deputy general manager of Qidong Gaitianli Pharmaceutical Co., Ltd. from 1998 to 2000. Mr. Zhang received his bachelor's degree from Nanjing Agricultural University. He has also attended an executive MBA course at Northwest University in China.

Mr. Min Cao is our vice president in charge of investment. He joined our company in 2006. He was deputy general manager of the Market Development Division of the Investment Banking Department of Ping An Securities Co., Ltd. from 2004 to 2005. From 2002 to 2004, Mr. Cao was general manager of the Investment Banking Department of Deheng Securities Co., Ltd. He was deputy general manager of the Investment Banking Department of Industrial Securities Co., Ltd. from 2001 to 2002. He was manager of the General Department and Market Development of Shanghai Eastern Futures Brokerage Co., Ltd. from 1993 to 1996. Mr. Cao received a bachelor's

degree from Shanghai University of Engineering Science (formerly Branch of East China College of Textile Engineering) and an MBA from Fudan University.

Mr. Fei Yun has served as our director of technology since September 2006. From 2004 to 2006, he was a board member at Tera Solar Technologies, a solar energy consulting firm based in Australia. From 2001 to 2004, he was vice president of Green Acres Photolithographic Co., Ltd., Singapore. From 1989 to 1998, Mr. Yun was a research engineer and doctoral student at the Center for Photovoltaic Devices and Systems, the University of New South Wales in Australia. From 1987 to 1988, he worked as a research associate at the Asian Institute of Technology in Bangkok, Thailand, where he received his master's degree in Photovoltaics in 1987. Mr. Yun received his bachelor's degree from Jinan University in China.

Mr. Yuting Wang is our chief engineer. He joined our company in 2004. From 2001 to 2004, he was associate chief engineer of Hebei Tianwei Yingli Energy Source Co., Ltd. From 1996 to 2000, Mr. Wang was a researcher at Beijing Solar Research Institute and engaged in research on grooved PV cells. From 1985 to 1996, Mr. Wang was chief engineer of Hebei Province Qinhuangdao City Huamei Optoelectronic Device Company, where he engaged in the development of monocrystalline PV cells. He was section chief of Sichuan Qichuan 879 Plant from 1972 to 1985 and was a technician of Sichuan Guangyuan 779 Plant from 1967 to 1972. Mr. Wang received his bachelor's degree from Xi'an Jiaotong University.

Ms. Ru Cai is our principal accounting officer. She joined our company in August 2006. Prior to joining us, Ms. Cai was the financial controller of an online advertising agency in Shanghai. From 2000 to 2006, Ms. Cai was a senior manager at the transaction services group of Shanghai office of KPMG Huazhen. From 1992 to 1998, she was an assistant audit manager at Shanghai and Hong Kong offices of KPMG Huazhen. Ms. Cai received her associate degree in accounting from Shanghai Lixin University of Commerce in China, and a master's degree from Coventry University in the United Kingdom.

Duties of Directors

Under Cayman Islands law, our directors have a duty of loyalty to act honestly, in good faith and with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Terms of Directors and Executive Officers

Our directors are not subject to a term of office and hold office until such time as they are removed from office by ordinary resolution or the unanimous written resolution of all

shareholders. A director will be removed from office automatically if, among other things, the director becomes bankrupt or makes any arrangement or composition with his creditors, or dies or is found by our company to be or to have become of unsound mind. Our officers are appointed by and serve at the discretion of our board of directors.

Committees of the Board of Directors

Our board of directors has established an audit committee and a compensation committee.

Audit Committee

Our audit committee consists of Mr. Terry McCarthy, Mr. Thomas J. Toy and Mr. Ernst A. Bütler and is chaired by Mr. Terry McCarthy, a director with accounting and financial management expertise as required by the Nasdaq corporate governance rules, or the Nasdaq Rules. Mr. Terry McCarthy, Mr. Thomas J. Toy and Mr. Ernst A. Bütler all satisfy the "independence" requirements of the Nasdaq Rules. The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- selecting our independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- reviewing with our independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and our independent auditors;
- reviewing major issues as to the adequacy of our internal control and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
- meeting separately and periodically with management and our internal and independent auditors; and
- reporting regularly to our board of directors.

Our audit committee was recently notified of anonymous allegations of misconduct by our employees. Our audit committee subsequently conducted an investigation and found no basis for these allegations. See "Our Business — Legal and Administrative Proceedings." Our audit committee has established a "whistleblower" reporting system to allow individuals to make anonymous communications to the audit committee regarding financial and accounting matters relating to our company.

Compensation Committee

Our compensation committee will consist of Mr. Yonghua Lu, Mr. Ernst A. Bütler and another individual to be appointed, and will be chaired by Mr. Yonghua Lu. Mr. Ernst A. Bütler satisfies the "independence" requirements of the Nasdaq Rules. Our compensation committee assists our board of directors in reviewing and approving the compensation structure of our directors and executive officers, including all forms of compensation to be provided to our directors and executive officers. Members of the compensation committee are not prohibited

from direct involvement in determining their own compensation. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- approving and overseeing the compensation package for our executive officers;
- reviewing and making recommendations to our board of directors with respect to the compensation of our directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and setting the compensation level of our chief executive officer based on this evaluation; and
- reviewing periodically and making recommendations to our board of directors regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans.

Corporate Governance and Nominating Committee

We intend to set up a corporate governance and nominating committee consisting of members that will satisfy the "independence" requirements of the Nasdaq Rules. The corporate governance and nominating committee will assist our board of directors in identifying individuals qualified to become our directors and in determining the composition of our board of directors and its committees. The corporate governance and nominating committee will be responsible for, among other things:

- identifying and recommending nominees for election or re-election to our board of directors, or for appointment to fill any vacancy;
- reviewing annually with our board of directors its current composition in light of the characteristics of independence, age, skills, experience and availability of service to us;
- identifying and recommending to our board the directors to serve as members of committees;
- advising the board periodically with respect to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to our board of directors on all matters of corporate governance and on any corrective action to be taken; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Interested Transactions

A director may vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

Remuneration and Borrowing

The directors may determine remuneration to be paid to the directors. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors. The directors may exercise all the powers of the company to borrow money and to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whether outright or as security for any debt obligations of our company or of any third party.

Qualification

There is no shareholding qualification for directors.

Employment Agreements

We have entered into employment agreements with all of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate his or her employment for cause at any time for certain acts of the employee. In addition, we have entered into executive employment agreements with six of our executive officers and key employees, under which these executive officers and key employees may not terminate his employment for the three-year period commencing from June 19, 2006.

Each executive officer has agreed to hold, both during and subsequent to the terms of his or her agreement, in confidence and not to use, except in pursuance of his or her duties in connection with the employment, any of our confidential information, technological secrets, commercial secrets and know-how. Our executive officers have also agreed to disclose to us all inventions, designs and techniques resulted from work performed by them, and to assign us all right, title and interest of such inventions, designs and techniques.

Compensation of Directors and Executive Officers

In 2005, we paid aggregate cash compensation of RMB0.8 million (US$0.1 million) to our directors and executive officers. For options granted to officers and directors, see "— 2006 Equity Incentive Plan."

We adopted our 2006 equity incentive plan in November 2006. Our equity incentive plan provides for the grant of options to purchase our ordinary shares, subject to vesting. The purpose of the plan is to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business. Our board of directors believes that our company's long-term success is dependent upon our ability to attract and retain superior individuals who, by virtue of their ability, experience and qualifications, make important contributions to our business.

Termination of Awards. Options granted under our 2006 equity incentive plan shall have specified terms set forth in a share option agreement. Each employee who has been granted options shall undertake to work for our company for at least five years starting from the grant date, or for such term as is otherwise specified in the individual's share option agreement. In the event that any employee resigns prior to the expiration of such term, the employee shall only be entitled to the vested options, and the options that have been granted to but not yet vested in him or her will be forfeited to our company.

Administration. Our 2006 equity incentive plan is administered by the compensation committee of our board of directors. The committee will determine the provisions, terms and conditions of each option grant, including, but not limited to, the exercise price for the options vesting schedule, forfeiture provisions, form of payment of exercise price and other applicable terms. The exercise price may be adjusted in the event of certain share or rights issuances by our company.

Option Exercise. The options granted will generally be subject to vesting over five years in equal portions, except that the vesting schedule of options granted to certain of our professionals, independent directors and advisors may be less than five years if our compensation committee deems necessary and appropriate. The options, once vested, are exercisable at any time before November 30, 2016, at which time the options will become null and void. The exercise prices of the options are determined by the compensation committee.

Share Split or Combination. In the event of a share split or combination of our ordinary shares, the options, whether exercised or not, shall be split or combined at the same ratio.

Amendment and Termination of Plan. Our compensation committee may at any time amend, suspend or terminate our 2006 equity incentive plan. Amendments to our 2006 equity incentive plan are subject to shareholder approval, to the extent required by law, or by stock exchange rules or regulations. Any amendment, suspension or termination of our 2006 equity incentive plan must not adversely affect awards already granted without written consent of the recipient of such awards.

Our board of directors authorized the issuance of up to 10,799,685 ordinary shares upon exercise of awards granted under our 2006 equity incentive plan. The following table sets forth certain information regarding our outstanding options under our 2006 equity incentive plan as of November 30, 2006.

Name	Ordinary Shares Underlying Outstanding Option	Exercise Price (US$/Share)	Grant Date	Expiration Date
Terry McCarthy	180,000	1.80	November 30, 2006	November 29, 2016
Thomas J. Toy	180,000	1.80	November 30, 2006	November 29, 2016
Verena Maria Bütler (wife of Ernst A. Bütler)	180,000	1.80	November 30, 2006	November 29, 2016
Kevin Wei	1,799,998	1.80	November 30, 2006	November 29, 2016
Min Cao	800,000	1.80	November 30, 2006	November 29, 2016
Fei Yun	800,000	1.80	November 30, 2006	November 29, 2016
Ru Cai	313,000	1.80	November 30, 2006	November 29, 2016
Other employees as a group	3,760,000	1.80	November 30, 2006	November 29, 2016
Total	8,012,998			

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership, within the meaning of Rule 13(d)(3) of the Exchange Act, of our ordinary shares, as of November 30, 2006, assuming the conversion of all outstanding series A convertible preference shares into ordinary shares and as adjusted to reflect the sale of the ADSs in this offering, by:

- each of our directors and executive officers who beneficially owns our ordinary shares;
- each person known to us to own beneficially more than 5% of our ordinary shares; and
- each other selling shareholder participating in this offering.

	Ordinary Shares Beneficially Owned Prior to This Offering [1][2]		Ordinary Shares Being Sold in This Offering [3]		Shares Beneficially Owned After This Offering [1][2][3]	
	Number	%	Number	%	Number	%
Directors and Executive Officers:						
Yonghua Lu [4]	77,269,500	42.93%	—	—	77,269,500	32.20%
Hanfei Wang [5]	12,543,750	6.97%	—	—	12,543,750	5.23%
Min Cao [6]	1,003,500	0.56%	—	—	1,003,500	0.42%
Yuting Wang [7]	501,750	0.28%	—	—	501,750	0.21%
Xihong Deng [8]	14,050,537	7.81%	2,340,000	1.30%	11,710,537	4.88%
All Directors and Executive Officers as a Group [9]	105,369,037	58.55%	2,340,000	1.30%	103,029,037	42.93%
Principal and Selling Shareholders:						
Yonghua Solar Power Investment Holding Ltd [10]	77,269,500	42.93%	—	—	77,269,500	32.20%
WHF Investment Co., Ltd [11]	12,543,750	6.97%	—	—	12,543,750	5.23%
Citigroup Venture Capital International Growth Partnership, L. P. [12]	37,761,742	20.98%	6,315,374	3.51%	31,446,368	13.10%
Citigroup Venture Capital International Co-Investment Partnership, L.P. [13]	2,060,635	1.14%	344,626	0.19%	1,716,009	0.72%
Hony Capital II, L. P. [14]	14,050,537	7.81%	2,340,000	1.30%	11,710,537	4.88%
LC Fund III, L. P. [15]	10,519,118	5.84%	—	—	10,519,118	4.38%
Good Energies Investments Limited [16]	15,027,312	8.35%	—	—	15,027,312	6.26%

Under the share purchase agreement we entered into in connection with the private placement in June 2006, the per share purchase price of the series A convertible preference shares is subject to adjustment and the holders of our series A convertible preference shares are entitled to receive additional shares from our existing shareholders based on our audited net profit for the year ending December 31, 2006 for nil consideration, or the Series A Share Ownership Adjustment. Accordingly, no new shares will be issued and the ratio of the ownership percentage of the series A convertible preference shareholders and non-series A convertible preference shareholders will be adjusted to reflect such transfer between these two groups of shareholders without otherwise affecting the ownership interests of other shareholders. Depending on the amount of our audited net profit for 2006, our existing ordinary shareholders may be required to transfer on a pro rata basis up to an aggregate of 15,928,951 shares to the series A convertible preference shareholders or the series A convertible preference shareholders may be required to transfer on a pro rata basis up to an aggregate of 10,886,693 shares to our existing ordinary shareholders. We anticipate completing the

adjustment after our audited consolidated financial statements for the year ending December 31, 2006 are available.

(1) Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to the ordinary shares.

(2) The number of ordinary shares outstanding in calculating the percentages for each listed person includes the ordinary shares underlying options held by such person. The calculation of this number also assumes the conversion of all of our series A convertible preference shares into our ordinary shares upon the completion of this offering. Percentage of beneficial ownership of each listed person prior to the offering is based on 179,994,754 ordinary shares outstanding as of November 30, 2006, including ordinary shares convertible from our outstanding series A convertible preference shares, as well as the ordinary shares underlying share options exercisable by such person within 60 days of the date of this prospectus, not including share options that can be early exercised, at the discretion of the holder, into unvested ordinary shares. Percentage of beneficial ownership of each listed person after the offering is based on ordinary shares outstanding immediately after the closing of this offering and the ordinary shares underlying share options exercisable by such person within 60 days of the date of this prospectus, not including share options that can be early exercised, at the discretion of the holder, into unvested ordinary shares. Under the Series A Share Ownership Adjustment, depending on the amount of our audited net profit for 2006, our existing ordinary shareholders may be required to transfer on a pro rata basis up to an aggregate of 15,928,951 shares to the series A convertible preference shareholders or the series A convertible preference shareholders may be required to transfer on a pro rata basis up to an aggregate of 10,886,693 shares to our existing ordinary shareholders for nil consideration.

(3) Assumes the underwriters' option to purchase additional ADSs is exercised in full and no other change to the number of ADSs offered by the selling shareholders and us as set forth on the cover page of this prospectus.

(4) Owns Yonghua Solar Power Investment Holding Ltd, a British Virgin Islands company, which held 77,269,500 ordinary shares in our company as of November 30, 2006. Mr. Lu is the sole director of Yonghua Solar Power Investment Holding Ltd and has the right to cast the vote for such company regarding all matters of our company requiring shareholder approval. Mr. Lu's business address is 666 Linyang Road, Qidong, Jiangsu Province, 226200, People's Republic of China.

(5) Owns WHF Solar Power Investment Holding Ltd, a British Virgin Islands company, which held 12,543,750 ordinary shares in our company as of November 30, 2006. Mr. Wang is the sole director of WHF Investment Co., Ltd and has the right to cast the vote for such company regarding all matters of our company requiring shareholder approval. Mr. Wang's business address is 666 Linyang Road, Qidong, Jiangsu Province, 226200, People's Republic of China.

(6) Owns Forever-brightness Investments Limited, a British Virgin Islands company, which held 1,003,500 ordinary shares in our company as of November 30, 2006. Mr. Cao is the sole director of Forever-brightness Investments Limited and has the right to cast the vote for such company regarding all matters of our company requiring shareholder approval. Mr. Cao's business address is 666 Linyang Road, Qidong, Jiangsu Province, 226200, People's Republic of China.

(7) Owns YongGuan Solar Power Investment Holding Ltd, a British Virgin Islands company, which held 501,750 ordinary shares in our company as of November 30, 2006. Mr. Wang is the sole director of YongGuan Solar Power Investment Holding Ltd and has the right to cast the vote for such company regarding all matters of our company requiring shareholder approval. Mr. Wang's business address is 666 Linyang Road, Qidong, Jiangsu Province, 226200, People's Republic of China.

(8) Includes 14,050,537 series A convertible preference shares held by Hony Capital II, L. P. as of November 30, 2006. Ms. Deng is managing director at Hony Capital II, L. P. Ms. Deng disclaims

beneficial ownership of all of our shares held by investment entities affiliated with Hony Capital II, L.P. except to the extent of her pecuniary interest therein. The business address of Ms. Deng is c/o 7th Floor, Tower A, Raycom Info Tech Park, No. 2 Kexueyuan Nanlu, Haidian District, Beijing, 100080, People's Republic of China.

(9) Includes ordinary shares and series A convertible preference shares held by all of our directors and senior executive officers as a group.

(10) Yonghua Solar Power Investment Holding Ltd, a British Virgin Islands company, is owned by Mr. Yonghua Lu. Mr. Lu is the sole director of Yonghua Solar Power Investment Holding Ltd. The address of Yonghua Solar Power Investment Holding Ltd is PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands.

(11) WHF Investment Co., Ltd, a British Virgin Islands company, is owned by Mr. Hanfei Wang. Mr. Wang is the sole director of WHF Investment Co., Ltd. The address of WHF Investment Co., Ltd is PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands.

(12) Held 37,761,742 series A convertible preference shares as of November 30, 2006. The address of Citigroup Venture Capital International Growth Partnership, L.P. is c/o Citigroup Venture Capital International Partnership G.P. Limited, 26 New Street, St. Helier, Jersey, Channel Islands JE4 8PP. We have been informed that voting and investment control over our shares held by Citigroup Venture Capital International Growth Partnership, L.P. is held by the four directors of its general partner, Citigroup Venture Capital International Partnership G.P. Limited, a company formed in Jersey, Channel Islands, who are Dipak Kumar Rastogi, Susan Johnson, Michael Richardson and Deryk Haithwaite. Citigroup Venture Capital International Partnership G.P. Limited is a wholly owned Citigroup subsidiary.

(13) Held 2,060,635 series A convertible preference shares as of November 30, 2006. The address of Citigroup Venture Capital International Co-Investment Partnership, L.P. is c/o Citigroup Venture Capital International Partnership G.P. Limited, 26 New Street, St. Helier, Jersey, Channel Islands JE4 8PP. We have been informed that voting and investment control over our shares held by Citigroup Venture Capital International Co-Investment Partnership, L.P. is held by the four directors of its general partner, Citigroup Venture Capital International Partnership G.P. Limited, a company formed in Jersey, Channel Islands, who are Dipak Kumar Rastogi, Susan Johnson, Michael Richardson and Deryk Haithwaite. Citigroup Venture Capital International Partnership G.P. Limited is a wholly owned Citigroup subsidiary.

(14) Held 14,050,537 series A convertible preference shares as of November 30, 2006 through its wholly owned subsidiary Brilliant Orient International Limited, a British Virgin Islands company. The address of Hony Capital II, L. P. is 7th Floor, Tower A, Raycom Info Tech Park, No. 2 Kexueyuan Nanlu, Haidian District, Beijing, 100080, People's Republic of China. We have been informed that voting and investment control over our shares held by Hony Capital II, L.P. is held by its five-seat investment committee. Among the five representatives of such committee, three of them, Mr. Chuanzhi Liu, Mr. Linan Zhu and Mr. Linghuan Zhao, are nominees of Hony Capital II, L.P.'s general partner, Hony Capital II GP Limited, a company incorporated in the Cayman Islands, and the other two representatives are nominees of The Goldman Sachs Group, Inc. and Sun Hung Kai Properties Limited, which are two of the limited partners of Hony Capital II, L.P. On November 18, 2006, Linyang China entered into a management consulting service agreement with Hony Capital II, L.P. under which, for a period of one year, Hony Capital II, L.P. agreed to provide certain management consulting services to Linyang China and to second Ms. Xihong Deng, managing director of Hony Capital II, L.P., to our company to serve as executive vice president in charge of international business development. Linyang China agreed to pay an aggregate of RMB4 million to Hony Capital II, L.P. as consideration for these services under this agreement.

(15) Held 10,519,118 series A convertible preference shares as of November 30, 2006. The address of LC Fund III, L.P. is c/o Legend Capital Limited, 10th Floor, Tower A, Raycom Info. Tech Center, No. 2 Kexueyuan Nanlu, Haidian District, Beijing, 100080, People's Republic of China.

We have been informed that voting and investment control over our shares held by LC Fund III, L.P. is held by Mr. Chuanzhi Liu, Mr. Linan Zhu, Mr. Linghuan Zhao, Mr. Hao Chen, Mr. Nengguang Wang and Mr. Xiangyu Ouyang, the partners and investment committee members of LC Fund III, L.P.

(16) Held 15,027,312 series A convertible preference shares as of November 30, 2006. The address of Good Energies Investments Limited is 9 Hope Street, St., Helier, Jersey, Channel Islands, JE 2 3 NS. We have been informed that voting and investment control over our shares beneficially owned by Good Energies Investments Limited is maintained by the board of directors of Good Energies Investments Limited, consisting of Mr. John Barrett, Mr. Paul Bradshaw, Mr. John Drury, Mr. John Hammill and Mr. Gert-Jan Pieters. Good Energies Investments Limited has entered into an advisory services contract with Good Energies Inc. Under the terms of this agreement, Good Energies Inc. provides investment advice to Good Energies Investments Limited in respect of voting and investment of securities held by Good Energies Investments Limited. The address of Good Energies Inc. is Baumleingasse 22, 4001 Basel, Switzerland. Good Energies Investments Limited and Good Energies Inc. are wholly owned subsidiaries of Cofra Holding AG, a company incorporated in Switzerland, with the business address of Grafenauweg 10, Zug CH 6301, Switzerland. We have been informed that voting and investment control over securities beneficially owned by Cofra Holding AG is maintained by the board of directors of Cofra Holding AG, which consists of Mr. Erik Brenninkmeijer, Mr. Stan Brenninkmeijer, Mr. Hans Brenninkmeijer, Mr. Wolter Brenninkmeijer, Mr. Richard Hayden and Mr. Vernon Sankey.

Upon completion of this offering and under the terms of our series A convertible preference shares, all of the outstanding series A convertible preference shares will mandatorily convert into ordinary shares.

Each selling shareholder named above acquired its shares in offerings which were exempted from registration under the Securities Act because they involved either private placements or offshore sales to non-U.S. persons.

As of the date of this prospectus, none of our outstanding ordinary shares or series A convertible preference shares is held by record holders in the United States.

None of our existing shareholders has voting rights that will differ from the voting rights of other shareholders after the closing of this offering. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

RELATED PARTY TRANSACTIONS

Series A Convertible Preference Shares

In June and August 2006, we issued in a private placement an aggregate of 79,644,754 series A convertible preference shares to Citigroup Venture Capital International Growth Partnership, L.P., Citigroup Venture Capital International Co-Investment, L.P., Hony Capital II, L.P., LC Fund III, L.P., Good Energies Investments Limited and two individual investors at an average purchase price of approximately US$0.67 per share for aggregate proceeds, before deduction of transaction expenses, of US$53 million.

Registration Rights

Pursuant to the registration rights agreement entered into in connection with this private placement, dated June 27, 2006, we granted to the holders of series A convertible preference shares certain registration rights, which primarily include:

- ***Demand Registrations.*** On and after the earlier of (a) June 27, 2008 or (b) six months after the date the registration statement covering the ordinary shares underlying the ADSs to be sold in this offering becomes effective, upon request of any of the non-individual holders of series A convertible preference shares, we shall effect registration with respect to the registrable securities held by such holders on a form other than Form F-3 (or any comparable form for a registration for an offering in a jurisdiction other than the United States), provided we shall only be obligated to effect three such registrations.
- ***Piggyback Registrations.*** The holders of series A convertible preference shares and their permitted transferees are entitled to "piggyback" registration rights, whereby they may require us to register all or any part of the registrable securities that they hold at the time when we register any of our ordinary shares.
- ***Registrations on Form F-3.*** We have granted the holders of series A convertible preference shares and their permitted transferees of the registrable securities the right to an unlimited number of registrations under Form F-3 (or any comparable form for a registration in a jurisdiction other than the United States) to the extent we are eligible to use such form to offer securities.

Post-Offering Lock-Up

Pursuant to the registration rights agreement, each of the shareholders other than the holders of series A convertible preference shares has agreed, for a period of 12 months after completion of this offering, not to sell, exchange, assign, pledge, charge, grant a security interest, make a hypothecation, gift or other encumbrance, or enter into any contract or any voting trust or other agreement or arrangement with respect to the transfer of voting rights or any other legal or beneficial interest in any ordinary shares, create any other claim or make any other transfer or disposition, whether voluntary or involuntary, affecting the right, title, interest or possession in, to or of such ordinary shares, unless otherwise approved by the non-individual holders of series A convertible preference shares in writing.

Equity Incentive Plan

We have granted share options to purchase ordinary shares in our company to certain of our employees, directors and officers. As of November 30, 2006, there were outstanding options to purchase an aggregate of 8,012,998 ordinary shares in our company. See "Management — 2006 Equity Incentive Plan."

Transactions with Certain Shareholders

- During the period from August 27, 2004 to December 31, 2004, Linyang China made advances of RMB10.0 million to Linyang Electronics, its parent company until June 2006, and RMB8.0 million to Huaerli Electronics, a company of which the equity holder and chairman and chief executive officer of our company, Mr. Yonghua Lu, had a beneficial interest as an equity holder. These amounts were unsecured, interest-free and were fully repaid in 2005. In the three months ended March 31, 2006, Linyang China made cash advances of RMB0.1 million (US$0.01 million) and RMB2.1 million (US$0.3 million) to Mr. Yonghua Lu, our chairman and chief executive officer, and Mr. Hanfei Wang, our director and chief operating officer, respectively, and a housing loan of RMB2.9 million (US$0.4 million) to Mr. Longxing Huang, our purchasing director. These amounts were unsecured, interest-free and repayable upon demand. All the advances and the housing loan were fully repaid in April and May 2006. We do not intend to make such cash advances or loans to any of our directors or shareholders in the future.
- Linyang Electronics made advances to Linyang China in an aggregate amount of RMB119.4 million (US$15.1 million) in 2005. We repaid RMB89.1 million (US$11.3 million) and RMB30.3 million (US$3.8 million) of these amounts in 2005 and the nine months ended September 30, 2006, respectively. In the same period, Linyang Electronics paid certain operating expenses of RMB0.7 million (US$0.1 million) on behalf of Linyang China. These amounts were fully reimbursed in the nine months ended September 30, 2006. As of December 31, 2005, the amount due to Linyang Electronics was approximately RMB30.9 million (US$3.9 million). The amount due to Linyang Electronics was unsecured, interest-free and had no fixed terms of repayment. In the nine months ended September 30, 2006, Linyang Electronics and Linyang Agricultural Development (Nantong) Co., Ltd., a company of which the shareholder, chairman and chief executive officer of our company, Mr. Yonghua Lu, had a beneficial interest as an equity holder, made cash advances to Linyang China of RMB105.9 million (US$13.4 million) and RMB9.0 million (US$1.1 million), respectively, both of which were fully repaid in the same period. During the same period, Linyang Electronics paid approximately RMB2.5 million (US$0.3 million) of operating expenses on behalf of Linyang China, RMB2.2 million (US$0.3 million) of which have been subsequently reimbursed by Linyang China. As of September 30, 2006, the amount due to Linyang Electronics was approximately RMB0.3 million (US$0.04 million), which was unsecured, interest-free and had no stated terms of repayment. In October and November 2006, Linyang China entered into entrusted loan agreements with Linyang Electronics under which Linyang Electronics lent to Linyang China an aggregate of RMB80.0 million (US$10.1 million) through a third party PRC bank. Under current PRC laws and regulations, PRC companies other than licensed financial institutions are not permitted to make loans to each other directly. As a result, companies commonly use indirect entrusted loan arrangements under which funds are first deposited by the lending company with a PRC commercial bank, and the PRC commercial bank then loans the corresponding amount of funds to the borrower pursuant to the instruction of the lending company. As the principal and interest of the loan are repaid to the bank, the bank makes corresponding repayments to the lending company after deducting service fees. These loans bear 6.138% annual interest, are unsecured and repayable within six months.
- Linyang China entered into a number of agreements with Huaerli (Nantong) to purchase silicon and silicon wafers in the aggregate amounts of RMB15.9 million (US$2.0 million) and RMB23.4 million (US$3.0 million), respectively, in 2005 and the nine months ended September 30, 2006. The purchase was made according to the published prices and conditions offered by Huaerli (Nantong) to its customers. As of December 31, 2005 and September 30, 2006, the amount due to Huaerli (Nantong) under these purchase

agreements was approximately RMB1.7 million (US$0.2 million) and nil, respectively. The amount due to Huaerli (Nantong) was unsecured, interest-free and repayable on demand.

- In 2005, Huaerli (Nantong) made advances to Linyang China of RMB27.0 million (US$3.4 million), which was subsequently repaid by Linyang China in the same period.
- As of September 30, 2006, Linyang China's bank borrowings were guaranteed by Linyang Electronics for up to RMB131.0 million (US$16.5 million) for nil consideration. In addition, Linyang China's bank borrowings of RMB60.0 million (US$7.6 million) were jointly guaranteed by Linyang Electronics and Qidong Huahong, a company in which Mr. Yonghua Lu, our chairman, chief executive officer and principal shareholder, and his wife have financial interest. In November 2006, we obtained short-term bank borrowings totaling RMB109.9 million (US$13.9 million) from three banks, of which RMB30.0 million (US$3.8 million) was guaranteed by Linyang Electronics; RMB39.9 million (US$5.0 million) was jointly guaranteed by Linyang Electronics and Huaerli (Nantong); and RMB40.0 million (US$5.0 million) was secured by land use rights and guaranteed by Linyang Electronics, Qidong Huahong and our chairman and chief executive officer and his wife.
- As of December 31, 2005, for nil consideration, Linyang Electronics had pledged RMB10.0 million (US$1.2 million) to a commercial bank for notes payable granted to Linyang China of RMB10.0 million (US$1.2 million).
- In 2005, Linyang China paid RMB81,000 (US$10,248) for raw material purchases from Linyang Electronics according to the published prices and conditions offered by Linyang Electronics to its customers.
- In 2005 and the three months ended March 31, 2006, Qidong Huahong granted to Linyang China the use of a parcel of land with a total area of 24,671 square meters for nil consideration. As a result, in 2005 and the three months ended March 31, 2006, we recorded a rental charge of RMB70,000 (US$8,856) and RMB23,000 (US$2,910), respectively, based on the fair value of the rental cost incurred by Qidong Huahong and a corresponding credit to additional paid-in capital. In April 2006, Qidong Huahong entered into a Land Use Rights Transfer Agreement to transfer the use rights of this land until December 23, 2054 to Linyang China for consideration of RMB4.6 million (US$0.6 million). The full price of the contract has been paid. In November 2006, Qidong Huahong entered into two Land Use Rights Transfer Agreements to transfer the use rights of two parcels of land with a total area of 36,841 square meters for consideration of RMB6.1 million (US$0.8 million).
- On August 30, 2004 and March 16, 2005, Linyang China entered into two facility lease agreements with Qidong Huahong. Linyang China incurred rental expenses of RMB25,000 in the period from August 27, 2004 to December 31, 2004 and RMB58,000 (US$7,338) in 2005. The rental agreement was entered into with reference to market rental rates. The amounts due to Qidong Huahong under this agreement were RMB25,000, RMB83,000 (US$10,501) and nil as of December 31, 2004, December 31, 2005 and September 30, 2006, respectively. These amounts were unsecured, interest-free and payable on demand. In November 2005, the parties entered into a new agreement to terminate the above two leases.
- On June 2, 2006, Linyang BVI agreed to pay US$6.6 million to Linyang Electronics for the purchase of the equity interests held by Linyang Electronics in Linyang China and made such payment in August 2006. The price of the transfer was based on the estimated net asset value of Linyang China. This transaction was accounted for as a recapitalization.

- On November 18, 2006, Linyang China entered into a management consulting service agreement with Hony Capital II, L.P. under which, for a period of one year, Hony Capital II, L.P. agreed to provide certain management consulting services to Linyang China and to second Ms. Xihong Deng, managing director of Hony Capital II, L.P., to our company to serve as executive vice president in charge of international business development. Linyang China agreed to pay an aggregate of RMB4 million to Hony Capital II, L.P. as consideration for these services under this agreement.

PRC GOVERNMENT REGULATIONS

This section sets forth a summary of the most significant regulations or requirements that affect our business activities in China or our shareholders' right to receive dividends and other distributions from us.

Renewable Energy Law and Other Government Directives

In February 2005, China enacted its Renewable Energy Law, which has become effective on January 1, 2006. The Renewable Energy law sets forth the national policy to encourage and support the development and use of solar and other renewable energy and the use of on-grid generation.

The law also sets forth the national policy to encourage the installation and use of solar energy water-heating system, solar energy heating and cooling system, solar photovoltaic system and other solar energy utilization systems. In addition, the law provides financial incentives, such as national funding, preferential loans and tax preferences for the development of renewable energy projects.

In January 2006, the National Development and Reform Commission, or the NDRC, issued two implementing rules relating to the Renewable Energy Law: (1) the Trial Measures on the Administration over the Pricing and Cost Allocation of Renewable Energy Power Generation and (2) the Administrative Regulations Relating to the Renewable Energy Power Generation. These implementing rules, among other things, set forth general policies for the pricing of on-grid power generated by solar and other renewable energy. In addition, the PRC Ministry of Finance issued the Provisional Measures for Administration of Specific Funds for Development of Renewable Energy in June 2006, which provides that the PRC government will establish a fund specifically for the purpose of supporting the development of the renewable energy industry, including the solar energy industry.

China's Ministry of Construction also issued a directive in June 2005 that sought to expand the use of solar energy in residential and commercial buildings and encouraged the increased application of solar energy in different townships. In addition, China's State Council promulgated a directive in July 2005 that set forth principles with regard to the conservation of energy resources and the development and use of solar energy in China's western areas, which have not been covered by electricity transmission grids and rural areas.

Environmental Regulations

We use, generate and discharge toxic, volatile or otherwise hazardous chemicals and wastes in our research and development and manufacturing activities. We are subject to a variety of governmental regulations related to the storage, use and disposal of hazardous materials. The major environmental regulations applicable to us include the Environmental Protection Law of the PRC, the Law of PRC on the Prevention and Control of Water Pollution, Implementation Rules of the Law of PRC on the Prevention and Control of Water Pollution, the Law of PRC on the Prevention and Control of Air Pollution, the Law of PRC on the Prevention and Control of Solid Waste Pollution, and the Law of PRC on the Prevention and Control of Noise Pollution.

Restriction on Foreign Businesses

The principal regulation governing foreign ownership of solar photovoltaic businesses in the PRC is the Foreign Investment Industrial Guidance Catalogue (effective as of January 1, 2005). Under the regulation, the solar photovoltaic business falls into the category of encouraged foreign investment industry.

Tax

PRC enterprise income tax is calculated based on taxable income determined under PRC accounting principles. In accordance with the PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises, or the Income Tax Law, and the related implementing rules, foreign invested enterprises incorporated in the PRC are generally subject to an enterprise income tax rate of 33.0% (30.0% of state income tax plus 3.0% local income tax). The Income Tax Law and the related implementing rules provide certain favorable tax treatments to foreign invested enterprises. Production-oriented foreign-invested enterprises, which are scheduled to operate for a period of ten years or more, are entitled to exemption from income tax for two years commencing from the first profit-making year and 50% reduction of income tax for the subsequent three years. In certain special areas such as coastal open economic areas, special economic zones and economic and technology development zones, foreign-invested enterprises are entitle to reduced tax rates, namely: (1) in coastal open economic zones, the tax rate applicable to production-oriented foreign-invested enterprises is 24%; (2) in special economic zones, the rate is 15%; and (3) certified high and new technology enterprises incorporated and operated in economic and technology development zones determined by the State Council may enjoy a 50% deduction of the applicable rate.

As a foreign-invested production enterprise established in Qidong, Nantong City, a coastal open economic area, Linyang China is subject to a preferential enterprise income tax rate of 24%. In addition, Linyang China is exempted from enterprise income tax for 2005 and 2006 and will be taxed at a reduced rate of 12% in 2007, 2008 and 2009 and at a rate of 24% from 2010 onward. From 2005 until the end of 2009, Linyang China is also exempted from the 3% local income tax applicable to foreign-invested enterprises in Jiangsu Province. From 2010 onward, Linyang China will not be exempt from the 3% local enterprise income tax. In addition, under relevant PRC tax rules and regulations, Linyang China may apply for a two-year income tax exemption on income generated from its increased capital resulting from our contribution to Linyang China of the funds we received as a result of our issuances of series A convertible preference shares in a private placement in June and August 2006, and a reduced tax rate of 12% for the three years thereafter. We are currently in the process of applying for such preferential tax treatment. In addition, our subsidiaries, Shanghai Linyang and Sichuan Jiayang, are subject to an enterprise income tax rate of 33%, consisting of 30% enterprise income tax and 3% local enterprise income tax.

Pursuant to the Provisional Regulation of China on Value-Added Tax and their implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in China are generally required to pay value-added tax at a rate of 17% of the gross sales proceeds received, less any deductible value-added tax already paid or borne by the taxpayer. Furthermore, when exporting goods, the exporter is entitled to a portion of or all the refund of value-added tax that it has already paid or borne. Our imported raw materials that are used for manufacturing export products and are deposited in bonded warehouses are exempt from import value-added tax.

Foreign Currency Exchange

Foreign currency exchange in China is primarily governed by the following regulations:

- Foreign Exchange Administration Rules (1996), as amended; and
- Regulations of Settlement, Sale and Payment of Foreign Exchange (1996)

Under the Foreign Exchange Administration Rules, the Renminbi is convertible for current account items, including distribution of dividends, payment of interest, trade and service-related foreign exchange transactions. Conversion of Renminbi for capital account items, such as direct

investment, loan, securities investment and repatriation of investment, however, is still subject to the approval of SAFE.

Under the Regulations of Settlement, Sale and Payment of Foreign Exchange, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at those banks authorized to conduct foreign exchange business after providing valid commercial documents and, in the case of capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign-invested enterprises outside of China are also subject to limitations, which include approvals by the Ministry of Commerce, SAFE and the NDRC.

Dividend Distribution

The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include:

- Wholly Foreign-Owned Enterprise Law (1986), as amended; and
- Wholly Foreign-Owned Enterprise Law Implementation Rules (1990), as amended.

Under these regulations, wholly foreign-owned enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, wholly foreign-owned enterprises in China are required to set aside at least 10% of their after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reach 50% of its registered capital. These reserves are not distributable as cash dividends. The board of directors of a foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds, which may not be distributed to equity owners except in the event of liquidation.

Regulations of Overseas Investments and Listings

SAFE issued a public notice in October 2005, or the SAFE notice, requiring PRC residents, including both legal persons and natural persons, to register with the relevant local SAFE branch before establishing or controlling any company outside of China, referred to as an “offshore special purpose company,” for the purpose of acquiring any assets of or equity interest in PRC companies and raising funds from overseas. In addition, any PRC resident that is the shareholder of an offshore special purpose company is required to amend its SAFE registration with the local SAFE branch, with respect to that offshore special purpose company in connection with any increase or decrease of capital, transfer of shares, merger, division, equity or debt investment or creation of any security interest. If any PRC shareholder of any offshore special purpose company fails to make the required SAFE registration and amendment, the PRC subsidiaries of that offshore special purpose company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the offshore special purpose company. Moreover, failure to comply with the SAFE registration and amendment requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. Our current beneficial owners who are PRC residents have registered with the local SAFE branch as required under the SAFE notice.

The NDRC promulgated a rule in October 2004, or the NDRC Rule, which requires NDRC approvals for overseas investment projects made by PRC entities. The NDRC Rule also provides that approval procedures for overseas investment projects of PRC individuals shall be implemented with reference to this rule. Our current beneficial owners who are PRC individuals did not apply for NDRC approval for their investment in our company.

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the SASAC, the State Administration for Taxation, the State Administration for Industry and Commerce, the CSRC, and the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic

Enterprises by Foreign Investors, or the New M&A Rule, which became effective on September 8, 2006. This regulation, among other things, includes provisions that purport to require that an offshore SPV formed for purposes of overseas listing of equity interest in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by SPVs. The CSRC approval procedures require the filing of a number of documents with the CSRC and it would take several months to complete the approval process.

The application of the New M&A Rule with respect to overseas listings of SPVs remains unclear with no consensus currently existing among the leading PRC law firms regarding the scope of the applicability of the CSRC approval requirement.

Our PRC counsel, Grandall Legal Group, has advised us that, based on their understanding of the current PRC laws, regulations and rules and the procedures announced on September 21, 2006:

- CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus shall be subject to this new procedure;
- In spite of the above, given that we have completed our restructuring before September 8, 2006, the effective date of the new regulation, this regulation does not require an application to be submitted to the CSRC for the approval of the listing and trading of our ADSs on the Nasdaq Global Market, unless we are clearly required to do so by possible later rules of CSRC.

See "Risk Factors — Risks Relating to Our Business and Industry — Our failure to obtain the prior approval of the China Securities Regulatory Commission, or the CSRC, of the listing and trading of our ADSs on the Nasdaq Global Market could significantly delay this offering or could have a material adverse effect on our business, operating results, reputation and trading price of our ADSs, and may also create uncertainties for this offering."

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and the Companies Law (2004 Revision) of the Cayman Islands, which is referred to as the Companies Law below.

As of December 1, 2006, our authorized share capital consisted of 400,000,000 ordinary shares, with a par value of US$0.0001 each, and 100,000,000 series A convertible preference shares, with a par value of US$0.0001 each. As of December 1, 2006, there were 100,350,000 ordinary shares issued and outstanding and 79,644,754 series A convertible preference shares issued and outstanding. All of our issued and outstanding series A convertible preference shares will automatically convert into ordinary shares, at a conversion rate of one preference share to one ordinary share, upon completion of this offering.

Our amended and restated memorandum and articles of association will become effective upon completion of this offering. The following are summaries of material provisions of our amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law. Under our amended and restated memorandum and articles of association, all dividends unclaimed for one year after having been declared may be invested or otherwise made use of by our board of directors for our exclusive benefit until claimed, and we will not be deemed a trustee in respect of such dividend or be required to account for any money earned. All dividends unclaimed for six years after having been declared may be forfeited by our board of directors and will revert to us.

Voting Rights

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any other shareholder or shareholders present in person or by proxy and holding at least 10% in par value of the shares giving a right to attend and vote at the meeting.

A quorum required for a meeting of shareholders consists of at least one shareholder present or by proxy or, if a corporation or other non-natural person, by its duly authorized representative holding not less than one-third of the outstanding voting shares in our company. Shareholders' meetings may be convened by our board of directors on its own initiative or upon a request to the directors by shareholders holding in the aggregate 10% or more of our voting share capital. Advance notice of at least 20 (but not more than 60) days is required for the convening of our annual general shareholders' meeting and any other general shareholders' meeting calling for the passing of a resolution requiring two-thirds of shareholder votes, and advance notice of at least 14 (but not more than 60) days is required for the convening of other general shareholder meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution will be required for important matters such as a change of name or making changes to our amended and restated memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions of our amended and restated memorandum of articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four;
- the ordinary shares transferred are free of any lien in favor of us;
- any fee related to the transfer has been paid to us; and
- the transfer to be registered is not to an infant or a person suffering from mental disorder.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 45 days in any year.

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a *pro rata* basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares

Subject to the provisions of the Companies Law and other applicable law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as may be determined by special resolution.

Variations of Rights of Shares

If at any time, our share capital is divided into different classes of shares, all or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied either with the consent in writing of the holders of three-fourths of the issued shares of that class or by a special resolution passed at a general meeting of the holders of the shares of that class. Consequently, the rights of any class of shares cannot be detrimentally altered without a majority vote of all of the shares in that class. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares. The rights of holders of ordinary shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights which may be affected by the directors as provided in the articles of association without any vote or consent of the holders of ordinary shares.

General Meetings of Shareholders

The directors may, and shall on the requisition of shareholders holding at least 10% in par value of the capital of our company carrying voting rights at general meetings, proceed to convene a general meeting of such shareholders. If the directors do not within 21 days from the deposit of the requisition duly proceed to convene a general meeting, which will be held within a further period of 21 days, the requisitioning shareholders, or any of them holding more than 50% of the total voting rights of all of the requisitioning shareholders, may themselves convene a general meeting. Any such general meeting must be convened within three months after the expiration of such 21-day period.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

Changes in Capital

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- convert all or any of our paid up shares into stock and reconvert that stock into paid up shares of any denomination;
- sub-divide our existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or

- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so cancelled.

We may by special resolution reduce our share capital and any capital redemption reserve in any manner authorized by law.

Exempted Company

We are an exempted company with limited liability under the Companies Law (2004 Revision) of the Cayman Islands. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value, negotiable or bearer shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

"Limited liability" means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company. Upon the closing of this offering, we will be subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. We currently intend to comply with the Nasdaq Rules in lieu of following home country practice after the closing of this offering. The Nasdaq Rules require that every company listed on the Nasdaq hold an annual general meeting of shareholders. In addition, our proposed amended and restated articles of association, which, upon receiving the requisite shareholder approval, is expected to become effective immediately upon the closing of this offering, will allow directors or shareholders to call special shareholder meetings pursuant to the procedures set forth in the articles.

Differences in Corporate Law

The Companies Law is modeled after that of English law but does not follow many recent English law statutory enactments. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

Cayman Islands law does not provide for mergers as that expression is understood under the Delaware General Corporation law. However, there are statutory provisions that facilitate the

reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the due majority vote have been met;
- the shareholders have been fairly represented at the meeting in question;
- the arrangement is such that a businessman would reasonably approve; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a take over offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

We are not aware of any reported class action or derivative action having been brought in a Cayman Islands court. In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or *ultra vires;*
- the act complained of, although not *ultra vires,* could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association, which will become effective upon the closing of this offering, permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, fraud or default of such directors or officers. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior

executive officers that will provide such persons with additional indemnification beyond that provided in our amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Amended and Restated Memorandum and Articles of Association

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act *bona fide* in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our amended and restated articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

Cayman Islands law and our amended and restated articles of association allow our shareholders holding not less than 10% of the paid-up voting share capital of the company to requisition a shareholders' meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings. However, our amended and restated articles of association require us to call such meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our amended and restated articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our amended and restated articles of association, directors may be removed by ordinary resolution.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an

interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

Dissolution; Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under the Companies Law of the Cayman Islands and our amended and restated articles of association, our company may be dissolved, liquidated or wound up by the vote of holders of two-thirds of our shares voting at a meeting or the unanimous written resolution of all shareholders.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under Cayman Islands law and our amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the consent in writing of the holders of 75% of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended by special resolution or the unanimous written resolution of all shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions. However, if any issue of shares (including any issue of ordinary shares or any shares with preferred, deferred, qualified or other special rights or restrictions) is proposed and such shares proposed to be issued are at least 20% by par value of the par value of all then issued shares, then the prior approval by ordinary resolution of the holders of the ordinary shares, voting together as one class, will be required. These provisions could have the effect of

discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction.

History of Securities Issuances

The following is a summary of our securities issuances during the past three years.

Ordinary Shares

In June 2006, as part of our corporate restructuring, we issued a total of 100,350,000 ordinary shares. These ordinary shares were issued to Yonghua Solar Power Investment Holding Ltd, WHF Investment Co., Ltd, YongGuan Solar Power Investment Holding Ltd, Yongfa Solar Power Investment Holding Ltd, Yongliang Solar Power Investment Holding Ltd, Yongqiang Solar Power Investment Holding Ltd, YongXing Solar Power Investment Holding Ltd and Forever-brightness Investments Limited.

Series A Convertible Preference Shares

In June and August 2006, we issued in a private placement an aggregate of 79,644,754 series A convertible preference shares to Citigroup Venture Capital International Growth Partnership, L.P., Citigroup Venture Capital International Co-Investment, L.P., Hony Capital II L.P., LC Fund III L.P., Good Energies Investments Limited and two individual investors at an average purchase price of approximately US$0.67 per share for aggregate proceeds, before deduction of transaction expenses, of US$53 million.

Registration Rights

Pursuant to the registration rights agreement entered into in connection with this private placement, dated June 27, 2006, we granted to the holders of series A convertible preference shares certain registration rights, which primarily include:

- ***Demand Registrations.*** On and after the earlier of (a) June 27, 2008 or (b) six months after the date the registration statement covering the ordinary shares underlying the ADSs to be sold in this offering becomes effective, upon request of any of the non-individual holders of series A convertible preference shares, we shall effect registration with respect to the registrable securities held by them on a form other than Form F-3 (or any comparable form for a registration for an offering in a jurisdiction other than the United States), provided we shall only be obligated to effect three such registrations.

- ***Piggyback Registrations.*** The holders of series A convertible preference shares and their permitted transferees are entitled to "piggyback" registration rights, whereby they may require us to register all or any part of the registrable securities that they hold at the time when we register any of our ordinary shares.

- ***Registrations on Form F-3.*** We have granted the holders of series A convertible preference shares and their permitted transferees of the registrable securities the right to an unlimited number of registrations under Form F-3 (or any comparable form for a registration in a jurisdiction other than the United States) to the extent we are eligible to use such form to offer securities.

Post-Offering Lock-Up

Pursuant to the registration rights agreement, each of the shareholders other than the holders of series A convertible preference shares has agreed, for a period of 12 months after completion of this offering, not to sell, exchange, assign, pledge, charge, grant a security interest, make a hypothecation, gift or other encumbrance, or enter into any contract or any voting trust or other agreement or arrangement with respect to the transfer of voting rights or any other legal or beneficial interest in any ordinary shares, create any other claim or make any other transfer or disposition, whether voluntary or involuntary, affecting the right, title, interest or possession in, to or of such ordinary shares, unless otherwise approved by the non-individual holders of series A convertible preference shares in writing.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

The Bank of New York, as depositary, will register and deliver American depositary shares, or ADSs. Each ADS will represent five ordinary shares (or a right to receive five ordinary shares) deposited with the Hong Kong office of the Hong Kong and Shanghai Banking Corp., as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's corporate trust office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American depositary receipt, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by holding ADSs in the Direct Registration System, or (B) indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Direct Registration System, is a system administered by DTC pursuant to which the depositary may register the ownership of uncertificated American depositary shares, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and the beneficial owners of ADSs set out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of American depositary receipt. Directions on how to obtain copies of those documents are provided under "Where You Can Find Additional Information."

Dividends and Other Distributions

How Will You Receive Dividends and Other Distributions on the Shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- ***Cash.*** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADR holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See “Taxation.” It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

- ***Shares.*** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares.
- ***Rights to Purchase Additional Shares.*** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to you. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

  If the depositary makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

  U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADRs described in this section except for changes needed to put the necessary restrictions in place.
- ***Other Distributions.*** The depositary will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

Deposit, Withdrawal and Cancellation

How Are ADSs Issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons entitled thereto.

How Do ADS Holders Cancel an American Depositary Share?

You may turn in your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

How Do ADS Holders Interchange Between Certificated ADSs and Uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How Do You Vote?

You may instruct the depositary to vote the deposited securities, but only if we ask the depositary to ask for your instructions. *Otherwise, you won't be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.*

If we ask for your instructions, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will (1) describe the matters to be voted on and (2) explain how you may instruct the depositary to vote the shares or other deposited securities underlying your ADSs as you direct. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and of the Memorandum and Articles of Association, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will try to give the depositary notice of any such meeting and details concerning the matters to be voted upon sufficiently in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares must pay:	For:
• US$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	• Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property • Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
• US$0.02 (or less) per ADS	• Any cash distribution to you
• A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	• Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
• US$0.02 (or less) per ADSs per calendar year	• Depositary services
• Registration or transfer fees	• Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
• Expenses of the depositary	• Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement) • converting foreign currency to U.S. dollars
• Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	• As necessary
• Any charges incurred by the depositary or its agents for servicing the deposited securities	• As necessary

The Bank of New York, as depositary, has agreed to reimburse us for expenses we incur that are related to establishment and maintenance of the ADR program, including investor relations expenses and Nasdaq application and listing fees. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amount of fees the depositary collects from investors.

The depositary collects its fees for issuance and cancellation of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American depositary shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we:	Then:
• Change the nominal or par value of our shares • Reclassify, split up or consolidate any of the deposited securities	• The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.
• Distribute securities on the shares that are not distributed to you • Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	• The depositary may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also deliver new ADSs or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.

Amendment and Termination

How May the Deposit Agreement Be Amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADS, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

How May the Deposit Agreement Be Terminated?

The depositary will terminate the deposit agreement at our direction by mailing a notice of termination to the ADS holders then outstanding at least 60 days prior to the date fixed in such notice for such termination. The depositary may also terminate the deposit agreement by mailing a notice of termination to us and the ADS holders then outstanding if at any time 30 days shall have expired after the depositary shall have delivered to our company a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares and other deposited securities upon cancellation of ADSs. Four months after termination, the depositary may sell any remaining deposited securities by public or

private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the *pro rata* benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

Limitations on Obligations and Liability

Limits on Our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement;
- are not liable if either of us exercises discretion permitted under the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party;
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper party.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying Your ADRs

You have the right to cancel your ADSs and withdraw the underlying shares at any time except:

- When temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares.

- When you or other ADS holders seeking to withdraw shares owe money to pay fees, taxes and similar charges.
- When it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-Release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the American depositary shares. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are cancelled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (3) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement have acknowledged that the Direct Registration System and Profile Modification System will apply to uncertificated ADSs upon acceptance thereof to DRS by the DTC. The Direct Registration System is the system administered by DTC pursuant to which the depositary may register the ownership of uncertificated American depositary shares, which ownership shall be evidenced by periodic statements issued by the depositary to the ADS holders entitled thereto. The Profile Modification System is a required feature of the Direct Registration System which allows a DTC participant, claiming to act on behalf of an ADS holder, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register such transfer.

In connection with and in accordance with the arrangements and procedures relating to the Direct Registration System/ Profile Modification System, the parties to the deposit agreement understand that the depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code as in effect in the State of New York). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the Direct Registration System Profile Modification System and in accordance with the deposit agreement, shall not constitute negligence or bad faith on the part of the depositary.

SHARES ELIGIBLE FOR FUTURE SALE

Before this offering, there has not been a public market for our ordinary shares or our ADSs, and while we have applied for approval to have our ADSs listed on the Nasdaq Global Market, we cannot assure you that a significant public market for the ADSs will develop or be sustained after this offering. We do not expect that an active trading market will develop for our ordinary shares not represented by the ADSs. Future sales of substantial amounts of our ADSs in the public markets after this offering, or the perception that such sales may occur, could adversely affect market prices prevailing from time to time. As described below, only a limited number of our ordinary shares currently outstanding will be available for sale immediately after this offering due to contractual and legal restrictions on resale. Nevertheless, after these restrictions lapse, future sales of substantial amounts of our ADSs, including ADSs representing ordinary shares issued upon exercise of outstanding options, in the public market in the United States, or the possibility of such sales, could negatively affect the market price in the United States of our ADSs and our ability to raise equity capital in the future.

Upon the closing of the offering, we will have 239,994,754 outstanding ordinary shares, including ordinary shares represented by ADSs and ordinary shares issued upon conversion of our series A convertible preference shares immediately prior to this offering, assuming no exercise of the underwriters' option to purchase additional ADSs. Of that amount, 60,000,000 ordinary shares, including ordinary shares represented by ADSs, will be publicly held by investors participating in this offering, and 179,994,754 ordinary shares will be held by our existing shareholders, who may be our "affiliates" as that term is defined in Rule 144 under the Securities Act. As defined in Rule 144, an "affiliate" of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. In addition, based on options outstanding as of November 30, 2006, 8,012,998 ordinary shares will be subject to outstanding options after this offering, of which 90,000 options to purchase ordinary shares will be vested and exercisable 180 days after this offering.

All of the ADSs sold in the offering and the ordinary shares they represent will be freely transferable by persons other than our "affiliates" in the United States without restriction or further registration under the Securities Act. Ordinary shares or ADSs purchased by one of our "affiliates" may not be resold, except pursuant to an effective registration statement or an exemption from registration, including an exemption under Rule 144 of the Securities Act described below.

The 179,994,754 ordinary shares held by existing shareholders, including ordinary shares issued upon conversion of our series A convertible preference shares immediately prior to this offering, are, and those ordinary shares issuable upon exercise of options outstanding following the completion of this offering will be, "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities may be sold in the United States only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act. These rules are described below.

Lock-Up Agreements

We have agreed for a period of 180 days after the date of this prospectus not to sell, transfer or otherwise dispose of, and not to announce an intention to sell, transfer or otherwise dispose of, without the prior written consent of the underwriters:

- any of our ordinary shares or depositary shares representing our ordinary shares;
- any shares of our subsidiaries or controlled affiliates or depositary shares representing those shares; or

- any securities that are substantially similar to the ordinary shares or depositary shares referred to above, including any securities that are convertible into, exchangeable for or otherwise represent the right to receive ordinary shares, other shares or depositary shares referred to above.

In addition, we have agreed to cause each of our subsidiary and controlled affiliates not to sell, transfer or otherwise dispose of, and not to announce an intention to sell, transfer or otherwise dispose of, for a period of 180 days after the date of this prospectus without the prior written consent of the underwriters, any of the securities referred to above.

Furthermore, each of our directors and executive officers and all of our shareholders, including each of the selling shareholders, have also entered into a similar 180-day lock-up agreement, subject to certain exceptions, with respect to our ordinary shares, depositary shares representing our ordinary shares and securities that are substantially similar to our ordinary shares or depositary shares representing our ordinary shares. These parties collectively own 100% of our outstanding ordinary shares without giving effect to this offering.

Pursuant to the registration rights agreement we entered into in connection with the sale of series A convertible preference shares, dated June 27, 2006, each of the shareholders other than the holders of series A convertible preference shares has agreed, for a period of 12 months after completion of this offering, not to sell, exchange, assign, pledge, charge, grant a security interest, make a hypothecation, gift or other encumbrance, or enter into any contract or any voting trust or other agreement or arrangement with respect to the transfer of voting rights or any other legal or beneficial interest in any ordinary shares, create any other claim or make any other transfer or disposition, whether voluntary or involuntary, affecting the right, title, interest or possession in, to or of such ordinary shares, unless otherwise approved by the non-individual holders of series A convertible preference shares in writing. In addition, Mr. Yonghua Lu, our chairman and chief executive officer, and Mr. Hanfei Wang, our chief operating officer, have agreed with us not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a lock-up period of three years after completion of this offering. Other non-series A convertible preference shareholders have agreed not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of one year after completion of this offering, and are subject to further restrictions on sales, transfers, or dispositions of such securities for a period of either two or three years following the initial one-year lock-up period.

The restrictions described in the preceding three paragraphs will be automatically extended under certain circumstances. See “Underwriting.” These restrictions do not apply to (1) the 12,000,000 ADSs and our ordinary shares representing such ADSs being offered in this offering, (2) up to 1,800,000 ADSs and our ordinary shares representing such ADSs that may be purchased by the underwriters if they exercise their option to purchase additional ADSs in full and (3) ordinary shares issued pursuant to the 2006 share incentive plan.

We are not aware of any plans by any significant shareholders to dispose of significant numbers of our ADSs or ordinary shares. We cannot assure you, however, that one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for our ADSs or ordinary shares will not dispose of significant numbers of our ADSs or ordinary shares. No prediction can be made as to the effect, if any, that future sales of our ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the market price of our ADSs prevailing from time to time. Sales of substantial amounts of our ADSs or ordinary shares in the public market, or the perception that future sales may occur, could materially and adversely affect the prevailing market price of our ADSs.

After the expiration of the lock-up agreements, the ordinary shares subject to the lock-up agreements, and ADSs representing such shares, will be freely eligible for sale in the public market as described below.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned "restricted securities" for at least one year would be entitled to sell within any three-month period a number of shares, including ADSs representing such number of shares, that is not more than the greater of:

- 1% of the number of our ordinary shares then outstanding, in the form of ADSs or otherwise, which will equal approximately 239,995 ordinary shares immediately after offering; or
- the average weekly reported trading volume of our ADSs on the Nasdaq Global Market during the four calendar weeks before a notice of the sale on Form 144 is filed with the SEC by such person.

Sales under Rule 144 are also subject to manner-of -sale provisions, notice requirements and the availability of current public information about us. However, these shares in the form of ADSs or otherwise, would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Under Rule 144(k), a person who is not deemed to have been our affiliate at any time during the three months preceding a sale, and who has beneficially owned the ordinary shares in the form of ADSs or otherwise, proposed to be sold for at least two years from the later of the date these shares were acquired from us or from our affiliate, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares immediately following the offering without complying with the manner-of -sale, public information, volume limitation or notice provisions of Rule 144. However, these shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Rule 701

Beginning 90 days after the date of this prospectus, persons other than affiliates who purchased ordinary shares under a written compensatory plan or contract may be entitled to sell such shares in reliance on Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 subject only to its manner-of -sale requirements. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Share Options

As of November 30, 2006, options to purchase an aggregate of 8,012,988 ordinary shares were outstanding.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lock-up agreements described above. See "Description of Share Capital — Registration Rights."

TAXATION

The following summary of the material Cayman Islands and United States federal tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under U.S., state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder, our Cayman Islands counsel. To the extent that the discussion relates to matters of U.S. federal income tax law, it represents the opinion of Shearman & Sterling LLP, our special U.S. counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

United States Federal Income Taxation

The following discussion describes the material U.S. federal tax consequences to U.S. Holders (defined below) under present law of an investment in the ADSs or ordinary shares. This summary applies only to investors that hold the ADSs or ordinary shares as capital assets and that have the U.S. dollar as their functional currency. This discussion is based on the tax laws of the United States as in effect on the date of this prospectus and on U.S. Treasury regulations in effect as of the date of this prospectus, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- insurance companies;
- broker dealers;
- U.S. expatriates;
- traders that elect to mark-to -market;
- tax-exempt entities;
- persons liable for alternative minimum tax;
- persons holding an ADS or ordinary share as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our voting stock; or
- persons holding ADSs or ordinary shares through partnerships or other pass-through entities.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR ORDINARY SHARES.

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply if you are a beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) organized under the laws of the United States, any State or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) was in existence on August 20, 1996, was treated as a U.S. person under the Internal Revenue Code on the previous day and has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If you are a partner in partnership or other entity taxable as a partnership that holds ADSs or ordinary shares, your tax treatment generally will depend on your status and the activities of the partnership.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you hold ADSs, you should be treated as the holder of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Exchanges of ordinary shares for ADSs and ADSs for ordinary shares generally will not be subject to U.S. federal income tax.

Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of all our distributions to you with respect to the ADSs or ordinary shares generally will be included in your gross income as dividend income on the date of actual or constructive receipt by the depositary, in the case of ADSs, or by you, in the case of ordinary shares, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders including individual U.S. Holders, for taxable years beginning before January 1, 2011, dividends may be taxed at the lower applicable capital gains rate, and thus may constitute "qualified dividend income" provided that (1) the ADSs or ordinary shares are readily tradable on an established securities market in the United States, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year, and (3) certain holding period requirements are met. Under Internal Revenue Service authority, ordinary shares, or ADSs representing such shares, are considered for the purpose of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq, as our ADSs are expected to be. You should consult your tax advisors regarding the availability of the lower rate for dividends paid with respect to our ADSs or ordinary shares.

Dividends will constitute foreign source income for U.S. foreign tax credit limitation purposes. If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the U.S. foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to the ADSs or ordinary shares will be "passive income" or, in the case of certain U.S. Holders, "financial services income" for taxable years beginning on or before December 31, 2006. For taxable years beginning after December 31, 2006, dividends distributed by us with respect to ADSs or ordinary shares will generally constitute "passive category income" but could, in the case of certain U.S. Holders, constitute "general category income."

To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, you should expect that any distribution we make will generally be treated as a dividend.

Taxation of Disposition of Shares

Subject to the passive foreign investment company rules discussed below, you will recognize taxable gain or loss on any sale, exchange or other taxable disposition of an ADS or ordinary share equal to the difference between the amount realized for the ADS or ordinary share and your tax basis in the ADS or ordinary share. The gain or loss generally will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, who has held the ADS or ordinary share for more than one year, you will be eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any such gain or loss that you recognize will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes.

Passive Foreign Investment Company

We do not expect to be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our current taxable year. Our actual PFIC status for the current taxable year ending December 31, 2006 will not be determinable until the close of the current taxable year ending December 31, 2006, and, accordingly, there is no guarantee that we will not be a PFIC for the current taxable year. A non-U.S. corporation is considered to be a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income; or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

We will be treated as owning our proportionate share of the assets and earnings and our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

We must make a separate determination each year as to whether we are a PFIC. As a result, our PFIC status may change. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we raise in this offering. If we are a PFIC for any year during which you hold ADSs or ordinary shares, we generally will continue to be treated as a PFIC for all succeeding years during which you hold ADSs or ordinary shares.

If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, dividends paid by us to you will not be eligible for the reduced rate of taxation applicable to non-corporate U.S. holders, including individuals. See “Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares.” Additionally, you will be subject to special tax rules with respect to any “excess distribution” that you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to -market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income; and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

Alternatively, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to -market election for such stock of a PFIC to elect out of the tax treatment discussed in the two preceding paragraphs. If you make a mark-to -market election for the ADSs or ordinary shares, you will include in income each year an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to -market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to -market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to -market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or disposition of the ADSs or ordinary shares, to the extent that the amount of such loss does not exceed the net mark-to -market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. The tax rules that apply to distributions by corporations that are not PFICs would apply to distributions by us.

The mark-to -market election is available only for “marketable stock,” which is stock that is regularly traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange, including the Nasdaq, or other market, as defined in applicable U.S. Treasury regulations. We expect that the ADSs will be listed and regularly traded on the Nasdaq and, consequently, if you are a holder of ADSs the mark-to -market election would be available to you were we to be or become a PFIC.

In addition, notwithstanding any election you make with regard to the ADSs or ordinary shares, dividends that you receive from us will not constitute qualified dividend income to you if we are a PFIC either in the taxable year of the distribution or the preceding taxable year. Moreover, your ADSs or ordinary shares will be treated as stock in a PFIC if we were a PFIC at

any time during your holding period in your ADSs or ordinary shares, even if we are not currently a PFIC. For purposes of this rule, if you make a mark-to -market election with respect to your ADSs or ordinary shares, you will be treated as having a new holding period in your ADSs or ordinary shares beginning on the first day of the first taxable year beginning after the last taxable year for which the mark-to -market election applies. Dividends that you receive that do not constitute qualified dividend income are not eligible for taxation at the 15% maximum rate applicable to qualified dividend income. Instead, you must include the gross amount of any such dividend paid by us out of our accumulated earnings and profits (as determined for United States federal income tax purposes) in your gross income, and it will be subject to tax at rates applicable to ordinary income.

If you hold ADSs or ordinary shares in any year in which we are a PFIC, you will be required to file Internal Revenue Service Form 8621 regarding distributions received on the ADSs or ordinary shares and any gain realized on the disposition of the ADSs or ordinary shares.

In addition, we do not intend to prepare or provide you with the information necessary to make a “qualified electing fund” election.

You are urged to consult your tax advisor regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.

Information Reporting and Backup Withholding

Dividend payments with respect to ADSs or ordinary shares and proceeds from the sale, exchange or redemption of ADSs or ordinary shares may be subject to information reporting to the Internal Revenue Service and possible U.S. backup withholding at a current rate of 28%. Backup withholding will not apply, however, if you are a corporation or a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or if you are otherwise exempt from backup withholding. If you are a U.S. Holder who is required to establish exempt status, you generally must provide such certification on Internal Revenue Service Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service and furnishing any required information in a timely manner.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and provides significantly less protection to investors; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our current operations are conducted in China, and substantially all of our assets are located in China. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon such persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

We have appointed CT Corporation System, 111 Eighth Avenue, New York, NY 10011, as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Maples and Calder, our counsel as to Cayman Islands law, and Grandall Legal Group, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and the PRC, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Maples and Calder has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

Grandall Legal Group has advised us further that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between the PRC and the country where the judgment is made or on reciprocity between jurisdictions.

UNDERWRITING

We, the selling shareholders and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of ADSs indicated in the following table. Goldman Sachs (Asia) L.L.C. is the representative of the underwriters. Goldman Sachs (Asia) L.L.C.'s address is 68th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

Underwriters	Number of ADSs
Goldman Sachs (Asia) L.L.C.	
CIBC World Markets Corp.	
Total	12,000,000

The underwriters are committed to take and pay for all of the ADSs being offered, if any are taken, other than the ADSs covered by the option described below unless and until this option is exercised.

If the underwriters sell more ADSs than the total number set forth in the table above, the underwriters have an option to buy up to an additional 1,800,000 ADSs from the selling shareholders. They may exercise that option for 30 days. If any ADSs are purchased pursuant to this option, the underwriters will severally purchase ADSs in approximately the same proportion as set forth in the table above.

The following table shows the per ADS and total underwriting discounts and commissions to be paid to the underwriters by us and the selling shareholders. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase a total of 1,800,000 additional ADSs.

Paid by Us

	No Exercise	Full Exercise
Per ADS	US$	US$
Total	US$	US$

Paid by the Selling Shareholders

	No Exercise	Full Exercise
Per ADS	US$	US$
Total	US$	US$

Total underwriting discounts and commissions to be paid to the underwriters represent % of the total amount of the offering.

ADSs sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any ADSs sold by the underwriters to securities dealers may be sold at a discount of up to US$ per ADS from the initial public offering price. Any such securities dealers may resell any ADSs purchased from the underwriters to certain other brokers or dealers at a discount of up to US$ per ADS from the initial public offering price. If all the ADSs are not sold at the initial public offering price, the representative may change the offering price and the other selling terms.

Total expenses for this offering are estimated to be approximately US$4.7 million, including SEC registration fees of US$19,934, NASD filing fees of US$20,510, Nasdaq listing fees of US$100,000, printing expenses of approximately US$0.2 million, legal fees of approximately US$2.1 million, accounting fees of approximately US$1.5 million, roadshow costs and expenses of approximately US$0.5 million, and travel and other out-of -pocket expenses of approximately US$0.3 million. All amounts are estimated except for the fees relating to SEC registration, NASD filing and Nasdaq listing.

We and the selling shareholders have agreed to pay all fees and expenses incurred by us and the selling shareholders in connection with this offering, and a portion of the costs and expenses incurred by the underwriters in connection with this offering. Such costs and expenses incurred by the underwriters, estimated not to exceed US$, are deemed as underwriting compensation by the NASD. All fees and expenses will be borne in proportion to the numbers of ADSs sold in the offering by us and the selling shareholders, respectively, unless otherwise agreed upon between us and any of the selling shareholders.

Some of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers and sales in the United States will be conducted by broker-dealers registered with the SEC. Goldman Sachs (Asia) L.L.C. is expected to make offers and sales in the United States through its selling agent, Goldman, Sachs & Co.

The underwriters have entered into an agreement in which they agree to restrictions on where and to whom they and any dealer purchasing from them may offer ADSs, as a part of the distribution of the ADSs. The underwriters also have agreed that they may sell ADSs among themselves.

We have agreed with the underwriters that we will not, without the prior consent of the representative, for a period of 180 days following the date of this prospectus, offer, sell, contract to sell, pledge, grant any option to purchase, purchase any option or contract to sell, right or warrant to purchase, make any short sale, file a registration statement with respect to any of the ADSs or its ordinary shares or any securities that are convertible into or exercisable or exchangeable for the ADSs or our ordinary shares, or otherwise transfer or dispose of (including entering into any swap or other agreement that transfers to any other entity, in whole or in part, any of the economic consequences of ownership interest): (1) our ordinary shares and depositary shares representing our ordinary shares; (2) shares of our subsidiaries and controlled affiliates and depositary shares representing those shares; and (3) securities that are substantially similar to such shares or depositary shares. We have also agreed to cause our subsidiaries and controlled affiliates to abide by the restrictions of the lock-up agreement. In addition, all of our shareholders, including the selling shareholders, and all of our directors and executive officers have entered into a similar 180-day lock-up agreement with respect to our ordinary shares, depositary shares representing our ordinary shares and securities that are substantially similar to our ordinary shares or depositary shares representing our ordinary shares. The restrictions of our lock-up agreement do not apply to the issuance of securities pursuant to our employee stock option plans outstanding on the date of this prospectus of which the underwriters have been advised in writing and are described in this prospectus.

The 180-day restricted period described in the preceding paragraph will be automatically extended if: (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or announce material news or a material event; or (2) prior to the expiration of the 180-day lock-up period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, in which case restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the date of the release or the announcement of the material news or event.

Prior to the offering, there has been no public market for our ADSs or ordinary shares. The initial public offering price of the ADSs will be determined by agreement between us and the representative. Among the factors to be considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

The ADSs offered in this offering have been approved for quotation on the Nasdaq Global Market under the symbol “SOLF.”

In connection with the offering, the underwriters may purchase and sell ADSs in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Shorts sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional ADSs from the selling shareholders. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option granted them. “Naked” short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for, or purchases of, ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representative has repurchased ADSs sold by, or for the account of, such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions may have the effect of preventing or retarding a decline in the market price of the ADS, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADS may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they are required to be conducted in accordance with applicable laws and regulations, and they may be discontinued at any time. These transactions may be effected on the Nasdaq Global Market, in the over-the -counter market or otherwise.

Each of the underwriters:

(a) has not made or will not make an offer of ADSs to the public in the United Kingdom within the meaning of Section 102B of the Financial Services and Markets Act 2000 (as amended), or FSMA, except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority, or FSA;

(b) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and

Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which Section 21 of FSMA does not apply to us; and

(c) has complied with, and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), each underwriter has not made and will not make an offer of ADSs to the public in that Relevant Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of ADSs to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of ADSs to the public" in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or subscribe the ADSs, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The ADSs may not be offered or sold in Hong Kong by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) no advertisement, invitation or document relating to the ADSs may be issued in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap.32) of Hong Kong and any rules made under that Ordinance.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of

Singapore, or the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. Where the ADSs are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the ADSs under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer or (iii) by operation of law.

The ADSs have not been and will not be registered under the Securities and Exchange Law of Japan, or the Securities and Exchange Law, and each underwriter has agreed that it will not offer or sell any ADSs, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

This prospectus has not been and will not be circulated or distributed in the PRC, and ADSs may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC. For the purpose of this paragraph only, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

No action may be taken in any jurisdiction other than the United States that would permit a public offering of the ADSs or the possession, circulation or distribution of this prospectus in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither the prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute prospectus electronically. Certain underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an Internet distribution will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of ADSs offered.

We and the selling shareholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act.

This prospectus may be used by the underwriters and other dealers in connection with offers and sales of the ADSs, including the ADSs initially sold by the underwriters in the offering being made outside of the United States, to persons located in the United States.

Some of the underwriters and their affiliates have provided, and may in the future provide, investment banking and other services to us, our officers or our directors for which they have received or will receive customary fees and commissions.

Goldman Sachs (Asia) L.L.C. is acting as the global coordinator and sole bookrunner for this offering.

VALIDITY OF THE SECURITIES

The validity of the ADSs and certain other legal matters as to the United States Federal and New York State law in connection with this offering will be passed upon for us by Shearman & Sterling LLP. The underwriters are being represented by Sullivan & Cromwell LLP with respect to matters of U.S. Federal and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering and certain other legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder. Legal matters as to PRC law will be passed upon for us by Grandall Legal Group and for the underwriters by Haiwen & Partners. Shearman & Sterling LLP may rely upon Maples and Calder with respect to matters governed by Cayman Islands law and Grandall Legal Group with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements of Solarfun Power Holdings Co., Ltd. as of December 31, 2004, 2005 and September 30, 2006, and for the period from August 27, 2004 (date of inception) to December 31, 2004, the year ended December 31, 2005 and the nine months ended September 30, 2006 appearing in this prospectus and registration statement have been audited by Ernst & Young Hua Ming, an independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The offices of Ernst & Young Hua Ming are located at 23/ F, The Center, 989 Chang Le Road, Shanghai 200031, People’s Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules under the Securities Act with respect to underlying ordinary shares represented by the ADSs, to be sold in this offering. A related registration statement on F-6 has been filed with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon completion of this offering, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Additional information may also be obtained over the Internet at the SEC's website at www.sec.gov.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, upon our written request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

SOLARFUN POWER HOLDINGS CO., LTD.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Solarfun Power Holdings Co., Ltd.

We have audited the accompanying consolidated balance sheets of Solarfun Power Holdings Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as of December 31, 2004, 2005 and September 30, 2006, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for the period from August 27, 2004 (date of inception) to December 31, 2004, for the year ended December 31, 2005 and for the nine-month period ended September 30, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Group's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group at December 31, 2004, 2005 and September 30, 2006 and the consolidated results of its operations and its cash flows for the period from August 27, 2004 (date of inception) to December 31, 2004, for the year ended December 31, 2005 and for the nine-month period ended September 30, 2006, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young Hua Ming
Shanghai, The People's Republic of China
December 11, 2006

SOLARFUN POWER HOLDINGS CO., LTD.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands of Renminbi ("RMB") and U.S. dollar ("US$"), except for number of shares and per share data)

	Note	December 31, 2004 (RMB)	December 31, 2005 (RMB)	December 31, 2005 (US$)	September 30, 2006 (RMB)	September 30, 2006 (US$)	Pro Forma Shareholders' Equity at September 30, 2006 (RMB) (Unaudited) See Note 2	Pro Forma Shareholders' Equity at September 30, 2006 (US$) (Unaudited) See Note 2
ASSETS								
Current assets:								
Cash and cash equivalents		3,525	7,054	892	68,946	8,723		
Restricted cash		—	22,229	2,812	25,376	3,210		
Accounts receivable (net of allowance for doubtful accounts of nil)		—	—	—	13,798	1,746		
Inventories	3	4,511	76,819	9,719	221,608	28,037		
Advance to suppliers	4	4,850	61,312	7,757	388,123	49,105		
Other current assets	5	762	20,705	2,620	30,864	3,905		
Deferred tax assets	17	—	96	12	813	103		
Amount due from related parties	18	18,000	—	—	153	20		
Amount due from shareholders	18	—	—	—	587	74		
Total current assets		31,648	188,215	23,812	750,268	94,923		
Non-current assets:								
Fixed assets — net	6	292	55,146	6,977	135,564	17,151		
Intangible assets — net	7	—	—	—	6,608	836		
Deferred initial public offering costs	24	—	—	—	25,506	3,227		
Total non-current assets		292	55,146	6,977	167,678	21,214		
Total assets		31,940	243,361	30,789	917,946	116,137		
LIABILITIES, PREFERENCE SHARES AND SHAREHOLDERS' EQUITY								
Current liabilities:								
Short-term bank borrowings	8	—	20,000	2,530	184,746	23,374		
Long-term bank borrowings, current portion	8	—	—	—	8,000	1,012		
Accounts payable		2,221	18,794	2,378	19,905	2,518		
Notes payable	9	—	20,000	2,530	—	—		
Accrued expenses and other liabilities	10	301	22,920	2,900	50,271	6,360		
Customer deposits	12	—	55,319	6,999	32,577	4,122		
Amount due to related parties	18	25	32,658	4,132	336	43		
Total current liabilities		2,547	169,691	21,469	295,835	37,429		
Non-current liabilities:								
Long-term bank borrowings, non-current portion	8	—	—	—	23,000	2,910		
Commitments and contingencies	20							
Minority interests		—	—	—	10,117	1,280		
Series A Redeemable Convertible Preference Shares (par value US$0.0001 per share; 100,000,000 shares authorized; nil, nil and 79,644,754 shares issued and outstanding at December 31, 2004, 2005 and September 30, 2006 respectively with aggregate amount of liquidation preference totaling RMB487,387)	13	—	—	—	423,704	53,606	—	—
Shareholders' Equity								
Ordinary shares (par value US$0.0001 per share; 400,000,000 shares authorized; 50,175,000 shares, 100,350,000 shares and 100,350,000 shares issued and outstanding at December 31, 2004, 2005 and September 30, 2006, respectively; 179,994,754 shares outstanding pro forma (unaudited))		42	84	11	84	11	147	19
Additional paid-in capital		29,958	59,783	7,563	82,208	10,401	502,173	63,534
Statutory reserves	14	—	1,496	189	2,245	284	2,245	284
(Deficit) retained earnings		(607)	12,307	1,557	80,753	10,216	80,753	10,216
Total shareholders' equity		29,393	73,670	9,320	165,290	20,912	585,318	74,053
Total liabilities, preference shares and shareholders' equity		31,940	243,361	30,789	917,946	116,137		

The accompanying notes are an integral part of the consolidated financial statements.

SOLARFUN POWER HOLDINGS CO., LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands of Renminbi ("RMB") and U.S. dollar ("US$"), except for number of shares and per share data)

	Note	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
					2005	2006	2006
		(RMB)	(RMB)	(US$)	(RMB) (Unaudited)	(RMB)	(US$)
Net revenue:							
Photovoltaic modules		—	165,636	20,956	86,484	360,154	45,566
Photovoltaic cells		—	542	68	—	6,624	838
Photovoltaic cells processing		—	—	—	—	19,461	2,462
Total net revenue		—	166,178	21,024	86,484	386,239	48,866
Cost of revenue:							
Photovoltaic modules		—	(139,481)	(17,647)	(75,627)	(255,867)	(32,371)
Photovoltaic cells		—	(422)	(53)	—	(5,548)	(702)
Photovoltaic cells processing		—	—	—	—	(6,014)	(761)
Total cost of revenue		—	(139,903)	(17,700)	(75,627)	(267,429)	(33,834)
Gross profit		—	26,275	3,324	10,857	118,810	15,032
Operating expenses:							
Selling expenses		—	(5,258)	(665)	(2,653)	(6,023)	(762)
General and administrative expenses	15	(629)	(4,112)	(520)	(2,711)	(31,585)	(3,996)
Research and development expenses		—	(750)	(95)	(415)	(2,723)	(344)
Total operating expenses		(629)	(10,120)	(1,280)	(5,779)	(40,331)	(5,102)
Operating (loss) profit		(629)	16,155	2,044	5,078	78,479	9,930
Interest expenses		—	(123)	(15)	—	(3,855)	(488)
Interest income		22	95	12	24	492	62
Exchange losses		—	(1,768)	(224)	(935)	(2,123)	(269)
Other income		—	215	27	215	486	61
Other expenses		—	(260)	(33)	(207)	(474)	(60)
Changes in fair value of embedded foreign currency derivative	10	—	—	—	—	(1,082)	(137)
Government grant	16	—	—	—	—	640	81
(Loss) income before income taxes and minority interest		(607)	14,314	1,811	4,175	72,563	9,180
Income tax benefit	17	—	96	12	52	574	73
Minority interest		—	—	—	—	(266)	(33)
Net (loss) income		(607)	14,410	1,823	4,227	72,871	9,220
Net (loss) income attributable to ordinary shareholders		(607)	14,410	1,823	4,227	69,195	8,754

The accompanying notes are an integral part of the consolidated financial statements.

	Note	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
		(RMB)	(RMB)	(US$)	2005 (RMB) (Unaudited)	2006 (RMB)	2006 (US$)
Net (loss) income per share:							
Basic	23	(0.01)	0.26	0.03	0.08	0.69	0.09
Diluted	23	(0.01)	0.22	0.03	0.07	0.55	0.07
Shares used in computation:							
Basic net (loss) income per share	23	51,994,399	54,511,540	54,511,540	51,994,399	100,350,000	100,350,000
Diluted net (loss) income per share	23	51,994,399	66,366,469	66,366,469	58,178,291	131,624,178	131,624,178
Pro forma net income per share: (unaudited)							
Basic on an as converted basis	23		0.11	0.01		0.40	0.05
Diluted on an as converted basis	23		0.09	0.01		0.37	0.05
Shares used in computation: (unaudited)							
Basic net (loss) income per share	23		134,156,294	134,156,294		179,994,754	179,994,754
Diluted net (loss) income per share	23		160,296,813	160,296,813		195,923,705	195,923,705

The accompanying notes are an integral part of the consolidated financial statements.

SOLARFUN POWER HOLDINGS CO., LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Renminbi ("RMB") and U.S. dollar ("US$"))

	Note	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30, 2006		
					2005	2006	2006
		(RMB)	(RMB)	(US$)	(RMB) (Unaudited)	(RMB)	(US$)
Cash flows from operating activities:							
Net (loss) income		(607)	14,410	1,823	4,227	72,871	9,220
Adjustments to reconcile net (loss) income to net cash used in operating activities:							
Depreciation		3	781	99	104	3,974	503
Stock compensation expenses	13, 15	—	501	63	501	22,425	2,837
Deferred tax benefit	17	—	(96)	(12)	(52)	(574)	(73)
Warranty provision		—	1,520	192	780	3,595	455
Others		—	70	9	47	336	42
Changes in operating assets and liabilities:							
Restricted cash		—	(22,229)	(2,812)	(4,731)	(3,147)	(398)
Accounts receivable		—	—	—	—	(13,798)	(1,746)
Inventories		(4,511)	(72,308)	(9,148)	(37,710)	(144,789)	(18,318)
Advance to suppliers		(4,850)	(56,462)	(7,144)	(61,102)	(326,811)	(41,347)
Other current assets		(762)	(19,943)	(2,523)	(11,534)	(10,159)	(1,285)
Deferred tax assets		—	—	—	—	(143)	(18)
Amount due from related parties			—	—	—	(153)	(20)
Amount due from shareholders		—	—	—	—	(587)	(74)
Accounts payable		2,221	16,573	2,097	6,391	1,111	140
Accrued expenses and other liabilities		301	2,928	371	(9,501)	5,705	721
Amount due to related parties		25	2,354	298	(772)	(2,043)	(259)
Customer deposits		—	55,319	6,999	37,158	(22,742)	(2,877)
Net cash used in operating activities		(8,180)	(76,582)	(9,688)	(76,194)	(414,929)	(52,497)
Cash flows from investing activities:							
Acquisition of fixed assets		(295)	(37,464)	(4,740)	(19,167)	(88,712)	(11,224)
Acquisition of intangible assets		—	—	—	—	(6,643)	(840)
Proceeds from disposal of fixed assets		—	—	—	—	238	30
Net cash used in investing activities		(295)	(37,464)	(4,740)	(19,167)	(95,117)	(12,034)
Cash flows from financing activities:							
Capital contributed by minority interest shareholder		—	—	—	—	9,850	1,246
Proceeds from issuance of common stock		30,000	29,296	3,706	—	—	—
Proceeds from short-term borrowings		—	20,000	2,530	—	219,746	27,802
Repayment of short-term borrowings						(55,000)	(6,958)
Proceeds from long-term borrowings		—	—	—	—	31,000	3,922
Proceeds from issuance of preference shares		—	—	—	—	423,815	53,620
Payment of share issuance cost of preferred shares		—	—	—	—	(3,787)	(479)
Payment of deferred initial public offering costs		—	—	—	—	(3,407)	(431)
Utilization of notes payables	9	—	20,000	2,530	—		
Payment of notes payables	9	—	—	—	—	(20,000)	(2,530)
Advances to related parties	18	(18,000)					
Repayment of advances to related parties	18		18,000	2,277	18,000	—	—
Advances from related parties	18	—	146,400	18,522	104,600	114,900	14,538
Repayment of advances from related parties	18	—	(116,121)	(14,691)	(21,000)	(145,179)	(18,368)
Net cash provided by financing activities		12,000	117,575	14,874	101,600	571,938	72,362
Net increase in cash and cash equivalents		3,525	3,529	446	6,239	61,892	7,831
Cash and cash equivalents at the beginning of period/year		—	3,525	446	3,525	7,054	892
Cash and cash equivalents at the end of period/ year		3,525	7,054	892	9,764	68,946	8,723
Supplemental disclosure of cash flow information:							
Interest paid		—	123	15	—	3,658	463
Supplemental schedule of non-cash activities							
Acquisition of fixed assets included in accrued expenses and other liabilities		33	18,171	2,299	—	14,123	1,787
Expense paid by a shareholder on behalf of the Group	18	—	70	9	47	—	—
Stock compensation expense	13, 15	—	501	63	501	22,425	2,837

The accompanying notes are an integral part of the consolidated financial statements.

SOLARFUN POWER HOLDINGS CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands of Renminbi ("RMB") and U.S. dollar ("US$"), except for number of shares)

	Note	Number of Ordinary Shares	Ordinary Shares (RMB)	Additional Paid-in Capital (RMB)	Statutory Reserves (RMB)	Retained Earnings (Deficits) (RMB)	Put Options (RMB)	Total Shareholders' Equity (RMB)
Balance as of August 27, 2004 (date of inception)		50,175,000	42	29,958	—	—	—	30,000
Net loss for the period		—	—	—	—	(607)	—	(607)
Balance as of December 31, 2004		50,175,000	42	29,958	—	(607)	—	29,393
Stock compensation expenses	13, 15	—	—	501	—	—	—	501
Expenses paid on behalf of the Group by a shareholder	18	—	—	47	—	—	—	47
Net income for the period		—	—	—	—	4,227	—	4,227
Balance as of September 30, 2005 (unaudited)		50,175,000	42	30,506	—	3,620	—	34,168
Proceeds from issuance of common stock		50,175,000	42	29,254	—	—	—	29,296
Expenses paid on behalf of the Group by a shareholder	18	—	—	23	—	—	—	23
Net income for the year		—	—	—	—	10,183	—	10,183
Appropriation of statutory reserves	14	—	—	—	1,496	(1,496)	—	—
Balance as of December 31, 2005		100,350,000	84	59,783	1,496	12,307	—	73,670
Balance as of December 31, 2005, in US$			*11*	*7,563*	*189*	*1,557*	—	*9,320*
Stock compensation expenses	13, 15	—	—	22,425	—	—	—	22,425
Acquisition of put option	13	—	—		—		668	668
Exercise of put option	13	—	—		—		(668)	(668)
Net income for the period		—	—	—	—	72,871	—	72,871
Cumulative dividends - preference shares						(3,676)		(3,676)
Appropriation of statutory reserves	14	—	—	—	749	(749)	—	—
Balance as of September 30, 2006		100,350,000	84	82,208	2,245	80,753	—	165,290
Balance as of September 30, 2006, in US$			*11*	*10,401*	*284*	*10,216*	—	*20,912*

The accompanying notes are an integral part of the consolidated financial statements.

SOLARFUN POWER HOLDINGS CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period from August 27, 2004 (date of inception) to December 31, 2004,
For the year ended December 31, 2005 and for
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1. ORGANIZATION AND BASIS OF PRESENTATION

Jiangsu Linyang Solarfun Co., Ltd. ("Linyang Solarfun"), a company established in the People's Republic of China (the "PRC") on August 27, 2004, is engaged in the development, manufacturing and sales of photovoltaic ("PV") products to customers in the PRC and overseas markets. On June 2, 2006, the shareholders of Linyang Solarfun transferred their entire equity interest in Linyang Solarfun in exchange for all the shares in Linyang Solar Power Investment Holding Ltd. ("Linyang Solar Power"), a British Virgin Islands company, on a pro-rata basis. As a result of the exchange, the shareholders' respective interest in Linyang Solar Power was identical to their respective interest in Linyang Solarfun immediately prior to the share exchange. The share exchange was accounted for at historical cost.

On June 12, 2006, the shareholders of Linyang Solar Power transferred their entire equity interest in Linyang Solar Power in exchange, on a pro-rata basis, for all the shares in Solarfun Power Holdings Co., Ltd. (the "Company"), a Cayman Islands company. As a result of the exchange, the shareholders' respective interest in the Company was identical to their respective interest in Linyang Solar Power immediately prior to the share exchange. The Company accounted for the issuance of shares in connection with this transaction as a reorganization of entities under common control in a manner similar to a pooling-of-interests. Accordingly these financial statements reflect the financial position and operating results of the Company and its subsidiaries (together, the "Group") as if the above transactions were completed on August 27, 2004 (date of inception). All share and per share data presented have been presented to give retroactive effect to these exchanges.

As of September 30, 2006, the Company's subsidiaries include the following entities:

Subsidiary	Date of Incorporation/ Establishment	Place of Incorporation/ Establishment	Percentage of Shareholding/ Ownership	Principal Activities
Linyang Solar Power Investment Holding Ltd. ("Linyang Solar Power")	May 17, 2006	British Virgin Islands	100%	Investment holding
Jiangsu Linyang Solarfun Co., Ltd. ("Linyang Solarfun")	Aug 27, 2004	PRC	100%	Development, manufacturing and sales of PV products
Shanghai Linyang Solar Technology Co., Ltd. ("Shanghai Linyang")	March 29, 2006	PRC	83%	Research and development, design, and provision services in solar energy related products
Sichuan Leshan Jiayang New Energy Co., Ltd. ("Sichuan Leshan Jiayang")	April 22, 2006	PRC	55%	Research and development, manufacturing and sales of solar energy related products

In March 2006, the Group injected Renminbi ("RMB") 4.15 million (United State dollar ("US$") 0.53 million) in return for an 83% controlling interest in Shanghai Linyang, a newly established entity in the PRC. The other 17% minority interest is held by a group of individuals

comprising of two directors of the Company and the spouse of one of the directors. Shanghai Linyang commenced operation in April 2006.

In April 2006, the Group injected RMB11 million (US$1.39 million) in return for a 55% controlling interest in Sichuan Leshan Jiayang, a newly formed entity in the PRC. At the same time, an independent third party injected RMB6 million (US$0.76 million) in return for a 30% interest. The remaining 15% was subscribed for by an individual, who at the time was senior manager of Jiangsu Linyang Electronics Co., Ltd., a PRC company whose controlling equity holder is also the chairman and significant shareholder of the Company. The 15% interest was held on behalf of the chairman of the Company. Sichuan Leshan Jiayang commenced operation in June 2006.

The unaudited interim consolidated financial statements of the Company were prepared on a basis substantially consistent with the Company's audited consolidated financial statements for the nine-month period ended September 30, 2006. In the opinion of management, these unaudited interim consolidated financial statements reflect all adjustments, consisting only of normal and recurring adjustments, necessary to present fairly the Group's consolidated financial position at September 30, 2005, its consolidated results of operations and cash flows for the nine-month period ended September 30, 2005, and its consolidated statement of shareholders' equity for the nine-months period ended September 30, 2005. Interim period results are not necessarily indicative of results of operations or cash flows for a full-year period.

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("US GAAP").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant inter-company transactions and balances between the Company and its subsidiaries are eliminated upon consolidation.

Unaudited Pro Forma Shareholders' Equity

If an initial public offering ("IPO") is completed, all of the Series A Redeemable Convertible Preference Shares (see Note 13) outstanding will automatically convert into 79,644,754 shares of ordinary shares, based on the shares of Series A Redeemable Convertible Preference Shares outstanding at September 30, 2006. Unaudited pro forma shareholders' equity, as adjusted for the assumed conversion of the Series A Redeemable Convertible Preference Shares, is set forth on the consolidated balance sheet.

Foreign Currency

The functional currency of the Company and each of its subsidiaries is RMB as determined based on the criteria of Statement of Financial Accounting Standard ("SFAS") No. 52 "Foreign Currency Translation." The reporting currency of the Company is also RMB. Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates prevailing on the transaction dates. Foreign currency denominated financial assets and

liabilities are remeasured at the balance sheet date exchange rate. Exchange gains and losses are included in foreign exchange gains and losses in the consolidated statements of operations.

Convenience Translation

Amounts in United States dollars are presented for the convenience of the reader and are translated at the noon buying rate of US$1.00 to RMB7.904 on September 29, 2006 in the City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into United States dollars at such rate.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. Significant estimates reflected in the Company's financial statements include, but are not limited to, provision for warranty, provision for advances to suppliers, useful lives of fixed assets, valuation allowance of deferred tax assets and stock compensation expense.

Accounts Receivable

An allowance for doubtful accounts is recorded in the period in which collection is determined to be not probable based on an assessment of specific evidence indicating troubled collection, historical experience, account balance aging and prevailing economic conditions. An accounts receivable is charged off after all collection efforts have ceased. No allowance has been provided for any of the periods as management estimates that all amounts will be collected.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank deposits, which are unrestricted as to withdrawal and use.

Restricted cash

Restricted cash represents amounts held by a bank, which are not available for the Group's use, as security for PRC Custom deposits and outstanding bank borrowings. The restriction on cash is expected to be released within the next twelve months.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by the weighted average method. Raw material cost is based on purchase costs while work-in-progress and finished goods, comprise direct materials, direct labor and an allocation of manufacturing overhead costs.

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Fixed Assets

Fixed assets are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 years
Plant and machinery	10 years
Furniture, fixtures and office equipment	5 years
Computer software	5 years
Motor vehicles	5 years

Repair and maintenance costs are charged to expense when incurred, whereas the cost of renewals and betterment that extend the useful life of fixed assets are capitalized as additions to the related assets. Retirement, sale and disposals of assets are recorded by removing the cost and accumulated depreciation with any resulting gain or loss reflected in the consolidated statements of operations.

Cost incurred in constructing new facilities, including progress payment, interest and other costs relating to the construction are capitalized and transferred to fixed assets on completion. Total interest costs incurred during the period ended December 31, 2004, the year ended December 31, 2005, the nine-month period ended September 30, 2005 and the nine-month period ended September 30, 2006 amounted to approximately RMB Nil, RMB123,000 (US$15,562), RMB Nil and RMB3,855,000 (US$487,728) respectively. No interest has been capitalized at December 31, 2004 and 2005 as it was insignificant. Interest capitalized at September 30, 2006 amounted to RMB309,750 (US$39,189).

Intangible Asset

Land use rights

Land use rights represent amounts paid for the right to use land in the PRC and are recorded at purchase cost less accumulated amortization. Amortization is provided on a straight-line basis over the term of the agreement.

Financial Instruments — Embedded Foreign Currency Derivative

Certain of the Group's sales contracts are denominated in a currency which is not the functional currency of either of the parties to the contract nor the currency in which the products being sold are routinely denominated in international commerce. Accordingly, the contracts contain embedded foreign currency forward contracts subject to bifurcation in accordance with SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities." The embedded foreign currency derivatives are separately accounted for and measured at fair value with changes in such value recorded to the statements of operations and reflected in the statements of cash flows as an operating activity. Embedded foreign currency derivatives are presented as current assets or liabilities with the changes in their fair value recorded as a separate line item in the statements of operations. The Group does not enter into derivative contracts for speculative purposes and hedge accounting has not been applied.

Revenue Recognition

The Group's primary business activity is to produce and sell PV modules. The Group periodically, upon special request from customers, sells an insignificant amount of PV cells. The Group records revenue related to the sale of PV modules or PV cells when the criteria of Staff Accounting Bulletin No. 104 "Revenue Recognition" are met. These criteria include all of the following: persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is reasonably assured.

More specifically, the Group's sales arrangements are evidenced by either framework sales agreements and/or by individual sales agreements for each transaction. The shipping terms of the Group's sales arrangements are generally "free-on-board" shipping point whereby the customer takes title and assumes the risks and rewards of ownership of the products upon delivery to the shipper. Other than warranty obligations, the Group does not have any commitments or obligations to deliver additional products or services to the customers. The product sales price agreed to at the sales order/ sales agreement date is final and not subject to adjustment. The Group does not accept sales returns and does not provide customers with price protection. Generally, the Group's customers pay all or a substantial portion of the product sales price prior to shipment. The Group assesses customer's creditworthiness before accepting sales orders; historically the Group has not experienced any credit losses related to sales. Based on the above, the Group records revenue related to product sales upon delivery of the product to the shipper.

In the event the Group pays the shipping costs for the convenience of the customer, the shipping costs are included in the amount billed to the customer. In these cases, sales revenue includes the amount of shipping costs passed on to the customer. The Group records the shipping costs incurred as cost of revenue.

The Group periodically enters into arrangements to process raw material into PV cells, the Group views these arrangements as service arrangements. For these service arrangements, the Group "purchases" raw material from a customer and contemporaneously agrees to "sell" a specified quantity of PV cells back to the same customer. The quantity of PV cells sold back to the customers under these processing arrangements is consistent with the amount of raw materials purchased from the customer based on current production conversion rates. In accordance with Emerging Issues Task Force ("EITF") Issue No. 04-13, the Group records the amount of revenue on these processing transactions based on the amount received for PV cells sold less the amount paid for the raw materials purchased from the customer. The revenue recognized is recorded as PV cells processing revenue and the production costs incurred related to providing the processing services are recorded as PV cells processing costs within cost of revenue. These sales are subject to all of the above-noted accounting policy disclosures relating to revenue recognition.

Revenue is recognized net of all value-added taxes imposed by governmental authorities and collected from customers concurrent with revenue-producing transactions.

Cost of Revenue

Cost of revenue includes direct and indirect production costs, as well as shipping and handling costs for products sold.

Research and Development Costs

Research and development costs are expensed as incurred.

Advertising Expenditure

Advertising costs are expensed when incurred and are included in “selling expenses”. Advertising expenses were RMB Nil for the period from August 27, 2004 (date of inception) to December 31, 2004; RMB166,000 (US$21,002) for the year ended December 31, 2005; and RMB64,000 (US$8,097) for the nine-month period ended September 30, 2005; and RMB89,000 (US$11,260) for the nine-month period ended September 30, 2006.

Warranty Cost

The Group only provides standard warranty coverage on its PV modules sold to customers. The standard warranty provides for a 2-year unlimited warranty against technical defects, a 10-year warranty against a decline from initial power generation capacity of more than 10% and a 20 to 25-year warranty against a decline from initial power generation capacity of more than 20%. The Group considers various factors when determining the likelihood of product defects including an evaluation of its quality controls, technical analysis, industry information on comparable companies and its own experience. Based on the above considerations and management’s ability and intention to provide refunds for defective products, the Group has accrued for warranty costs for the 2-year unlimited warranty against technical defects based on 1% of revenue for PV modules. No warranty cost accrual has been recorded for the 10-year and 20 to 25-year warranties because the Group has determined the likelihood of claims arising from these warranties to be remote based on internal and external testing of the PV modules and strong quality control procedures in place in the production process. The basis for the warranty accrual will be reviewed periodically based on actual experience. The Group does not sell extended warranty coverage that is separately priced or optional.

Government Grant

Government grants are recognized as other income upon receipt and when all the conditions attached to the grants have been met. Conditions attached to the grants include increase in the amount of capital investment and net assets, number of employees, sales and tax payments.

Income Taxes

The Group follows the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more-likely-than-not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

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Value-Added Tax ("VAT")

In accordance with the relevant tax laws in the PRC, VAT is levied on the invoiced value of sales and is payable by the purchaser. The Group is required to remit the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases. To the extent the Group paid more than collected, the difference represents net VAT recoverable balance at the balance sheet date.

Leases

Leases are classified at the inception date as either a capital lease or an operating lease. For the lessee, a lease is a capital lease if any of the following conditions exist: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. The Group has no capital lease for any of the periods stated herein.

Net (Loss) Income Per Share

Net (loss) income per share is calculated in accordance with SFAS No. 128, "Earnings Per Share." Basic (loss) income per ordinary share is computed by dividing income attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the period. Diluted income per ordinary share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Ordinary shares issuable upon the conversion of the convertible, redeemable preference shares are included in the computation of diluted income per ordinary share on an "if-converted" basis, when the impact is dilutive. Contingent exercise price resets are accounted for in a manner similar to contingently issuable shares. Unpaid ordinary shares that do not share in dividends until fully paid are considered the equivalent of warrants and have been included in the computation of diluted income (loss) per ordinary share using of the treasury stock method. Ordinary share equivalents are excluded from the computation of diluted earnings (loss) per share if their effects would be anti-dilutive. For rights offerings made to all shareholders, a bonus element exists when the subscription price is less than the fair value of the shares. This bonus element is treated as a stock dividend for reporting earnings (loss) per ordinary share for all periods presented. Pro forma basic and diluted earnings per share are computed assuming the conversion of all convertible redeemable preferred shares outstanding.

Stock Compensation

Stock awards granted to employees and non-employee are accounted for under SFAS No. 123(R) "Share-Based Compensation" and EITF Issue No. 96-18 "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services." The Group records compensation expenses equal to the difference between the consideration paid and the fair value of the ordinary shares. Fair value is

determined by management with the assistance of an independent third party valuation performed by Censere Holdings Limited.

Impairment of Long-Lived Assets

The Group evaluates its long-lived assets or asset group for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying amount of a group of long-lived asset may not be recoverable. When these events occur, the Group evaluates the impairment by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flow is less than the carrying amount of the assets, the Group would recognize an impairment loss based on the excess of the carrying amount of the asset group over its fair value.

Fair Value of Financial Instruments

The carrying amounts of accounts receivable, accounts and notes payable, other liabilities, customer deposits, short-term bank borrowings and amounts due to/from related companies and shareholders approximate their fair value due to the short-term maturity of these instruments.

The long-term bank borrowings approximate their fair value since interest rate approximates market interest rates.

Recent Accounting Pronouncements

In June 2006, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FAS109, Accounting for Income Taxes (FIN 48), to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes, by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Group will adopt FIN 48 as of January 1, 2007, as required. The cumulative effect of adopting FIN 48 will be recorded in retained earnings (or other appropriate components of equity or net assets in the statement of financial position as applicable) in the year of adoption. The Group does not expect that the adoption of FIN 48 will have a significant effect on its results of operations or financial condition.

In September 2006, the FASB issued SFAS No. 157 “Fair Value Measurements.” SFAS No. 157 establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The provisions are to be applied prospectively as of the beginning of the fiscal year in which SFAS No. 157 is initially applied, except as it pertains to a change in accounting principles related to (i) large positions previously accounted for using a block discount and (ii) financial instruments (including derivatives and hybrids) that were initially measured at fair value using the transaction price in accordance with guidance in footnote 3 of EITF 02-3 or similar guidance in SFAS No. 155 “Accounting for Certain Hybrid Financial

Instruments, an amendment of FASB Statements No. 133 and 140." For these transactions, differences between the amounts recognized in the statement of financial position prior to the adoption of SFAS No. 157 and the amounts recognized after adoption should be accounted for as a cumulative-effect adjustment to the opening balance of retained earnings in the year of adoption. The Company is currently assessing the impact, if any, that SFAS No. 157 will have on its financial statements.

Concentration of Risks

Concentration of credit risk

Assets that potentially subject the Group to significant concentration of credit risk are primarily cash and cash equivalents and advances made to suppliers. As of September 30, 2006, substantially all of the Group's cash and cash equivalents were deposited with four financial institutions. Advances made to suppliers are typically unsecured and arise from deposits paid in advance for purchases of raw materials from companies based in the PRC. As a percentage of total advances, the top five suppliers accounted for 97.1% as of December 31, 2004; 93.6% as of December 31, 2005; and 89.7% as of September 30, 2006.

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'00)	(RMB'000)	(US$'000)
Jiangxi LDK Solar Hi-Tech Co., Ltd	—	30,000	3,796	143,673	18,177
ReneSola Co., Ltd.	—	—	—	132,212	16,727
Jiangsu Shunda Semiconductor Development Co., Ltd	—	1,987	251	31,608	3,999
Changzhou Modern Communication Optical Fiber Cable Co., Ltd	—	—	—	28,300	3,581
Semi Material Co., Ltd	—	19,148	2,423	—	—
GRINM Semiconductor Materials Co., Ltd.	—	3,813	482	—	—
Zhuolu Taihe Technology Development Co., Ltd.	—	2,425	307	—	—
Hebei Jinglong Industry and Commerce Group Co., Ltd.	3,050	—	—	12,392	1,568
Shanghai Yi Hua Metal Material Co., Ltd.	739	—	—	—	—
Shanghai Jiaotong University Photovoltaic Technology Co., Ltd	189	—	—	—	—
Qinhuangdao Orient Science & Tech. Co., Ltd.	475	—	—	—	—
Shenzhen Topray Solar Co., Ltd.	256	—	—	—	—
	4,709	57,373	7,259	348,185	44,052
Total advances	4,850	61,312	7,757	388,123	49,105
Percentage of advances to top five suppliers to total advances	97.1%	93.6%	93.6%	89.7%	89.7%

Due to the Group's concentration of advances made to a limited number of suppliers, any negative events or deterioration in financial strength with respect to the Group's suppliers may cause material loss to the Group and have a material adverse effect on the Group's financial condition and results of operations. The risk with respect to advances made to suppliers is mitigated by credit evaluations that the Group performs on suppliers and ongoing monitoring processes on outstanding balances.

Concentration of customers

The Group currently sells a substantial portion of its PV products to a limited number of customers. As a percentage of revenues, the top five customers accounted for 78.8% for the year ended December 31, 2005; 81.0% for the nine-month period ended September 30, 2005; and 82.9% for the nine-month period ended September 30, 2006. The loss of sales from any of these customers would have a significant negative impact on the Group's business. Sales to customers are mostly made through non-exclusive, short-term arrangements. Due to the Group's dependence on a limited number of customers, any negative events with respect to the Group's customers may cause material fluctuations or declines in the Group's revenue and have a material adverse effect on the Group's financial condition and results of operations.

Concentration of suppliers

A significant portion of the Group's raw materials are sourced from five largest suppliers who collectively accounted for 95.9% for the period from August 27, 2004 (date of inception) to December 31, 2004; 71.3% for the year ended December 31, 2005; 72.43% for the nine-month period ended September 30, 2005; and 54.63% for the nine-month period ended September 30, 2006, of our total raw material purchases. Failure to develop or maintain the relationships with these suppliers may cause the Group to be unable to manufacture its products. Any disruption in the supply of raw materials to the Group may adversely affect the Group's business, financial condition and results of operations.

Current vulnerability due to certain other concentrations

The Group participates in a dynamic high technology industry and believes that changes in any of the following areas could have a material adverse effect on the Group's future financial position, results of operations or cash flows; changes in the overall demand for services and products; competitive pressures due to excess capacity or price reductions; advances and new trends in new technologies and industry standards; changes in certain strategic relationships or customer relationships; regulatory or other factors; risks associated with the ability to obtain necessary raw materials; and risks associated with the Group's ability to attract and retain employees necessary to support its growth.

The Group's operations may be adversely affected by significant political, economic and social uncertainties in the PRC. Although the PRC government has been pursuing economic reform policies for more than 20 years, no assurance can be given that the PRC government will continue to pursue such policies or that such policies may not be significantly altered, especially in the event of a change in leadership, social or political disruption or unforeseen circumstances affecting the PRC's political, economic and social conditions. There is also no guarantee that the PRC government's pursuit of economic reforms will be consistent or effective.

The Group transacts part of its business in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China ("PBOC"). However, the unification of the exchange rates does not imply the RMB may be readily convertible into United States dollars or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Additionally, the value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market.

Reclassification

Certain amounts in the consolidated financial statements have been reclassified to conform to the current period's presentation.

3. INVENTORIES

Inventories consist of the following:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Raw materials	4,511	64,975	8,220	187,596	23,734
Work-in-progress	—	5,736	726	24,813	3,139
Finished goods	—	6,108	773	9,199	1,164
	4,511	76,819	9,719	221,608	28,037

As of December 31, 2004, 2005 and September 30, 2006, raw materials of RMB Nil, RMB4,296,000 (US$543,522) and RMB6,067,000 (US$767,586), respectively, of the Group were held in custody by other parties for processing. No provision for inventory was made at December 31, 2004, 2005 and September 30, 2006.

4. ADVANCE TO SUPPLIERS

The advance to suppliers represent interest-free cash deposits paid to suppliers for future purchase of raw materials. These deposits are required in order to secure supply of silicon due to limited availability. The risk of loss arising from non-performance by or bankruptcy of the suppliers is assessed prior to making the deposits and monitored on a regular basis by management. A charge to cost of revenue will be recorded in the period in which a loss has been incurred. To date, the Group has not experienced any loss of supplier advances. However, the Group has been experiencing delays and failure of some of its suppliers to deliver contractually agreed quantities of raw materials on time. As a result, the Group has subsequently cancelled or

renegotiated certain of its committed raw materials supply contracts that existed at September 30, 2006 (see Note 25(iii) for further details).

5. OTHER CURRENT ASSETS

Other current assets consist of the following:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Advance to a minority interest shareholder of a subsidiary	—	—	—	9,000	1,139
VAT recoverable	756	14,033	1,776	16,207	2,051
Other receivables	6	6,576	832	5,172	654
Prepaid expenses	—	96	12	485	61
	762	20,705	2,620	30,864	3,905

Advance to a minority interest shareholder of a subsidiary as of September 30, 2006 represents advances on a supply contract. The contract was not fulfilled by the minority interest shareholder and this amount has been subsequently collected in November 2006. As of September 30, 2006, advance to minority interest shareholder was unsecured, non-interest bearing and without fixed repayment term.

VAT recoverable represents the excess of VAT expended on purchases over the VAT collected from sales. This amount can be applied against future VAT collected from customers or may be reimbursed by the tax authorities under certain circumstances.

Other receivables as of December 31, 2005 included a deposit held by a government agency to be used for capital subscription upon the establishment of the Group's new subsidiary, Shanghai Linyang, in March 2006 (see Note 1). The balance as of September 30, 2006 included a deposit held by Custom office of Qidong city for raw materials imported for processing.

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6. FIXED ASSETS — NET

Fixed assets consist of the following:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Buildings	—	15,988	2,023	17,691	2,238
Plant and machinery	165	36,750	4,649	78,038	9,873
Furniture, fixtures and office equipment	32	1,517	192	1,933	245
Computer software	—	—	—	196	25
Motor vehicles	—	262	33	2,223	281
Construction in progress	98	1,413	179	40,205	5,087
	295	55,930	7,076	140,286	17,749
Less: Accumulated depreciation	(3)	(784)	(99)	(4,722)	(598)
	292	55,146	6,977	135,564	17,151

Depreciation expense was RMB3,000 for the period from August 27, 2004 (date of inception) to December 31, 2004; RMB781,000 (US$98,811) for the year ended December 31, 2005; RMB104,000 for the nine-month period ended September 30, 2005, and RMB3,974,000 (US$502,783) for the nine-month period ended September 30, 2006.

7. INTANGIBLE ASSET — NET

Amortized intangible asset, net consist of the following:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Land use rights					
Cost	—	—	—	6,643	840
Less: Accumulated amortization	—	—	—	(35)	(4)
	—	—	—	6,608	836

Land use rights represent amounts paid for the right to use two parcels of land in the PRC where the Group's premises are located for a period of 48 years from Huaerli (Nantong) Electronics Co., Ltd., a company whose controlling owner is also a significant shareholder of the Company (see Note 18), and 50 years from Bureau of Economic Development for Qidong city which were obtained on April 18, 2006 and September 25, 2006, respectively.

As of September 30, 2006, land use right with net book value of RMB4,720,000 (US$597,166) was pledged to obtain short-term bank borrowings of RMB60,000,000 (US$7,591,093) (see Note 8).

For each of the next five years, annual amortization expenses of the land use rights will be approximately RMB137,000 (US$17,333).

8. BANK BORROWINGS

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Total bank borrowings	—	20,000	2,530	215,746	27,296
Comprised of:					
Short-term	—	20,000	2,530	184,746	23,374
Long-term, current portion	—	—	—	8,000	1,012
	—	20,000	2,530	192,746	24,386
Long-term, non-current portion	—	—	—	23,000	2,910
	—	20,000	2,530	215,746	27,296

The short-term bank borrowings outstanding at December 31, 2005 and September 30, 2006 bore an average interest rate of 5.859% and 5.67% per annum, respectively, and were denominated in RMB. These borrowings were obtained from financial institutions and represented the maximum amount of the facility. These borrowings had terms of six months to one year and expire at various times throughout the year. As of September 30, 2006, short-term bank borrowings of RMB60,000,000 (US$7,591,093) were secured by land use right of RMB4,720,000 (US$597,166) (see Note 7) and guaranteed by Linyang Electronics Co., Ltd., Qidong Huahong Electronics Co., Ltd., (companies whose controlling owner is also a significant shareholder and chairman of the Company), a significant shareholder and chairman of the Company and his spouse. Short-term bank borrowings of RMB4,746,000 (US$600,455) are secured by restricted cash amounting to RMB949,000(US$120,066). Short-term bank borrowings of RMB20,000,000 (US$2,530,364) was jointly guaranteed by Linyang Electronics and Huaerli (Nantong) Electronics Co., Ltd., a company whose controlling owner is also a significant shareholder of the Company. The remaining short-term bank borrowings were guaranteed by Linyang Electronics Co., Ltd. The Group paid no service charges for the provision of the above guarantees. As of September 30, 2006, unused bank loan facilities totaled RMB70,000,000 (US$8,856,275).

The long-term bank borrowings outstanding at September 30, 2006 bore an average interest rate of 5.76% per annum and were denominated in RMB. These borrowings were obtained from a financial institution and represented the maximum amount of the facility. These borrowings were guaranteed by Linyang Electronics Co., Ltd. The Group paid no service charges for the

provision of the guarantee. As of September 30, 2006, the maturity of these long-term bank borrowings was as follows:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Within one year	—	—	—	8,000	1,012
Between one to two years	—	—	—	16,000	2,024
Between two to three years	—	—	—	7,000	886
	—	—	—	31,000	3,922

9. NOTES PAYABLE

The notes payable are non-interest bearing, and are secured by RMB10,000,000 (US$1,265,182) of the Company's restricted cash and the pledge of bank deposit amounting to RMB10,000,000 (US$1,265,182) of Huaerli (Nantong) Electronics Co., Ltd., a company whose controlling owner is also a significant shareholder of the Company. The Group paid a commission of RMB50,000 (US$6,326) to the banks to obtain the notes payable facilities. The notes payable were repaid during the nine-month period ended September 30, 2006.

10. ACCRUED EXPENSES AND OTHER LIABILITIES

The components of accrued expenses and other liabilities are as follows:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Accrued fixed asset purchases	—	18,171	2,299	14,123	1,787
Accrued professional service fees	200	800	101	22,099	2,796
Accrued warranty cost (see Note 11)	—	1,520	192	5,115	647
Other accrued expenses	6	1,603	203	4,818	609
Other liabilities	95	826	105	3,034	384
Embedded foreign currency derivatives	—	—	—	1,082	137
	301	22,920	2,900	50,271	6,360

As of September 30, 2006, the fair value of embedded foreign currency derivatives related to sales contracts (see Note 2) amounting to RMB1,082,000 (US$136,893) are recorded as current liabilities. For the nine-month period ended September 30, 2006, a loss of RMB1,082,000

(US$136,893) relating to the embedded foreign currency derivatives has been recorded to the statements of operations. For all other periods presented, there have not been any significant embedded foreign currency derivatives due to fewer committed sales contracts and the short duration to settlement of such contracts.

11. ACCRUED WARRANTY COSTS

The Group's warranty activity is summarized below:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Beginning balance	—	—	—	1,520	192
Warranty provision	—	1,600	202	3,595	455
Warranty claims paid	—	(80)	(10)	—	—
Ending balance	—	1,520	192	5,115	647

12. CUSTOMER DEPOSITS

Customer deposits represent cash payments received from customers in advance of the delivery of PV modules. These deposits are recognized as revenue when the conditions for revenue recognition have been met. The customer deposits are non-refundable unless the Group fails to fulfill the terms of the sales contract.

13. SERIES A REDEEMABLE CONVERTIBLE PREFERENCE SHARES

During 2006, the Company and a group of third party investors (the "Investors") entered into a purchase agreement whereby the Company issued in aggregate 79,644,754 voting Series A Redeemable Convertible Preference Shares (the "Preference Shares") for gross proceeds of US$53,000,000 (RMB423,814,945). Other significant terms of the Preference Shares are outlined below.

Voting

The Investors have voting rights pari-passu with ordinary shares on an as-converted basis.

Dividends

The Investors are entitled to an annual 3.5% cumulative dividend payable semi-annually calculated based on the investment amount paid. Declaration of dividends is subject to approval by the Company's board of directors and shareholders.

Pre-emptive Rights

The Investors have pre-emptive rights, to subscribe on a pro rata basis (based on their percentage of the outstanding ordinary shares, calculated on a fully-diluted as-converted basis) for any new issue or creation of equity or equity-linked securities or equivalent arrangements by

the Company (other than in a qualifying IPO), at the same price and on the same terms and conditions as the Company offers such securities to other potential investors.

Purchase Price Adjustment

The number of Preference shares held by the Investors is subject to adjustment according to a formula based on the Company's fiscal 2006 audited net profit. The adjustment can increase or decrease (subject to a cap and a floor) the number of Preference Shares held by the Investors or, if an IPO has occurred, and the Preference Shares have been converted into ordinary shares, then the same adjustment will apply to the ordinary shares held by the Investors. In essence, the Purchase Price Adjustment adjusts the conversion price (the number of ordinary shares received upon conversion) of the Preference Shares. The issuance of additional Preference Shares due to the Purchase Price Adjustment has no impact on the consideration paid or received by the Company nor does it affect the amount receivable by the Investors upon redemption or payment of dividends. The maximum number of Preference or ordinary shares that the Investors will receive or forfeit due to the Purchase Price Adjustment is approximately 15.93 million and 10.89 million, respectively. In the event the IPO occurs prior to the adjustment being determined, the ordinary shareholders (excluding the Investors) will provide for or benefit from the adjustment.

Liquidation

In the event of any liquidation, dissolution, or winding up of the Company, the Investors are entitled to receive, in preference to any distribution to all other holders of equity in the Company, an amount that equals the higher of (i) 115% of their investment amount plus all arrears or accruals of annual dividends on the Preference Shares and dividends declared but unpaid by the Company that the Investors are entitled to on a fully diluted and as converted basis; and (ii) the amount that the Investors are entitled to receive on a fully diluted and as converted basis from the assets of the Company available for distribution.

Conversion

Each Preference Share is convertible into one ordinary share. This conversion rate is subject to adjustment should the Company subsequently issue options, convertible instruments or other additional ordinary shares at a price per share that is less then the price per share paid by the Investors for the Preference Shares such that upon conversion of the Preference Shares, the effective price paid per ordinary shares by the Investors would be no more than the price paid by other shareholders ("Anti-dilution Clause"). The Preference Shares are convertible at any time upon written notice by Investors representing 50% or more of the outstanding Preference Shares. Upon the closing of a qualified IPO, the Preference Shares will automatically convert into ordinary shares.

Collateral Provided by Significant Shareholder

The Chairman and significant shareholder of the Company entered into a call option agreement with the Investors whereby, the Investors have been granted the right to purchase shares in a company that is 75% controlled by the Chairman and significant shareholder, but only

in the event the Company fails to pay the Investors part or the entire amount of the Preference Shares upon redemption.

Redemption

If any one of the following events occur and Investors representing 50% or more of the Preference Shares decide to redeem the Preference Shares, then the Preference Shares will be redeemable for cash equal to the investment amount, dividends paid or payable and the higher of (a) an amount sufficient to provide for a specified internal rate of return ("IRR") (which will range from 3.5% to 15%); or (b) dividends declared but unpaid by the Company on the ordinary shares:

(i) if a qualifying IPO does not take place within 3 years of the issuance of the Preference Shares;

(ii) if changes in PRC law would prevent the Company from doing an IPO or adversely impact the Company's ability to carry out an IPO;

(iii) if the Company, existing shareholder, controlling individual, or any officer or key individual creates a breach that has a material adverse effect on the Company;

(iv) if any key individual ceases to devote substantially all of his/her business time to managing the business and affairs of the Company or is no longer an employee of the Company.

Registration Rights

On and after the earlier of (a) June 27, 2008 or (b) six months after the date the registration statement covering the ordinary shares underlying the American Depositary Shares to be sold in the IPO becomes effective, upon request of any of the Investors, the Company shall use its best efforts to effect registration with respect to the registrable securities held by them. The registration rights agreement does not provide for liquidated damages in the event that the Company fails to have the registration statement declared effective or if the effectiveness is not maintained. The registration rights terminate at the later of seven years after closing or five years after closing of a qualifying IPO.

Measurement and Recording of the Preference Shares

The Preference Shares purchase agreement outlined two separate share closings. On June 27, 2006, 67,106,531 Preference Shares were issued to the Investors for US$48 million (price per share of US$0.71528) ("First Closing"). This represented 40.074% of the total share capital (based on the initial conversion of 1:1). A second closing could take place within 3 months of the First Closing whereby one of the Investors, Good Energies Investments Limited ("Good Energies"), would subscribe for an additional 8,037,048 Preference Shares for US$5 million ("Second Closing"). However, this Second Closing would only take place if Good Energies provided certain services to the Company to the sole satisfaction of the Chairman of the Company or if the service conditions were otherwise waived by the Company. In addition, if the Second Closing occurs, the other Investors (excluding Good Energies) will receive, for nil consideration, additional Preference Shares of 4,501,175. The additional Preference Shares issued to the other Investors, in essence, resulted in an adjustment to their conversion price per

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share. The Company's ability to waive the service conditions and trigger the Second Closing has been accounted for as a purchase put option ("Put Option") issued on June 27, 2006. The Company exercised the Put Option and the Second Closing occurred on August 2, 2006.

The Preference Shares have been classified as mezzanine equity because their redemption is contingent on certain events which are not within the control of the Company. The Preference Shares are not currently redeemable because none of the contingent redemption events have occurred and, to date, the Company has determined that they are not probable of occurring. An accretion charge to increase the Preference Shares' carrying value to their expected redemption amount will only be recorded to retained earnings when redemption is deemed probable.

The Company has evaluated the embedded conversion option in its Preference Shares to determine if there are any embedded derivatives requiring bifurcation and to determine if there are any beneficial conversion features. The conversion option does not qualify for derivative accounting because it is clearly and closely related to the host instrument, the underlying shares are not publicly traded and a standalone contract with the same terms would otherwise be classified in equity. Three separate traunches of Preference Shares have been identified, each traunche requires separate evaluation for beneficial conversion features. Traunche One comprises the Preference Shares issued on June 27, 2006 to all Investors except for Good Energies. Traunche Two comprises the Preference Shares issued on June 27, 2006 to Good Energies. Traunche Three comprises the Preference Shares issued on August 2, 2006 to Good Energies. The commitment date for the beneficial conversion feature of each Traunche was determined to be the respective closing date since no significant disincentive for non-performance existed prior to the closing date. Since the conversion price of Traunche One is subject to adjustment arising from the Purchase Price Adjustment, the Anti-dilution Clause and the Second Closing, the conversion price used to calculate the beneficial conversion amount for Traunche One is determined at the commitment date as the most favorable conversion price that would be in effect at the conversion date, assuming there are no changes to the current circumstances except for the passage of time. The same evaluation process has been completed for Traunches Two and Three which each are only subject to adjustment arising from the Purchase Price Adjustment and the Anti-dilution clause.

The Company determined the fair value of the Put Option, Preference Shares and ordinary shares based on a valuation performed by an independent appraiser, Censere Holdings Limited. On June 27, 2006, the fair value of the Put Option was determined to be approximately US$83,500 (US$0.0104 per share) (RMB667,960) and was recorded in equity with an offsetting increase to the amount recorded for the Preference Shares sold as Traunche Two. As of June 27, 2006 (commitment date), the most favorable conversion price used to calculate the amount of the beneficial conversion amount for Traunche One and Traunche Two was US$0.5961 (RMB4.7680) and US$0.5861 (RMB4.6884), respectively; these amounts reflect the most dilutive adjustment resulting from the Purchase Price Adjustment. No beneficial conversion feature was recorded because the fair value per ordinary share at the commitment date was US$0.3900 (RMB3.1313) which was less than the conversion price. On August 2, 2006 (commitment date), the most favorable conversion price used to calculate the amount of the beneficial conversion feature for Traunche Three was determined to be US$0.5271 (RMB4.2323) which reflects the exercise of the Put Option resulting in a reduction to the proceeds allocated to Traunche Three and the most dilutive adjustment resulting from the Purchase Price Adjustment. No beneficial conversion feature was recorded for Traunche Three because the fair value per

ordinary share of US$0.4400 (RMB3.5370) on August 2, 2006 was less than the conversion price. In addition, on August 2, 2006, as a result of the Second Closing, the conversion price of Traunche One was reduced to US$0.5546 (RMB4.4528) due to the issuance of additional Preferred Shares to all Investors except Good Energies. The reduction in the conversion price due to the Second Closing did not give rise to any additional beneficial conversion feature accounting because the fair value per Ordinary Shares (US$0.3900 or RMB3.1313) at the commitment date was less than the reset conversion price.

On August 2, 2006, when the Company exercised the Put Option which resulted in the issuance of 8,037,048 Preference Shares to Good Energies in return for cash consideration of US$5 million (US$0.6221 or RMB4.9953 per share), the fair value of the Preference Shares was determined to be US$0.81 (RMB6.504) per share. The difference between the fair value of the Preference Shares and the cash consideration paid amounted to RMB12,087,720 and has been recorded as a charge to general and administrative expenses.

For the nine-month period ended September 30, 2006 accrued cumulative dividends amounted to RMB3,675,901 (US$465,068) or RMB0.0461 (US$0.0058) per Preference Share.

The carrying value of the Preference Shares as at September 30, 2006 is calculated as follows:

	(RMB'000)
Issuance of Preference Shares	423,815
Less: issuance costs	(3,787)
	420,028
Add: cumulative dividends	3,676
Balance — September 30, 2006	423,704
Balance — September 30, 2006 (US$'000)	53,606

14. STATUTORY RESERVES

In accordance with the Regulations on Enterprises with Foreign Investment of China and their articles of association, a foreign invested enterprise established in the PRC is required to provide certain statutory reserves, namely general reserve fund, enterprise expansion fund and staff welfare and bonus fund which are appropriated from net profit as reported in the enterprise's PRC statutory accounts. A wholly-owned foreign invested enterprise is required to allocate at least 10% of its annual after-tax profit to the general reserve until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. A non wholly-own foreign invested enterprise is permitted to provide the above allocation of annual after-tax profit at the discretion of its board of directors. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the board of directors for all foreign invested enterprises. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. Linyang Solarfun became a wholly-owned foreign invested enterprise in May 2006 and therefore is subject to the above mandated restrictions on distributable profits. Prior to May 2006, Linyang Solarfun was a Sino-foreign joint venture enterprise and it was required to allocate at least 10% of its after tax profit to general reserve fund in accordance with the joint venture agreements entered into among the

then shareholders of Linyang Solarfun. However, appropriations to the enterprise expansion fund and staff welfare and bonus fund were at the discretion of the board of directors.

No profit appropriation was made at December 31, 2004 as Linyang Solarfun was in a deficit. At December 31, 2005, RMB1,496,000 (US$189,271) has been appropriated to reserve fund while no appropriation has been made to enterprise expansion fund and the staff welfare and bonus fund. On April 10, 2006, the directors of Linyang Solarfun resolved to appropriate RMB749,000 (US$94,762) to enterprise expansion fund.

15. STOCK COMPENSATION EXPENSE

On July 12, 2005, Linyang Solarfun issued a rights offering to all of its then existing shareholders at a subscription price of approximately US$36,260 per 1% of equity interest (equivalent to 501,750 ordinary shares of the Company after the restructuring as described in Note 1) for total proceeds of US$3,626,000. Shareholders who were entitled to 20% of the rights offering (equivalent to 10,035,000 ordinary shares) did not purchase the shares being offered (the “Unsubscribed Shares”). The Unsubscribed Shares were offered to and purchased by Lianyang Electronics Co., Ltd. which is controlled by the Chairman and director of the Group, who was also the Group’s ultimate controlling shareholder at that time, at the subscription price of US$0.07 (RMB0.584) per share. The fair value of the ordinary shares, at the time of the offering, was determined to be RMB0.634 per share based on an independent valuation by Censere Holdings Limited. The intrinsic value of the Unsubscribed Shares has been recorded as compensation expense and presented as part of general and administrative expenses in 2005. Accordingly, RMB501,000 (US$63,386) was recorded as compensation expense with a corresponding credit to additional paid-in capital in the year ended December 31, 2005.

On April 8, 2006, three of the then owners of Linyang Solarfun sold their 5% equity interests (which approximates 5,017,500 ordinary shares of the Company) to Linyang Electronics Co., Ltd., for US$72,533 per 1% equity interest. The fair value of the equity interests transferred was determined to be RMB2,648,681 (US$335,106) per 1% equity interest based on an independent valuation by Censere Holdings Limited. The intrinsic value of the transfer has been recorded as compensation expense and presented as part of general and administrative expenses in the nine-month period ended September 30, 2006. Accordingly, RMB10,337,000 (US$1,307,819) was recorded as compensation expense with a corresponding credit to additional paid-in capital in the period ended September 30, 2006.

16. GOVERNMENT GRANT

During the nine-month period ended September 30, 2006, the Group received RMB640,000 (US$80,972) in government subsidies which was approved by the PRC governmental authorities. These subsidies were received because the Group qualifies as a “high technology” enterprise in Qidong city of Jiangsu province in the PRC and it met certain criteria such as increase in the amount of capital investment and net assets, increase in number of employees and increase in sales and tax payments. The government subsidies are not subject to adjustment and do not have any restrictions as to the use of funds. Accordingly, the full amount of the subsidies has been recorded as other income.

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17. INCOME TAXES

The Company is a tax exempt company incorporated in the Cayman Islands and conducts substantially all of its business through its subsidiaries located in the PRC.

The Company's subsidiaries registered in the PRC are subject to PRC income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws.

Linyang Solarfun, the Company's major operating subsidiary, was established as a domestic company in the PRC and was subject to the corporate income tax ("CIT") at a rate of 33% (30% state enterprise income tax and a 3% local income tax). In March 2005, Linyang Solarfun was converted to a Sino-foreign joint venture entity. In accordance with the relevant tax laws in the PRC, upon becoming a Sino-foreign joint venture entity, Linyang Solarfun's tax position is governed by the Income Tax Law of the PRC concerning Foreign Investment and Foreign Enterprises (the "Income Tax Law") and according to which Linyang Solarfun is entitled to a tax concession period ("Tax Holiday") whereby it is exempt from foreign enterprise income tax ("FEIT") for its first two profit making years (after deducting losses incurred in previous years) and is entitled to a 50% tax reduction for the succeeding three years. No CIT provision has been made as Linyang Solarfun did not generate assessable profits for the period prior to its becoming a Sino-foreign joint venture entity from August 27, 2004 (date of establishment) to December 31, 2004. Under the terms of the Tax Holiday, Linyang Solarfun is exempt from FEIT for its taxable profit in 2005 and 2006. Additionally, since Linyang Solarfun is a Sino-foreign joint venture entity located in coastal open economic zones in Qidong City, Jiangsu Province, it is entitled to a preferential tax rate of 27% for its FEIT upon expiry of the Tax Holiday.

Shanghai Linyang was established as a domestic company in the PRC and was subject to CIT at a rate of 33% (30% state enterprise income tax and a 3% local income tax).

Leshan Jiayang was established as a domestic company in the PRC and was subject to CIT at a rate of 33% (30% state enterprise income tax and a 3% local income tax). However, as it qualifies as "encouraged business located in Western China," it is entitled to a preferential CIT rate of 15%.

The Group had minimal operations in jurisdictions other than the PRC. (Loss) income before income taxes consists of:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Cayman Islands	—	—	—	—	(24,288)	(3,073)
The PRC	(607)	14,314	1,811	4,175	96,851	12,253
	(607)	14,314	1,811	4,175	72,563	9,180

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The income tax (expense) benefit is comprised of:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Current	—	—	—	—	(143)	(18)
Deferred	—	96	12	52	717	91
	—	96	12	52	574	73

The reconciliation of tax computed by applying the statutory income tax rate of 33% applicable to PRC operations to income tax benefit is:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Income tax computed at the statutory tax rate at 33%	200	(4,723)	(598)	(1,377)	(23,946)	(3,030)
Non-deductible expenses	—	(884)	(112)	(546)	(5,968)	(755)
Tax holidays	—	5,503	697	1,775	38,452	4,866
Tax rate differences	—	—	—	—	(7,846)	(993)
Changes in the valuation allowance	(200)	200	25	200	(118)	(15)
	—	96	12	52	574	73

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The benefit of the tax holiday per basic and diluted earnings per share is as follows:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Basic	—	0.10	0.01	0.03	0.38	0.05
Diluted	—	0.08	0.01	0.03	0.29	0.04

Deferred tax assets reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The components of deferred tax assets are as follows:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Deferred tax assets:						
Current:						
— Accumulated losses	200	—	—	—	118	15
— Warranty provision	—	96	12	52	527	67
— Social welfare provision	—	—	—	—	286	36
	200	96	12	52	931	118
— Valuation allowance	(200)	—	—	—	(118)	(15)
Net current deferred tax assets	—	96	12	52	813	103

As of December 31, 2004, the Group has net operating loss carryforward of approximately RMB607,000, for tax purposes. As of December 31, 2004, the Group recorded a valuation allowance to reduce its deferred tax assets to RMB Nil because management believed the amount did not meet the more likely than not criteria.

During 2005, the Group fully utilized the net operating loss carry forwards and began the first year of the Tax Holiday. During 2005, the Group adjusted its deferred tax assets and valuation allowances based on the preferential tax rates applied during the Tax Holiday, to reflect the net amount management believed was more likely than not to be realizable.

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As of September 30, 2006, the Group has a net operating loss carryforward of approximately RMB358,000 (US$45,294), for tax purposes, attributed to the operations of Shanghai Linyang which was newly established in March 2006. The net operating loss carryforward will expire 5 years after Shanghai Linyang's first profitable year. As of September 30, 2006, the Group recorded a valuation allowance to reduce its deferred tax assets to the net amount management believe was more likely than not to be realized. Reversal of the valuation allowance in a subsequent year will reduce income tax expense.

18. RELATED PARTY TRANSACTIONS

Name of related party	Relationship with the Group
Linyang Electronics Co., Ltd. ("Linyang Electronics")	Controlling owner is also a significant shareholder of the Company
Huaerli (Nantong) Electronics Co., Ltd. ("Huaerli Nantong")	Controlling owner is also a significant shareholder of the Company
Qidong Huahong Electronics Co., Ltd. ("Qidong Huahong")	Controlling owner is also a significant shareholder of the Company
Linyang Agricultural Development (Nantong) Co., Ltd. ("Linyang Agricultural")	Controlling owner is also a significant shareholder of the Company
Shanghai Linyang Electronics Technology Co., Ltd. ("Linyang Technology")	Controlling owner is also a significant shareholder of the Company
Nantong Linyang Ecological Cultural Co., Ltd. ("Linyang Ecological")	Controlling owner is also a significant shareholder of the Company
Citigroup Venture Capital International Growth Partnership L.P. ("Citi Growth")	Shareholder of the Company
Citigroup Venture Capital International Co. Investment L.P. ("Citi Investment")	Shareholder of the Company
Good Energies Investments Limited ("Good Energies")	Shareholder of the Company

The Group had the following related party transactions and balances during the periods presented:

	Linyang Electronics (RMB'000)	Huaerli Nantong (RMB'000)	Qidong Huahong (RMB'000)	Linyang Agricultural (RMB'000)	Linyang Ecological (RMB'000)	Linyang Technology (RMB'000)
	(Amount due from (due to) related parties)					
Balances at August 27, 2004 (date of inception)	—	—	—	—	—	—
Advance for purchase of raw materials	—	8,000	—	—	—	—
Advance to a related party	10,000	—	—	—	—	—
Operating expenses paid on behalf of the Group	—	—	(25)	—	—	—

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	Linyang Electronics (RMB'000)	Huaerli Nantong (RMB'000)	Qidong Huahong (RMB'000)	Linyang Agricultural (RMB'000)	Linyang Ecological (RMB'000)	Linyang Technology (RMB'000)
	(Amount due from (due to) related parties)					
Balances at December 31, 2004	10,000	8,000	(25)	—	—	—
Purchase of raw materials	(81)	(14,813)	—	—	—	—
Payment for purchase of raw materials	3	14,200	—	—	—	—
Repayment of advance	(10,000)	(8,000)				
Advances from related parties	(77,600)	(27,000)	—	—	—	—
Repayment of advance	21,000		—	—	—	—
Operating expenses paid on behalf of the Group	(68)	—	(52)	—	—	—
Repayment of operating expenses paid on behalf of the Group	2	—	—	—	—	—
Balance at September 30, 2005 (unaudited)	(56,744)	(27,613)	(77)	—	—	—
Purchase of raw materials	—	(1,051)	—	—	—	—
Payment for purchase of raw materials	71	—	—	—	—	—
Advances from a related party	(41,800)	—	—	—	—	—
Repayment of advances	68,121	27,000	—	—	—	—
Operating expenses paid on behalf of the Group	(619)	—	(6)	—	—	—
Repayment of operating expenses paid on behalf of the Group	60	—	—	—	—	—

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	Linyang Electronics (RMB'000)	Huaerli Nantong (RMB'000)	Qidong Huahong (RMB'000)	Linyang Agricultural (RMB'000)	Linyang Ecological (RMB'000)	Linyang Technology (RMB'000)
	(Amount due from (due to) related parties)					
Balance at December 31, 2005	(30,911)	(1,664)	(83)	—	—	—
Purchase of raw materials	(280)	(23,762)	—	—	—	—
Payment for purchase of raw materials	176	25,426	—	—	—	—
Advances from a related party	(105,900)	—	—	(9,000)	—	—
Repayment of advances	136,179	—	—	9,000	—	—
Operating expenses paid on behalf of the Group	(2,458)	—	—	—	(102)	—
Repayment of operating expenses paid on behalf of the Group	2,858	—	83	—	102	—
Purchase of land use right		—	(4,564)	—	(102)	—
Payment for the purchase of land use right		—	4,564	—	102	—
Sales to a related party	—	—	—	—	—	153
Balance at September 30, 2006	(336)	—	—	—	—	153

During the year ended December 31, 2005, Qidong Huahong granted the use of a parcel of its land to the Group for nil considerations. Rental charge of RMB70,000 (US$8,856), based on the fair value of the rental cost incurred by Qidong Huahong has been recorded as an expense by the Group with a corresponding credit to additional paid-in capital.

For the year ended December 31, 2005, notes payable of RMB10,000,000 (US$1,265,182) are secured by the pledge of bank deposit amounting to RMB10,000,000 (US$1,265,182) of Huaerli Nantong.

For the nine-month period ended September 30, 2006, short-term bank borrowings of RMB120,000,000 (US$15,182,186) and long-term bank borrowing of RMB31,000,000 (US$3,922,065) were guaranteed by Linyang Electronics. Short-term bank borrowings of RMB80,000,000 (US$10,121,457) were jointly guaranteed by Linyang Electronics and Qidong Huahong Electronics.

In relation to the issuance of the Preference Shares, the Company obtained a purchase put option from Good Energies. The put option was exercised by the Company on August 2, 2006 (see Note 13).

The weighted average balances due from (due to) related parties are analyzed as follows:

	Linyang Electronics	Huaerli Nantong	Qidong Huahong	Linyang Agricultural	Linyang Ecological	Linyang Technology
For the period from August 27, 2004 (date of inception) to December 31, 2004	5,000	4,000	(12)	—	—	—
For the nine-month period ended September 30, 2005	(12,961)	(5,179)	(57)	—	—	—
For the year ended December 31, 2005	(21,950)	(6,385)	(60)	—	—	—
For the nine-month period ended September 30, 2006	(47,498)	(1,845)	(191)	(4,000)	(11)	17

During the nine-month period ended September 30, 2006, due from shareholders represented reimbursement receivable from Citi Growth and Citi Investment amounted to RMB557,000 (US$70,471) and RMB30,000 (US$3,796), respectively.

All balances with related parties at December 31, 2004 and 2005 and September 2006 were unsecured, non-interest bearing and without fixed repayment term.

19. EMPLOYEE DEFINED CONTRIBUTION PLAN

Full time employees of the Group's subsidiaries in the PRC participate in a government mandated defined contribution plan pursuant to which certain pension benefits, medical care, unemployment insurance, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the PRC subsidiaries of the Group make contributions to the government for these benefits based on 41% of the employees' salaries. The Group's PRC subsidiaries have no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were RMB8,000 for the period from August 27, 2004 (date of inception) to December 31, 2004; RMB927,000 (US$117,282) for the year ended December 31, 2005; RMB515,000 for the nine-month period ended September 30, 2005; and RMB2,232,000 (US$282,389) for the nine-month period ended September 30, 2006.

20. COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The terms of the leases do not contain rent escalation or contingent rents. Total rental expense under all operating leases was RMB25,000 for the period from August 27, 2004 (date of inception) to December 31, 2004; RMB58,000 (US$7,338) for the year ended December 31, 2005; RMB486,000 for the nine-month period ended September 30, 2005; and RMB3,112,000 (US$393,724) for the nine-month period ended September 30, 2006.

The Group's operating lease commitments of RMB428,000 (US$54,150) were cancelled in November 2006.

Acquisition of machinery

At December 31, 2004, September 30, 2005 and 2006, the Group had commitments of RMB Nil, RMB1,563,000 (US$197,748) and RMB76,922,000 (US$9,732,034), respectively, related to acquisition of machinery. The commitment for acquisition of machinery is expected to be settled within the next twelve months.

Purchase of raw materials

The commitment related to the purchase of raw materials are listed as below:

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Within 1 year	—	75,329	9,530	967,925	122,460
Within 1-2 years	—	—	—	698,600	88,386
Total	—	75,329	9,530	1,666,525	210,846

One of the raw materials purchase contracts amounting to approximately RMB1,265,431,000 (US$160,100,076) was terminated and certain other raw materials purchase contracts have been renegotiated subsequent to September 30, 2006 (see Note 25(iii)).

Guarantees and indemnification

In June 2006, the Company entered into a shareholders' agreement according to which the Company has agreed to indemnify each of its shareholders and their affiliates and each director and officer of the Company (collectively, the "Indemnified Persons") against any losses that any Indemnified Person may at any time become subject to or liable for in connection with claims brought against any of them on behalf of the Company or by a third party in connection with their status as a shareholder, director or officer of the Company or any of their service to or on behalf of the Company to the maximum extent permitted under applicable Law.

In accordance with FIN 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," guarantor must recognize a liability for the fair value of the obligations it assumes under certain guarantees. The Company has determined the fair value of the indemnification to be insignificant. Accordingly, the Company has not recorded any liabilities for these agreements as of September 30, 2006.

Potential grant of share options

In accordance with the Company's Preference Shares Purchase Agreement, the Company is required to implement an employee stock option plan with terms and conditions to be approved by the Board of Directors and the Investors. Subsequent to September 30, 2006, the Company adopted a stock option plan (see Note 25).

During the nine month period ended September 30, 2006, the Group entered into employment contracts with certain employees whereby the Company expressed the intention to grant share options to these employees however the full terms of options are subject to final

determination by the Board of Directors upon approval of the option plan by the Board of Directors and the Investors.

In addition, the Company expressed the intention in employment contracts with two employees hired in July and August 2006, respectively to grant in total 820,000 share options of the Company at a preliminary price of US$0.67 or US$0.719 per share with a vesting period of three years from the date of the respective employment contracts. The intention expressed is subject to the approval of the Board of Directors and the Investors (Also see Note 25).

21. SEGMENT REPORTING

The Group operates in a single business segment, which is the development, manufacturing, and sale of PV products. The following table summarizes the Group's net revenues by geographic region based on the location of the customers:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Germany	—	126,555	16,012	56,624	176,646	22,354
Italy	—	5,946	752	—	122,993	15,561
Spain	—	—	—	—	60,281	7,621
The PRC	—	33,667	4,259	29,860	24,171	3,058
Others	—	10	1	—	2,148	272
Total net revenue	—	166,178	21,024	86,484	386,239	48,866

All the identifiable assets of the Group are located in the PRC.

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22. MAJOR CUSTOMERS

Details of the customers accounting for 10% or more of total net sales in any of the periods presented are as follows:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
S.E. Project S.R.L.	—	—	—	—	121,421	15,362
Social Capital S.L.	—	—	—	—	60,237	7,621
Solar Projekt Energysystem GmbH	—	13,140	1,662	—	58,671	7,423
Suntaics	—	84,438	10,683	43,170	54,856	6,940
Ninbo Jinnuo	—	13,881	1,756	13,881	—	—

23. INCOME PER SHARE

Basic and diluted net income per share for each period presented are calculated as follows:

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (Unaudited)	(RMB)	(US$)
	(Amounts in thousands except for number of shares and per share data)					
Numerator:						
Net (loss) income	(607)	14,410	1,823	4,227	77,871	9,220
Dividends allocated to preference shareholders	—	—	—	—	(3,676)	(466)
Income attributable to ordinary shareholders	(607)	14,410	1,823	4,227	69,195	8,754

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	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (Unaudited)	(RMB)	(US$)
	(Amounts in thousands except for number of shares and per share data)					
Denominator:						
Number of shares outstanding, opening	50,175,000	50,175,000	50,175,000	50,175,000	100,350,000	100,350,000
Retroactive adjustment for bonus element in rights offering — July 12, 2005	1,819,399	1,819,399	1,819,399	1,819,399	—	—
Weighted average number of shares issued (48,355,601 shares)	—	2,517,141	2,517,141	—	—	—
Weighted average number of shares outstanding — basic	51,994,399	54,511,540	54,511,540	51,994,399	100,350,000	100,350,000
Weighted average number of partially paid share subscriptions (50,175,000 shares)	—	11,854,929	11,854,929	6,183,892	—	—
Convertible preference shares	—	—	—	—	31,274,178	31,274,178
Weighted average number of shares outstanding — diluted	51,994,399	66,366,469	66,366,469	58,178,291	131,624,178	131,624,178

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	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB)	(RMB)	(US$)	(RMB) (Unaudited)	(RMB)	(US$)
	(Amounts in thousands except for number of shares and per share data)					
Basic net (loss) income per share	RMB(0.01)	RMB0.26	US$0.03	RMB0.08	RMB0.69	US$0.09
Diluted net (loss) income per share	RMB(0.01)	RMB0.22	US$0.03	RMB0.07	RMB0.55	US$0.07

On July 12, 2005, Linyang Solarfun issued a rights offering to its then existing ordinary shareholders. Since the subscription price was less than the fair value of the shares, as determined based on an independent appraisal performed by Censere Holdings Limited, the rights offering is deemed to contain a bonus element similar to a stock dividend and is accounted for as such. Accordingly, the basic and diluted earnings per share are adjusted retroactively for the bonus element of the right offering for all periods presented. In addition, ordinary shares which were not fully paid for until December 12, 2005 were included in the computation of diluted income per share using the treasury stock method.

On June 27 and August 2, 2006, the Company issued the Preference Shares (see Note 13) that will convert automatically into ordinary shares upon the completion of an IPO. Assuming the conversion had occurred “on a hypothetical basis” on January 1, 2005 and 2006, the pro-forma basic and diluted earnings per share for the year ended December 31, 2005 and for the nine-month period ended September 30, 2006 are calculated as follows:

	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30, 2006	
	(RMB)	(US$)	(RMB)	(US$)
	(Amounts in thousands except for number of shares and per share data)			
Numerator:				
Net income attributable to ordinary shareholders	14,410	1,823	69,195	8,754
Pro forma effect of Preference Shares	—	—	3,676	466
Numerator for pro forma basic and diluted income per share	14,410	1,823	72,871	9,220

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	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30, 2006	
	(RMB)	(US$)	(RMB)	(US$)
	(Amounts in thousands except for number of shares and per share data)			
Denominator:				
Weighted average numbers of shares outstanding-opening	50,175,000	50,175,000	100,350,000	100,350,000
Retroactive adjustment for bonus element in rights offering	1,819,399	1,819,399	—	—
Weighted average number of shares issued (48,355,601)	2,517,141	2,517,141	—	—
Conversion of preferred shares to ordinary shares (79,644,754 shares)	79,644,754	79,644,754	79,644,754	79,644,754
Denominator for pro forma basic income per share	134,156,294	134,156,294	179,994,754	179,994,754
Weighted average number of partially paid share subscriptions (50,175,000 shares)	11,854,925	11,854,925	—	—
Contingently issuable shares due to purchase price adjustment of Preference Shares	15,928,951	15,928,951	15,928,951	15,928,951
Denominator for pro forma diluted income per share	160,296,813	160,296,813	195,923,705	195,923,705
Pro forma basic income per share	RMB0.11	US$0.01	RMB0.40	US$0.05
Pro forma diluted income per share	RMB0.09	US$0.01	RMB0.37	US$0.05

24. DEFERRED INITIAL PUBLIC OFFERING COSTS

Deferred expenses represent costs incurred by the Group directly attributable to the Company's IPO. These will be charged against the gross proceeds of such offering.

25. SUBSEQUENT EVENTS

Subsequent to September 30, 2006, the following events occurred:

(i) Silicon raw material supply contract with E-Mei Semiconductors Material Factory ("E-Mei")

In October and November, 2006, the Group entered into raw materials purchase contracts for silicon wafers with E-Mei, a third party supplier. According to these contracts, the Group has committed to pay purchase advances totalling RMB220,000,000 (US$27,834,008) to E-Mei in return for a five-year exclusive procurement right to silicon wafers produced by E-Mei's new production facilities, which is currently under construction.

The procurement right entitles the Group to purchase the abovementioned silicon wafers at 8% below the market price at the time of purchase. The Group will have a first right of refusal to purchase silicon wafers at market price after the five-year period.

Out of the RMB220,000,000 (US$27,834,008) committed purchase advances, RMB10,000,000 (US$1,265,182) had been paid on October 8, 2006 and RMB20,000,000 (US$2,530,364) must be paid by December 31, 2006. The remaining amount of RMB190,000,000 (US$24,038,461) will be paid to E-Mei according to progress of construction of the new production facilities based on the construction progress status report provided by E-Mei. Future amount payable from future purchases from E-mei will offset against the purchase advances. However, for each purchase, the Group can only offset 30% of the purchase amount against the purchase advances. After the Group has fully utilized the advances, the discount on purchase will be adjusted downwards to 3% to 5% of the market price at the time of purchase.

In addition, according to the contracts, a bonus of up to RMB3,600,000 (US$455,466) will be paid to E-Mei should E-Mei be able to complete the construction of its new production facilities and start supplying a certain quantity of the silicon wafers to the Group within 18 to 20 months from the date of the contact.

(ii) Long-term raw materials purchase contracts

Subsequent to September 30, 2006, the Group entered into various one-year to two-year fixed price and fixed quantity agreements with certain domestic suppliers to procure silicon wafers or ingots, with a planned total purchase amount of RMB920,804,333 (US$116,498,524).

(iii) Cancellation and renegotiation of raw materials supply contracts

The Group entered into raw materials supply contracts with its raw materials suppliers as an attempt to ease its supply shortages. Under these purchase contracts, the Group pays advances to its suppliers (see Note 4). As there is currently an industry-wide shortage of silicon and silicon wafers, certain of the Group's raw materials suppliers have been delaying delivery or failed to deliver raw materials to the Group under these supply contracts. Consequently, in November 2006, the Group canceled one of its raw materials purchase contract with its raw materials supplier amounting to approximately RMB1,297,039,000 (US$164,099,064). Advances to this supplier amounted RMB31,609,000 (US$3,999,114) at September 30, 2006 of which RMB10,000,000 (US$1,265,182) was refunded in November 2006. The remaining of the advances to this supplier has been transferred to newly renegotiated contracts.

The Group has renegotiated certain of its raw materials supply contracts in existence at September 30, 2006 with its suppliers. Supply contracts of silicon wafers and silicon ingots with purchase commitment of RMB213,313,000 (US$26,987,980) and RMB25,230,000 (US$3,192,055) were renegotiated to RMB300,000,000 (US$37,955,465) and RMB6,898,000 (US$872,723), respectively. As a result of such renegotiation, the average purchase price of silicon wafers in these renegotiated contracts decreased by 5.8%, while the average purchase price of silicon ingots increased by 18.1%. Other commitments under supply contract may be subject to renegotiation or cancellation in the future.

(iv) Management consulting service agreement with Hony Capital II L.P.

On November 18, 2006, the Group entered into a management consulting service agreement with Hony Capital II L.P., a preference shareholder of the Company. Hony Capital II L.P. agreed to provide certain management consulting services to the Group for a period of up to December 31, 2007 and the Group agreed to pay an aggregate of RMB4,000,000 (US$506,073) under this arrangement.

(v) Entrusted loan arrangement with Lianyang Electronics and other bank borrowings

In October and November 2006, Linyang Solarfun entered into entrusted loan agreements with Linyang Electronics under which Linyang Electronics lent to Linyang Solarfun in aggregate RMB80,000,000 (US$10,121,457) through a third party PRC bank. These entrusted loans bear interest at 6.138% per annum, unsecured and repayable in six months from the date of inception.

In November 2006, the Company obtained short-term bank borrowings totaling RMB109,900,000 (US$13,904,352) from three PRC financial institutions, of which RMB30,000,000 (US$3,795,547) was guaranteed by Linyang Electronics; RMB39,900,000 (US$5,048,077) was jointly guaranteed by Linyang Electronics and Huaerli Nantong; RMB40,000,000 (US$5,060,729) was secured by land use right and guaranteed by Linyang Electronics, Qidong Huahong and a significant shareholder and chairman of the Company and his spouse.

(vi) Share Option Plan

On November 30, 2006, the Company's board of directors approved the "2006 Share Option Plan" (the "Plan"). Under the Plan, the Company may issue up to 10,799,685 options to the directors, employees and non-employees of the Company and its subsidiaries (the "Participants"). The objective of the Plan is to provide the Participants with the opportunity to acquire proprietary interests in the Company and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The Plan will expire on November 29, 2016.

The options granted to the Participants under the Plan will vest over a period of up to five years and will expire, if not previously exercised or forfeited, on November 30, 2016. The exercise price of the options will be determined by the Board of Directors. The Plan also requires certain adjustments to decrease the exercise price of the options in the event of ordinary share dividend distribution, distribution of ordinary shares out of the increased capital, rights offering of ordinary shares or issuance of new ordinary shares.

By a resolution of the Board of Directors on November 30, 2006, 8,012,998 options were authorized to be granted to certain employees and independent directors. The options have an exercise price of US$1.80 per share and have vesting terms ranging from six months to five years. Included in the 8,012,998 options are 2,339,998 options that can be early exercised, at the discretion of the holders, into unvested ordinary shares. The unvested ordinary shares are subject to the same vesting term as the options. If the holders' services to the Company are terminated prior to the vesting of the unvested ordinary shares, the Company can repurchase them for the same price paid by the holders.

The Company will account for these options in accordance with SFAS 123(R)"Share-based Compensation" and has elected to recognize compensation expense using the straight-line method for all stock awards issued with graded vesting based on service conditions. As of the date of these financial statements, the Company plans to use the estimated initial public offering price of US$2.50 per ordinary share as the underlying ordinary share value when calculating the total share-based compensation expenses. Based on the Company's preliminary evaluation, the Company has estimated the total share-based compensation expenses to be RMB76,887,184 (US$9,727,630). The Company expects to recognize this amount ratably over the vesting period. The vesting period ranges from six months to five years commencing December 2006. Based on the current estimates, the Company will recognize 2.4%, 26.4%, 24.3%, 21.5%, 13.6% and 11.8% of this amount during the three months ended December 31, 2006 and each of the year ended December 31, 2007, 2008, 2009, 2010 and 2011, respectively. Given the preliminary nature of our estimates, our actual share-based compensation expenses may be materially different from our current expectations upon further evaluation.

(vii) Purchase of land use right

In November 2006, the Company acquired land use right from Qidong Huahong with consideration of RMB3,742,000 (US$473,431). The land use right expires on April 27, 2056.

SOLARFUN POWER HOLDINGS CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
For the period from August 27, 2004 (date of inception) to December 31, 2004,
For the year ended December 31, 2005 and for
the nine-month period ended September 30, 2005 (unaudited) and 2006

26. CONDENSED FINANCIAL INFORMATION OF THE COMPANY

Under PRC laws and regulations, the Company's PRC subsidiary, Linyang Solarfun, is restricted in its ability to transfer certain of its net assets to the Company in the form of dividend payments, loans, or advances. The amounts restricted include paid up capital and statutory reserve, as determined pursuant to PRC generally accepted accounting principles, totaling RMB60,792,000 (US$7,691,295) as of December 31, 2005.

Statements of operations

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Net revenue	—	—	—	—	—	—
Cost of revenue	—	—	—	—	—	—
Gross profit	—	—	—	—	—	—
Operating expenses (Notes 13 and 15)	—	—	—	—	(22,439)	(2,839)
Operating loss	—	—	—	—	(22,439)	(2,839)
Equity in profit of subsidiary companies, net (Note a)	(607)	14,410	1,823	4,227	97,159	12,293
Exchange loss	—	—	—	—	(1,849)	(233)
Income before tax	(607)	14,410	1,823	4,227	72,871	9,220
Income tax benefit	—	—	—	—	—	—
Net (loss) income	(607)	14,410	1,823	4,227	72,871	9,220
Net (loss) income attributable to ordinary shareholders	(607)	14,410	1,823	4,227	69,195	8,754

SOLARFUN POWER HOLDINGS CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
For the period from August 27, 2004 (date of inception) to December 31, 2004,
For the year ended December 31, 2005 and for
the nine-month period ended September 30, 2005 (unaudited) and 2006

Balance sheets

	December 31,			September 30,	
	2004	2005	2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000)	(US$'000)
Assets					
Current assets:					
Cash and bank	—	—	—	49	6
Amount due from subsidiaries (Note b)	—	—	—	19,173	2,426
Amount due from shareholders (Note b)	—	—	—	587	74
Total current assets	—	—	—	19,809	2,506
Non-current assets:					
Deferred initial public offering costs (Note c)	—	—	—	25,506	3,227
Investment in subsidiaries (Note a)	29,393	73,670	9,320	569,018	71,990
Total non-current assets	29,393	73,670	9,320	594,524	75,217
Total assets	29,393	73,670	9,320	614,333	77,723
LIABILITIES, PREFERENCE SHARES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Other payables	—	—	—	17,899	2,264
Amount due to subsidiaries (Note b)	—	—	—	7,440	941
Total current liabilities	—	—	—	25,339	3,205
Series A Redeemable Convertible Preference Shares (par value US$0.0001 per share; 100,000,000 shares authorized, nil, nil and 79,644,754 shares issued and outstanding at December 31, 2004, 2005 and September 30, 2006)	—	—	—	423,704	53,606
Shareholders' Equity					
Ordinary shares (par value US$0.0001 per share; 400,000,000 shares authorized, 50,175,000 shares, 100,350,000 shares and 100,350,000 shares issued and outstanding at December 31, 2004, 2005 and September 30, 2006, respectively)	42	84	11	84	11
Additional paid-in capital	29,958	59,783	7,563	82,208	10,401
(Deficit) retained earnings	(607)	13,803	1,746	82,998	10,500
Total shareholders' equity	29,393	73,670	9,320	165,290	20,912
Total liabilities, preference shares and shareholders' equity	29,393	73,670	9,320	614,333	77,723

SOLARFUN POWER HOLDINGS CO., LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
For the period from August 27, 2004 (date of inception) to December 31, 2004,
For the year ended December 31, 2005 and for
the nine-month period ended September 30, 2005 (unaudited) and 2006

Statements of cash flows

	For the Period from August 27, 2004 (date of inception) to December 31, 2004	For the Year Ended December 31, 2005		For the Nine-Month Period Ended September 30,		
				2005	2006	2006
	(RMB'000)	(RMB'000)	(US$'000)	(RMB'000) (Unaudited)	(RMB'000)	(US$'000)
Cash flows from operating activities	—	—	—	—	—	—
Net cash used in investing activities	(30,000)	(29,296)	(3,706)	—	(419,225)	(53,040)
Net cash provided by financing activities	30,000	29,296	3,706	—	419,274	53,046
Net increase (decrease) in cash	—	—	—	—	49	6
Cash at the beginning of period/year	—	—	—	—	—	—
Cash at the end of period/year	—	—	—	—	49	6

(a) Basis of presentation

In the Company-only financial statements, the Company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since inception. The Company-only financial statements should be read in conjunction with the Company's consolidated financial statements.

The Company records its investment in its subsidiaries under the equity method of accounting as prescribed in APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." Such investment is presented on the balance sheet as "Investment in subsidiaries" and share of the subsidiaries's profit or loss as "Equity in profit (loss) of subsidiary companies" on the statements of operations.

The subsidiaries did not pay any dividend to the Company for the periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted.

(b) Related party balances

For the nine-month period ended September 30, 2006, the Company made advances to its subsidiaries amounting to RMB18,984,000 (US$2,401,822) and paid operating expenses amounting to RMB189,000 (US$23,912) on behalf of its subsidiaries. During the same period, a subsidiary of the Company paid operating expenses amounting to RMB7,440,000

(US$941,296) on behalf of the Company. The Company did not have any related party transaction for any of the other periods presented.

During the nine-months period ended September 30, 2006, amount due from shareholders represented reimbursement for preferred share issuance cost receivable from Citi Growth and Citi Investment amounted to RMB557,000 (US$70,471) and RMB30,000 (US$3,796), respectively.

(c) Deferred initial public offering costs

Deferred initial public offering costs represent costs incurred by the Company directly attributable to the Company's initial public offering. These will be charged against the gross proceeds of such offering.

(d) Commitments

The Company does not have any significant commitments or long-term obligations as of any of the periods presented.

(e) Foreign currencies

The United States Dollar ("US$") amounts disclosed in the financial statement are presented solely for the convenience of the readers. Translation of amounts from RMB into US$ for the convenience of the readers were calculated at the noon buying rate of US$1.00 = RMB7.904 on September 30, 2006 in the City of New York for cable transfers of RMB certified for customs purposes by the Federal Reserve Bank of New York. No representation is made that the RMB amounts could have been, or could be, converted into US$ at such rate.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including , 2006 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

Solarfun Power Holdings Co., Ltd.

12,000,000
American Depositary Shares
Representing 60,000,000
Ordinary Shares

PROSPECTUS

Goldman Sachs (Asia) L.L.C.
Representative of the Underwriters

CIBC World Markets

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences or committing a crime. Our articles of association provide for indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such, except through their own willful neglect or default.

We will agree to indemnify our directors and officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer. We are also in the process of subscribing for liability insurance on behalf of our directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.

During the past three years, we have issued the following securities (including options to acquire our common shares). No underwriters were involved in these issuances. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Purchaser	Date of Sale or Issuance	Number of Securities	Title of Securities	Consideration
Yonghua Solar Power Investment Holding Ltd.	June 12, 2006	77,269,500	ordinary shares	77% equity interest in Linyang BVI
Yongliang Solar Power Investment Holding Ltd.	June 12, 2006	1,505,250	ordinary shares	1.5% equity interest in Linyang BVI
Yongqiang Solar Power Investment Holding Ltd.	June 12, 2006	1,505,250	ordinary shares	1.5% equity interest in Linyang BVI
WHF Investment Co., Ltd.	June 12, 2006	12,543,750	ordinary shares	12.5% equity interest in Linyang BVI
Yongfa Solar Power Investment Holding Ltd.	June 12, 2006	501,750	ordinary shares	0.5% equity interest in Linyang BVI
YongGuan Solar Power Investment Holding Ltd.	June 12, 2006	1,003,500	ordinary shares	1% equity interest in Linyang BVI

Purchaser	Date of Sale or Issuance	Number of Securities	Title of Securities	Consideration
Forever-brightness Investments Limited	June 12, 2006	1,003,500	ordinary shares	1% equity interest in Linyang BVI
Citigroup Venture Capital International Growth Partnership, L.P.	June 27, 2006 and August 2, 2006	37,761,742	series A convertible preference shares series A	US$25,128,740
Citigroup Venture Capital International Co-investment, L.P.	June 27, 2006 and August 2, 2006	2,060,635	convertible preference shares series A convertible	US$1,371,260
Hony Capital II L.P.	June 27, 2006 and August 2, 2006	14,050,537	preference shares series A convertible	US$9,350,000
LC Fund III, L.P.	June 27, 2006 and August 2, 2006	10,519,118	preference shares series A convertible	US$7,000,000
Mohamed Nasser Haram	June 27, 2006 and August 2, 2006	112,705	preference shares series A convertible	US$75,000
Rasheed Yar Khan	June 27, 2006 and August 2, 2006	112,705	preference shares series A convertible	US$75,000
Good Energies Investments Limited	2006	15,027,312	preference shares	US$10,000,000

ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement
3.1	Memorandum and Articles of Association of the Registrant, as currently in effect.
3.2	Form of Amended and Restated Memorandum and Articles of Association of the Registrant.
4.1	Form of American Depositary Receipt (included in Exhibit 4.3).
4.2	Registrant's Specimen Certificate for ordinary shares.
4.3	Form of Deposit Agreement, dated as of , among the Registrant, the depositary and owners and holders of the American Depositary Shares.(1)
4.4	Share Purchase Agreement, dated as of June 6, 2006, in respect of the issue of series A convertible preference shares of the Registrant.
4.5	Shareholders Agreement, dated as of June 27, 2006, among the Registrant and other parties therein.
4.6	Registration Rights Agreement, dated as of June 27, 2006, among the Registrant and other parties therein.
4.7	Agreement Concerning the Limitations on Post-IPO Sale of Shares, dated June 20, 2006, among certain holders of ordinary shares.
5.1	Opinion of Maples and Calder, Cayman Islands counsel to the Registrant, regarding the validity of the ordinary shares being registered.
8.1	Opinion of Maples and Calder regarding certain Cayman Islands tax matters (included in Exhibit 5.1)

Exhibit Number	Description of Document
8.2	Opinion of Shearman & Sterling LLP, United States counsel to the Registrant, regarding certain U.S. tax matters.
10.1	2006 Share Incentive Plan.
10.2	Form of Employment Agreement between the Registrant and a Senior Executive Officer of the Registrant.
10.3	Silicon Supply Agreement, dated as of November 11, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Jiangxi LDK Solar Hi-Tech Co., Ltd.
10.4	Silicon Supply Cooperation Agreement, dated as of November 14, 2006, between Jiangsu Linyang Solarfun Co., Ltd and Jiangxi LDK Solar Hi-Tech Co., Ltd.
10.5	Silicon Supply Agreement, dated as of July 6, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and ReneSola Co., Ltd.
10.6	Silicon Supply Agreement, dated as of March 26, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and ReneSola Co., Ltd.
10.7	Silicon Supply Agreement, dated as of October 8, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and E-mei Semiconductor Material Factory.
10.8	Silicon Supply Agreement, dated as of June 2, 2006, and Amendments No. 1, No. 2 and No. 3 thereto, dated as of June 9, 2006, October 8, 2006 and November 17, 2006, respectively, between Jiangsu Linyang Solarfun Co., Ltd. and E-mei Semiconductor Material Factory.
10.9	Sales Agreement, dated as of June 10, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Social Capital, S.L.
10.10	Sales Contract, dated as of November 19, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Scatec AS
10.11	Sales Contract, dated as of November 19, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Scatec AS
10.12	Agreement of Transfer of Land Use Rights, dated as of April 8, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Qidong Huahong Electronics Co., Ltd.
10.13	Summary of Share Transfer Agreements, dated May 27, 2006 and effective as of June 2, 2006, between Linyang Solar Power Investment Holding Ltd. and the shareholders of Jiangsu Linyang Solarfun Co., Ltd.
10.14	Share Transfer Agreement, dated June 9, 2006, among Linyang Solar Power Investment Holding Ltd. and various other parties.
10.15	Share Issue and Transfer Agreement, dated June 12, 2006, among Solarfun Power Holdings Co., Ltd., Linyang Solar Power Investment Holding Ltd. and various other parties.
10.16	Deed of Share Transfer, effective as of July 15, 2006, among Linyang Solar Power Investment Holding Ltd. and various other parties.
10.17	Management Consulting Service Agreement, dated as of November 18, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Hony Capital II, L.P.
10.18	Bid Invitation and Letter of Acceptance for Shanghai Chongming Qianwei Village 960kW Solar PV Power Generation Model Project, dated September 28, 2006 and November 9, 2006, respectively.
10.19	Letter of Acceptance for Suyuan Group 74kW On-Grid Application System Project, dated September 12, 2006.

Exhibit Number	Description of Document
10.20	Contract between Jiangsu Linyang Solarfun Co., Ltd. and ISC Konstanz, dated September 5, 2006.
10.21	Entrusted Loan Contract, dated as of October 13, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.22	Entrusted Loan Contract, dated as of October 18, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.23	Entrusted Loan Contract, dated as of October 25, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.24	Entrusted Loan Contract, dated as of November 20, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.25	Silicon Purchase Agreement, dated as of May 15, 2005, between Jiangsu Linyang Solarfun Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd.
10.26	Silicon Purchase Agreement, dated as of January 12, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd.
10.27	Silicon Purchase Agreement, dated as of July 2, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young Hua Ming, Independent Registered Public Accounting Firm.
23.2	Consent of Maples and Calder (included in Exhibit 5.1).
23.3	Consent of Shearman & Sterling LLP (included in Exhibit 8.2).
23.4	Consent of Censere Holdings Limited, Independent Appraiser to the Registrant.
23.5	Consent of Grandall Legal Group, PRC counsel to the Registrant.
24.1	Powers of Attorney (included on signature page).
99.1	Code of Business Conduct and Ethics of the Registrant.

(1) Incorporated by reference to the Registration Statement on Form F-6 (file No. 333-) filed with the SEC with respect to American depositary shares representing ordinary shares.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

ITEM 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

(3) For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; *provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(4) For the purpose of determining any liability under the Securities Act of 1993 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

i. Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Shanghai, People's Republic of China, on December 11, 2006.

SOLARFUN POWER HOLDINGS CO., LTD.

By: /s/ Yonghua Lu

Name: Yonghua Lu
Title: Chairman and Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Yonghua Lu and Hanfei Wang as attorneys-in -fact with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Yonghua Lu Name: Yonghua Lu	Chairman and Chief Executive Officer	December 11, 2006
/s/ Hanfei Wang Name: Hanfei Wang	Director and Chief Operating Officer	December 11, 2006
/s/ Timothy Chang Name: Timothy Chang	Director	December 11, 2006

Signature	Title	Date
/s/ Xihong Deng Name: Xihong Deng	Director	December 11, 2006
/s/ Sven Michael Hansen Name: Sven Michael Hansen	Director	December 11, 2006
/s/ Terry McCarthy Name: Terry McCarthy	Independent Director	December 11, 2006
/s/ Ernst A. Bütler Name: Ernst A. Bütler	Independent Director	December 11, 2006
/s/ Thomas J. Toy Name: Thomas J. Toy	Independent Director	December 11, 2006
/s/ Kevin C. Wei Name: Kevin C. Wei	Chief Financial Officer	December 11, 2006
/s/ Ru Cai Name: Ru Cai	Principal Accounting Officer	December 11, 2006

Signature of Authorized Representative in the United States

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Solarfun Power Holdings Co., Ltd., has signed this registration statement or amendment thereto in Newark, Delaware, on December 11, 2006.

Puglisi & Associates

By: /s/ Donald J. Puglisi

Name: Donald J. Puglisi
Title: Managing Director

SOLARFUN POWER HOLDINGS CO., LTD.

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement
3.1	Memorandum and Articles of Association of the Registrant, as currently in effect.
3.2	Form of Amended and Restated Memorandum and Articles of Association of the Registrant.
4.1	Form of American Depositary Receipt (included in Exhibit 4.3).
4.2	Registrant's Specimen Certificate for ordinary shares.
4.3	Form of Deposit Agreement, dated as of , among the Registrant, the depositary and owners and holders of the American Depositary Shares.(1)
4.4	Share Purchase Agreement, dated as of June 6, 2006, in respect of the issue of series A convertible preference shares of the Registrant.
4.5	Shareholders Agreement, dated as of June 27, 2006, among the Registrant and other parties therein.
4.6	Registration Rights Agreement, dated as of June 27, 2006, among the Registrant and other parties therein.
4.7	Agreement Concerning the Limitations on Post-IPO Sale of Shares, dated June 20, 2006, among certain holders of ordinary shares.
5.1	Opinion of Maples and Calder, Cayman Islands counsel to the Registrant, regarding the validity of the ordinary shares being registered.
8.1	Opinion of Maples and Calder regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2	Opinion of Shearman & Sterling LLP, United States counsel to the Registrant, regarding certain U.S. tax matters.
10.1	2006 Share Incentive Plan.
10.2	Form of Employment Agreement between the Registrant and a Senior Executive Officer of the Registrant.
10.3	Silicon Supply Agreement, dated as of November 11, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Jiangxi LDK Solar Hi-Tech Co., Ltd.
10.4	Silicon Supply Cooperation Agreement, dated as of November 14, 2006, between Jiangsu Linyang Solarfun Co., Ltd and Jiangxi LDK Solar Hi-Tech Co., Ltd.
10.5	Silicon Supply Agreement, dated as of July 6, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and ReneSola Co., Ltd.
10.6	Silicon Supply Agreement, dated as of March 26, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and ReneSola Co., Ltd.
10.7	Silicon Supply Agreement, dated as of October 8, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and E-mei Semiconductor Material Factory.
10.8	Silicon Supply Agreement, dated as of June 2, 2006, and Amendments No. 1, No. 2 and No. 3 thereto, dated as of June 9, 2006, October 8, 2006 and November 17, 2006, respectively, between Jiangsu Linyang Solarfun Co., Ltd. and E-mei Semiconductor Material Factory.
10.9	Sales Agreement, dated as of June 10, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Social Capital, S.L.
10.10	Sales Contract, dated as of November 19, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Scatec AS

Exhibit Number	Description of Document
10.11	Sales Contract, dated as of November 19, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Scatec AS
10.12	Agreement of Transfer of Land Use Rights, dated as of April 8, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Qidong Huahong Electronics Co., Ltd.
10.13	Summary of Share Transfer Agreements, dated May 27, 2006 and effective as of June 2, 2006, between Linyang Solar Power Investment Holding Ltd. and the shareholders of Jiangsu Linyang Solarfun Co., Ltd.
10.14	Share Transfer Agreement, dated June 9, 2006, among Linyang Solar Power Investment Holding Ltd. and various other parties.
10.15	Share Issue and Transfer Agreement, dated June 12, 2006, among Solarfun Power Holdings Co., Ltd., Linyang Solar Power Investment Holding Ltd. and various other parties.
10.16	Deed of Share Transfer, effective as of July 15, 2006, among Linyang Solar Power Investment Holding Ltd. and various other parties.
10.17	Management Consulting Service Agreement, dated as of November 18, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Hony Capital II, L.P.
10.18	Bid Invitation and Letter of Acceptance for Shanghai Chongming Qianwei Village 960kW Solar PV Power Generation Model Project, dated September 28, 2006 and November 9, 2006, respectively.
10.19	Letter of Acceptance for Suyuan Group 74kW On-Grid Application System Project, dated September 12, 2006.
10.20	Contract between Jiangsu Linyang Solarfun Co., Ltd. and ISC Konstanz, dated September 5, 2006.
10.21	Entrusted Loan Contract, dated as of October 13, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.22	Entrusted Loan Contract, dated as of October 18, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.23	Entrusted Loan Contract, dated as of October 25, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.24	Entrusted Loan Contract, dated as of November 20, 2006, among Jiangsu Linyang Electronics Co., Ltd., Bank of China Co., Ltd., Qidong Subbranch and Jiangsu Linyang Solarfun Co., Ltd.
10.25	Silicon Purchase Agreement, dated as of May 15, 2005, between Jiangsu Linyang Solarfun Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd.
10.26	Silicon Purchase Agreement, dated as of January 12, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd.
10.27	Silicon Purchase Agreement, dated as of July 2, 2006, between Jiangsu Linyang Solarfun Co., Ltd. and Huaerli (Nantong) Electronics Co., Ltd.
21.1	Subsidiaries of the Registrant.
23.1	Consent of Ernst & Young Hua Ming, Independent Registered Public Accounting Firm.
23.2	Consent of Maples and Calder (included in Exhibit 5.1).
23.3	Consent of Shearman & Sterling LLP (included in Exhibit 8.2).
23.4	Consent of Censere Holdings Limited, Independent Appraiser to the Registrant.
23.5	Consent of Grandall Legal Group, PRC counsel to the Registrant.

Exhibit Number	Description of Document
24.1	Powers of Attorney (included on signature page).
99.1	Code of Business Conduct and Ethics of the Registrant.

(1) Incorporated by reference to the Registration Statement on Form F-6 (file No. 333-) filed with the SEC with respect to American depositary shares representing ordinary shares.

Exhibit 1.1

SOLARFUN POWER HOLDINGS CO., LTD.

[-] AMERICAN DEPOSITARY SHARES

REPRESENTING

[-] ORDINARY SHARES

(PAR VALUE US$0.0001 PER SHARE)

UNDERWRITING AGREEMENT

_____, 2006

Goldman Sachs (Asia) L.L.C.,
68th Floor, Cheung Kong Center,
2 Queen's Road Central,
Hong Kong

As Representative of the several Underwriters named in Schedule I attached hereto.

Ladies and Gentlemen:

Solarfun Power Holdings Co., Ltd., an exempted company incorporated in the Cayman Islands (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Underwriters named in Schedule I attached hereto (the "Underwriters") an aggregate of _____ American Depositary Shares representing _____ ordinary shares, par value US$0.0001 per share (the "Ordinary Shares"), of the Company and, at the election of the Underwriters, up to _____ additional American Depositary Shares representing _____ Ordinary Shares, and the shareholders of the Company named in Schedule II attached hereto (the "Selling Shareholders") propose, subject to the terms and conditions stated herein, to sell to the Underwriters an aggregate of _____ American Depositary Shares representing _____ Ordinary Shares and, at the election of the Underwriters, up to _____ additional American Depositary Shares representing _____ Ordinary Shares. The aggregate of _____ American Depositary Shares representing _____ Ordinary Shares to be sold by the Company and the Selling Shareholders is herein called the "Firm ADSs", and the aggregate of _____ American Depositary Shares representing _____ additional Ordinary Shares to be sold by the Company and the Selling Shareholders is herein called the "Optional ADSs". The Firm ADSs and the Optional ADSs that the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "ADSs". The Ordinary Shares represented by the Firm ADSs are hereinafter called the "Firm Shares" and the Ordinary Shares represented by the Optional ADSs are hereinafter called the "Optional Shares", and the Firm Shares and the Optional Shares are herein collectively called the "Shares".

The ADSs are to be issued pursuant to a deposit agreement (the "Deposit Agreement"), to be dated as of _____, 2006, among the Company, The Bank of New York, as depositary (the

"Depositary"), and holders from time to time of the American Depositary Receipts (the "ADRs") issued by the Depositary and evidencing the ADSs. Each ADS will initially represent the right to receive _____ Ordinary Shares deposited pursuant to the Deposit Agreement.

[The Company hereby acknowledges that, in connection with the proposed offering of the ADSs, it has requested the Representative to administer a directed share program (the "Directed Share Program") under which up to _____ Firm ADSs, or [o]% of the Firm ADSs to be purchased by the Underwriters (the "Reserved ADSs"), shall be reserved for sale by the Representative at the initial public offering price to the Company's officers, directors, employees and consultants and other persons having a relationship with the Company as designated by the Company (the "Directed Share Participants") as part of the distribution of the ADSs by the Underwriters, subject to the terms of this Agreement, the applicable rules, regulations and interpretations of the National Association of Securities Dealers, Inc. (the "NASD") and all other applicable laws, rules and regulations. The number of ADSs available for sale to the general public will be reduced to the extent that Directed Share Participants purchase Reserved ADSs. The Underwriters may offer any Reserved ADSs not purchased by Directed Share Participants to the general public on the same basis as the other ADSs being issued and sold hereunder. The Company has supplied the Representative with the names, addresses and telephone numbers of the individuals or other entities which the Company has designated to be participants in the Directed Share Program. It is understood that any number of those so designated to participate in the Directed Share Program may decline to do so.]

It is understood by all the parties that the Underwriters are offering ADSs in the United States and internationally outside of the People's Republic of China (the "PRC"), which, for purposes of this Agreement only, excludes Taiwan, The Hong Kong Special Administrative Region and The Macau Special Administrative Region.

Two forms of prospectus are to be used in connection with the offering and sale of ADSs contemplated by the foregoing, one relating to the ADSs offered or sold within the United States (the "U.S. Prospectus") and one relating to the ADSs offered or sold outside the United States (the "International Prospectus"). The U.S. Prospectus will be identical to the International Prospectus except for certain substitute pages, and copies of these prospectuses have been provided to you. References herein to any "Prospectus" or "Preliminary Prospectus" (each as defined below), whether as amended or supplemented, shall include both the U.S. Prospectus and the International Prospectus.

1. (a) The Company and each of the Selling Shareholders, jointly and severally, represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement on Form F-1 (File No. 333-_____) (the "Initial Registration Statement") in respect of the Shares has been filed with the U.S. Securities and Exchange Commission (the "Commission"); the Initial Registration Statement and any post-effective amendment thereto, each in the form heretofore delivered to you, and, excluding exhibits thereto, to you for each of the other Underwriters, have been declared effective by the Commission in such form; other than a registration statement, if any, increasing the size of the offering (a "Rule 462 (b) Registration Statement"), filed pursuant to Rule 462(b) under the U.S. Securities Act of 1933, as amended (the "Act"), which became or will become effective upon filing, no other document with respect to the Initial Registration Statement has heretofore been filed with the Commission; and no stop order suspending the effectiveness of the Initial Registration Statement, any post-effective amendment thereto or the Rule 462(b) Registration Statement, if any, has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any

preliminary prospectus included in the Initial Registration Statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Act is hereinafter called a "Preliminary Prospectus"; the various parts of the Initial Registration Statement and the Rule 462(b) Registration Statement, if any, including all exhibits thereto and including the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the Initial Registration Statement at the time it was declared effective, each as amended at the time such part of the Initial Registration Statement became effective or such part of the Rule 462(b) Registration Statement, if any, became or hereafter becomes effective, are hereinafter collectively called the "Registration Statement"; the Preliminary Prospectus relating to the Shares and the ADSs that was included in the Registration Statement immediately prior to the Applicable Time (as defined in Section 1(iii) hereof) is hereinafter called the "Pricing Prospectus"; such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, is hereinafter called the "Prospectus"; and any "issuer free writing prospectus" as defined in Rule 433 under the Act relating to the Shares and the ADSs is hereinafter called an "Issuer Free Writing Prospectus");

(ii) No order preventing or suspending the use of any Preliminary Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

(iii) For the purposes of this Agreement, the "Applicable Time" is ___:___ __m (New York City time) on the date of this Agreement; the Pricing Prospectus as supplemented by those Issuer Free Writing Prospectuses and other documents listed in Schedule III attached hereto, taken together (collectively, the "Pricing Disclosure Package"), as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and each Issuer Free Writing Prospectus listed in Schedule III attached hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus and each such Issuer Free Writing Prospectus, as supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time, did not include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in an Issuer Free Writing Prospectus in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

(iv) The Registration Statement conforms, and the Prospectus and any further amendments or supplements to the Registration Statement or the Prospectus will conform, in all material respects to the requirements of the Act and the rules and regulations of the

Commission thereunder and do not and will not, as of the applicable effective date as to the Registration Statement and any amendment thereto and as of the applicable filing date as to the Prospectus and any amendment or supplement thereto, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein;

(v) A registration statement on Form F-6 (File No. 333-_____) in respect of the ADSs has been filed with the Commission; such registration statement in the form heretofore delivered to you and, excluding exhibits, to you for each of the other Underwriters, has been declared effective by the Commission in such form; no other document with respect to such registration statement has heretofore been filed with the Commission; no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (the various parts of such registration statement, including all exhibits thereto, each as amended at the time such part of the registration statement became effective, being hereinafter called the "ADS Registration Statement"); and the ADS Registration Statement when it became effective conformed, and any further amendments thereto will conform, in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not, as of the applicable effective date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(vi) A registration statement on Form 8-A (File No. 000-_____) in respect of the registration of the Shares and the ADSs under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), has been filed with the Commission; such registration statement in the form heretofore delivered to you and, excluding exhibits, to you for each of the other Underwriters, has been declared effective by the Commission in such form; no other document with respect to such registration statement has heretofore been filed with the Commission; no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (the various parts of such registration statement, including all exhibits thereto, each as amended at the time such part of the registration statement became effective, being hereinafter called the "Form 8-A Registration Statement"); and the Form 8-A Registration Statement when it became effective conformed, and any further amendments thereto will conform, in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder, and did not and will not, as of the applicable effective date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(vii) Neither the Company nor any of its subsidiaries has sustained since the date of the latest audited financial statements included in the Pricing Prospectus any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus; and, since the respective dates as of which information is given in the Registration Statement and the Pricing Prospectus, there has not been any change in the

capital stock, short-term debt or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity, results of operations or prospects of the Company or any of its subsidiaries (a "Material Adverse Effect"), otherwise than as set forth or contemplated in the Pricing Prospectus;

(viii) Each of the Company and its subsidiaries has good and marketable title to all real property and good and marketable title to all personal property owned by it, in each case, free and clear of all liens, encumbrances and defects except such as are described in the Pricing Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by each of the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries;

(ix) The Company and its subsidiaries maintain insurance covering their respective properties, operations, product liabilities, personnel and businesses as the Company reasonably deems adequate; such insurance insures against such losses and risks to an extent which is adequate in accordance with customary industry practice to protect the Company and its subsidiaries and their respective businesses; all such insurance is fully in force on the date hereof and will be fully in force at the time of purchase and each additional time of purchase, if any; neither the Company nor any of its subsidiaries has reason to believe that it will not be able to renew any such insurance as and when such insurance expires; and there is no material insurance claim made by or against the Company or any of its subsidiaries, pending, threatened or outstanding and no facts or circumstances exist which would reasonably be expected to give rise to any such claim and all due premiums in respect thereof have been paid;

(x) The Company has been duly incorporated and is validly existing as a company in good standing under the laws of the Cayman Islands, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; and each of its subsidiaries has been duly incorporated and is validly existing and in good standing (where applicable) under the laws of its jurisdiction of incorporation, with power and authority (corporate or other) to own, lease and operate its properties and conduct its business as described in the Pricing Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction;

(xi) Neither the Company nor any of its subsidiaries has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Pricing Prospectus, the Prospectus or any

Issuer Free Writing Prospectus, or referred to or described in, or filed as an exhibit to, the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any of its subsidiaries or any other party to any such contract or agreement;

(xii) Each of the Company and its subsidiaries has all necessary licenses, franchises, concessions, consents, authorizations, approvals, orders, certificates and permits of and from, and has made all necessary declarations and filings with, all governmental agencies to own, lease, license and use its properties, assets and conduct its business in the manner described in the Pricing Prospectus, and such licenses, franchises, concessions, consents, authorizations, approvals, orders, certificates or permits contain no material restrictions or conditions not described in the Pricing Prospectus; and except as described in the Pricing Prospectus, neither the Company nor any of its subsidiaries has a reasonable basis to believe that any regulatory body is considering modifying, suspending or revoking any such licenses, consents, authorizations, approvals, orders, certificates or permits, and the Company and its subsidiaries are in compliance with the provisions of all such licenses, consents, authorizations, approvals, orders, certificates or permits, except where any non-compliance would not, individually or in the aggregate, have a Material Adverse Effect;

(xiii) Neither the Company nor any of its subsidiaries is (A) in breach of or in default under any laws, regulations, rules, orders, decrees, guidelines or notices of the PRC, the Cayman Islands, the British Virgin Islands (the "BVI") or any other jurisdiction where it was incorporated or operates, (B) in breach of or in default under any approval, consent, waiver, authorization, exemption, permission, endorsement or license granted by any court or governmental agency or body of any stock exchange authorities ("Governmental Agency") in the PRC, the Cayman Islands, the BVI or any other jurisdiction where it was incorporated or operates, (C) in violation of its constituent documents or (D) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except, with respect to (D), where any default would not, individually or in the aggregate, have a Material Adverse Effect;

(xiv) The Company has an authorized and paid-in capitalization as set forth in the Pricing Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and all of the issued Ordinary Shares conform in all material respects to the description of the Ordinary Shares contained in the Pricing Disclosing Package and the Prospectus; all of the issued shares of capital stock of each of the subsidiaries of the Company have been duly and validly authorized and issued, and are fully paid and non-assessable; all of the issued shares of capital stock of each of the subsidiaries except as otherwise set forth in the Pricing Prospectus) are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims; the holders of outstanding Ordinary Shares are not entitled to preemptive or other rights to acquire the Shares or the ADSs; there are no outstanding securities convertible into or exchangeable for, or warrants, rights or options to purchase from the Company, or obligations of the Company to issue, Ordinary Shares or any other class of capital stock of the Company except as set forth in the Pricing Prospectus under the captions "Capitalization", "Management -- 2006 Equity Incentive Plan" and "Related Party Transactions"; the Shares, when issued and delivered against

payment therefor, may be freely deposited by the Company and the Selling Shareholders with the Depositary against issuance of ADRs evidencing ADSs; the ADSs, when issued and delivered against payment therefor, will be freely transferable by the Company and the Selling Shareholders to or for the account of the several Underwriters and (to the extent described in the Pricing Prospectus) the initial purchasers thereof; and there are no restrictions on subsequent transfers of the ADSs under the laws of the Cayman Islands, the PRC or the United States except as described in the Pricing Prospectus under the captions "Description of Share Capital", "Description of American Depositary Shares" and "Shares Eligible for Future Sale";

(xv) Except as described in the Registration Statement (excluding the exhibits thereto), the Pricing Prospectus and the Prospectus, (A) no person has any preemptive rights, resale rights, rights of first refusal or other rights to purchase any Ordinary Shares or shares of any other capital stock of or other equity interests in the Company and (B) no person has the right to act as an underwriter or as a financial advisor to the Company in connection with the offer and sale of the ADSs;

(xvi) The Shares to be issued underlying the ADSs to be sold by the Company to the Underwriters hereunder have been duly and validly authorized and, when issued and delivered against payment therefor as provided herein, will be duly and validly issued and fully paid and non-assessable and will conform in all material respects to the description of the Ordinary Shares contained in the Prospectus;

(xvii) All of the Ordinary Shares issuable upon the mandatory conversion of the outstanding Series A Convertible Preference Shares (the "Preferred Stock") as described in the Pricing Prospectus have been duly authorized and reserved for issuance; and, prior to or concurrently with the First Time of Delivery (as defined in Section 4 hereof), all of the shares of Preferred Stock will be converted into Ordinary Shares and all such Ordinary Shares will be duly authorized, validly issued and fully paid and non-assessable;

(xviii) Except as disclosed in the Pricing Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement, the ADS Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act;

(xix) This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(xx) The Deposit Agreement has been duly authorized and, when executed and delivered by the Company and the Depositary, will constitute a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; upon issuance by the Depositary of ADRs evidencing ADSs and the deposit of Shares in respect

thereof in accordance with the provisions of the Deposit Agreement, such ADRs will be duly and validly issued and the persons in whose names the ADRs are registered will be entitled to the rights specified therein and in the Deposit Agreement; and the Deposit Agreement and the ADRs conform in all material respects to the descriptions thereof contained in the Prospectus under the caption "Description of American Depositary Shares";

(xxi) All dividends and other distributions declared and payable on the shares of capital stock of the Company may under the current laws and regulations of the Cayman Islands be paid to the Depositary, and all such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of the Cayman Islands and are otherwise free and clear of any other tax, withholding or deduction in the Cayman Islands and without the necessity of obtaining any consents, approvals, authorizations, orders, registrations, clearances or qualifications of or with any Governmental Agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties (hereinafter referred to as "Governmental Authorizations") in the Cayman Islands;

(xxii) All dividends and other distributions declared and payable on the shares of capital stock of Linyang Solar Power Investment Holding Ltd ("Linyang BVI") may under the current laws and regulations of the BVI be paid to the Company, and all such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of the BVI and are otherwise free and clear of any other tax, withholding or deduction in the BVI and without the necessity of obtaining any Governmental Authorization in the BVI;

(xxiii) Except as disclosed in the Pricing Prospectus, dividends declared with respect to after tax retained earnings on the shares of capital stock of Jiangsu Linyang Solarfun Co., Ltd. ("Jiangsu Linyang") may under the current laws and regulations of the PRC be paid to Linyang BVI in U.S. dollars, subject to the successful completion of procedures required by the relevant PRC laws and regulations on foreign exchange for such remittances and all such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of the PRC and are otherwise free and clear of any other tax, withholding or deduction in the PRC, and without the necessity of obtaining any Governmental Authorization in the PRC;

(xxiv) The issue and sale of the Shares to be sold by the Company hereunder and the deposit of the Shares being deposited with the Depositary against issuance of the ADRs evidencing the ADSs and the compliance by the Company with all of the provisions of this Agreement and the Deposit Agreement and the consummation of the transactions herein and therein contemplated will not (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject, (B) result in any violation of the provisions of the constituent documents of the Company or any of its subsidiaries or (C) result in any violation of any statute or any order, rule or regulation of any Governmental Agency having jurisdiction over the Company or any of its subsidiaries or any of their properties or assets, except, with respect to (A), where any

conflict, breach or violation, would not, individually or in the aggregate, have a Material Adverse Effect;

(xxv) No consent, approval, authorization, order, registration, clearance or qualification of or with any Governmental Agency is required for the issue and sale of the Shares or the ADSs, for the deposit of the Shares being deposited with the Depositary against issuance of ADRs evidencing the ADSs to be delivered or the consummation by the Company of the transactions contemplated by this Agreement and the Deposit Agreement, except (A) the registration under the Act of the Shares and the ADSs and listing of the Shares and the ADSs on the National Association of Securities Dealers Automated Quotations Global Market System ("Nasdaq"), (B) such Governmental Authorizations as have been duly obtained and are in full force and effect and copies of which have been furnished to you and
(C) such Governmental Authorizations as may be required under state securities or Blue Sky laws or any laws of jurisdictions outside the Cayman Islands, the BVI and the United States in connection with the purchase and distribution of the Shares and ADSs by or for the respective accounts of the several Underwriters;

(xxvi) ADSs have been approved for quotation on Nasdaq, subject to notice of issuance;

(xxvii) Neither the Company nor any of its subsidiaries is engaged in any trading activities involving commodity contracts or other trading contracts which are not currently traded on a securities or commodities exchange and for which the market value cannot be determined;

(xxviii) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Underwriters to the government of the Cayman Islands, the BVI or the PRC, or any political subdivision or taxing authority thereof or therein in connection with: (A) the deposit with the Depositary of the Shares by the Company and Selling Shareholders against the issuance of ADRs evidencing the ADSs, (B) the sale and delivery by the Company and Selling Shareholders of the Shares and the ADSs to or for the respective accounts of the several Underwriters or (C) the sale and delivery by the Underwriters of the Shares and the ADSs to the initial purchasers thereof in the manner contemplated by this Agreement;

(xxix) Neither the Company nor any of its subsidiaries has taken, directly or indirectly, any action which was designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares and the ADSs;

(xxx) The statements set forth in the Pricing Prospectus under the captions "Description of Share Capital" and "Description of American Depositary Shares", insofar as they purport to constitute a summary of the terms of the Ordinary Shares and the ADSs, respectively, and under the captions "Taxation" and "Underwriting", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair in all material respects;

(xxxi) Other than as set forth in the Pricing Prospectus, there are no legal, arbitration or governmental proceedings pending to which the Company or any of its

subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject (A) that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect; or (B) that are required to be described in the Registration Statement or the Pricing Prospectus and are not so described; and except as set forth in the Pricing Prospectus, to the best of the Company's knowledge after due inquiry, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(xxxii) The Company is not and, after giving effect to the offering and sale of the Shares and ADSs and the application of the proceeds thereof, will not be an "investment company", as such term is defined in the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act");

(xxxiii) Each of this Agreement and the Deposit Agreement is in proper form to be enforceable against the Company in the Cayman Islands in accordance with its terms; to ensure the legality, validity, enforceability or admissibility into evidence in the Cayman Islands of this Agreement or the Deposit Agreement, it is not necessary that this Agreement or the Deposit Agreement be filed or recorded with any court or other authority in the Cayman Islands or that any stamp or similar tax in the Cayman Islands be paid on or in respect of this Agreement, the Deposit Agreement or any other documents to be furnished hereunder;

(xxxiv) The Registration Statement, the Pricing Prospectus, the Prospectus, any Issuer Free writing Prospectus and the ADS Registration Statement and the filing of the Registration Statement, the Pricing Prospectus, the Prospectus, any Issuer Free Writing Prospectus and the ADS Registration Statement with the Commission have been duly authorized by and on behalf of the Company, and the Registration Statement and the ADS Registration Statement have been duly executed pursuant to such authorization by and on behalf of the Company;

(xxxv) In each case, (A) each of the Company and its subsidiaries owns, possesses, licenses or has other rights to use the patents and patent applications, copyrights, trademarks, service marks, trade names, Internet domain names, technology, know-how (including trade secrets and other unpatented and/or unpatentable proprietary rights) and other intellectual property necessary or used in any material respect to conduct its business in the manner in which it is being conducted and in the manner in which it is contemplated as set forth in the Pricing Prospectus (collectively, the "Intellectual Property"); (B) none of the material copyrights owned or licensed by the Company or any of its subsidiaries is unenforceable or invalid; (C) neither the Company nor any of its subsidiaries has received any notice of violation or conflict with (and neither the Company nor any of its subsidiaries knows of any basis for violation or conflict with) rights of others with respect to the Intellectual Property; (D) there are no pending or threatened actions, suits, proceedings or claims by others that allege the Company or any of its subsidiaries is infringing any patent, trade secret, trademark, service mark, copyright or other intellectual property or proprietary right, except where such actions, suits, proceedings or claims would not, individually or in the aggregate, have a Material Adverse Effect; (E) the discoveries, inventions, products or processes of the Company and its subsidiaries referenced in the Pricing Prospectus do not violate or conflict with any intellectual property or proprietary right of any third person, or any discovery, invention, product or process that is the subject of a patent application filed by any third person; and (F) the Company and its subsidiaries

are not in breach of, and have complied in all material respects with all terms of, any license or other agreement relating to the Intellectual Property; to the extent any Intellectual Property is sublicensed to the Company or any of its subsidiaries by a third party, such sublicensed rights shall continue in full force and effect if the principal third party license terminates for any reason; and there are no contracts or other documents related to the Intellectual Property required to be described in or filed as an exhibit to the Registration Statement other than those described in or filed as an exhibit to the Registration Statement;

(xxxvi) The Company does not expect to be a Passive Foreign Investment Company ("PFIC") within the meaning of Section 1297(a) of the United States Internal Revenue Code of 1986, as amended, for the taxable year 2006, and will use its best efforts not to take any action that would result in the Company becoming a PFIC in the future;

(xxxvii) Except as set forth in the Registration Statement and the Pricing Prospectus, the Company has not sold, issued or distributed any shares during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A, Regulation D or Regulation S promulgated under the Act, other than shares issued pursuant to employee benefit plans, qualified share option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants;

(xxxviii) The Company is a "foreign private issuer" within the meaning of Rule 405 under the Act;

(xxxix) Ernst & Young Hua Ming, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants of the Company as required by the Act and the rules and regulations of the Commission thereunder and are independent in accordance with the requirements of the United States Public Company Accounting Oversight Board;

(xl) Except as disclosed in the Pricing Prospectus, no material indebtedness (actual or contingent) and no material contract or arrangement is outstanding between the Company or any of its subsidiaries and any director or executive officer of the Company or any of its subsidiaries or any person connected with such director or executive officer (including his/her spouse, infant children, any company or undertaking in which he/she holds a controlling interest); and there are no material relationships or transactions between the Company or any of its subsidiaries on the one hand and its affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which, although required to be disclosed, are not disclosed in the Pricing Prospectus;

(xli) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that: (A) transactions are executed in accordance with management's general or specific authorizations; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States ("US GAAP"); (C) access to assets is permitted only in accordance with management's general or specific authorization; (D) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate actions are taken with respect to any differences; and (E) the Company has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity;

(xlii) The Company has established and maintains and evaluates "disclosure controls and procedures" (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act) and "internal control over financial reporting" (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company, including its subsidiaries, is made known to the Company's chief executive officer and chief financial officer by others within those entities, and such disclosure controls and procedures are effective to perform the functions for which they were established; the Company's independent auditors and the Audit Committee of the Board of Directors of the Company have been advised of: (A) all significant deficiencies, if any, in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data; and (B) all fraud, if any, whether or not material, that involves management or other employees who have a role in the Company's internal controls; all material weaknesses, if any, in internal controls have been identified to the Company's independent auditors; such internal control over financial reporting has been designed by the Company's chief executive officer and chief financial officer, or under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US GAAP; since the date of the most recent evaluation of such disclosure controls and procedures and internal controls, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses; and the Company has taken all necessary actions to ensure that, upon and at all times after the filing of the Registration Statement, the Company and its subsidiaries and their respective officers and directors, in their capacities as such, will be in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and the rules and regulations promulgated thereunder;

(xliii) Neither of the Company nor any of its subsidiaries has any material obligation to provide retirement, healthcare, death or disability benefits to any of the present or past employees of the Company or any of its subsidiaries, or to any other person;

(xliv) No material labor dispute, work stoppage, slow down or other conflict with the employees of the Company or any of its subsidiaries exists or is threatened;

(xlv) The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Critical Accounting Policies and Estimates" in the Pricing Prospectus truly, accurately and completely in all material respects describes: (A) accounting policies which the Company believes are the most important in the portrayal of the Company's financial condition and results of operations and which require management's most difficult, subjective or complex judgments ("Critical Accounting Policies"); (B) judgments and uncertainties affecting the application of Critical Accounting Policies; and (C) the likelihood that materially different amounts would be reported under different conditions or using different assumptions; and the Company's Board of Directors and management have reviewed and agreed with the selection, application and disclosure of Critical Accounting Policies and have consulted with its legal counsel and independent accountants with regard to such disclosure;

(xlvi) Since the date of the latest audited financial statements included in the Pricing Prospectus, neither of the Company nor any of its subsidiaries has: (A) entered into or assumed any contract, (B) incurred or agreed to incur any liability (including any contingent liability) or other obligation, (C) acquired or disposed of or agreed to acquire or dispose of any business or any other asset or (D) assumed or acquired or agreed to assume or acquire any liabilities
(including contingent liabilities), that would, in any of clauses (A) through (D) above, be material to the Company and its subsidiaries and that are not otherwise described in the Pricing Prospectus;

(xlvii) The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" in the Pricing Prospectus accurately and fully describes: (A) all material trends, demands, commitments, events, uncertainties and risks, and the potential effects thereof, that the Company believes would materially affect liquidity and are reasonably likely to occur; and (B) all off-balance sheet transactions, arrangements, and obligations, including, without limitation, relationships with unconsolidated entities that are contractually limited to narrow activities that facilitate the transfer of or access to assets by the Company or any of its subsidiaries, such as structured finance entities and special purpose entities (collectively, "off-balance sheet arrangements") that are reasonably likely to have a material effect on the liquidity of the Company or any of its subsidiaries or the availability thereof or the requirements of the Company or any of its subsidiaries for capital resources;

(xlviii) No holder of any of the Shares or the ADSs after the consummation of the transactions contemplated by this Agreement or the Deposit Agreement is or will be subject to any personal liability in respect of any liability of the Company by virtue only of its holding of any such Shares or ADSs; and except as set forth in the Pricing Prospectus, there are no limitations on the rights of holders of the Shares or the ADSs to hold, vote or transfer their securities;

(xlix) The audited consolidated financial statements (and the notes thereto) of the Company included in the Pricing Prospectus fairly present in all material respects the consolidated financial position of the Company as of the dates specified and the consolidated results of operations and changes in consolidated financial position of the Company for the periods specified, and such financial statements have been prepared in conformity with US GAAP applied on a consistent basis throughout the periods presented (other than as described therein); the summary and selected consolidated financial data and the preliminary unaudited financial results for the [[o] months ended [o], 2006] included in the Pricing Prospectus present fairly the information shown therein and have been compiled on a basis consistent with that of the audited consolidated financial statements included therein, subject, in the case of the preliminary unaudited financial results, to the fact that such results are subject to completion of the Company's normal quarter-end closing procedures and review by the Company's independent accountants in accordance with Statement of Auditing Standards No. 100;

(l) Under the laws of the Cayman Islands, each holder of ADRs evidencing ADSs issued pursuant to the Deposit Agreement shall be entitled, subject to the Deposit Agreement, to seek enforcement of its rights through the Depositary or its nominee registered as representative of the holders of the ADRs in a direct suit, action or proceeding against the Company;

(li) All amounts payable by the Company in respect of the ADRs evidencing the ADSs or the underlying Shares shall be made free and clear of and without deduction for or on account of any taxes imposed, assessed or levied by the Cayman Islands or any authority thereof or therein (except such income taxes as may otherwise be imposed by the Cayman Islands on payments hereunder to an Underwriter whose net income is subject to tax by the Cayman Islands or withholding, if any, with respect to any such income tax) nor are any taxes imposed in the Cayman Islands on, or by virtue of the execution or delivery of, such documents;

(lii) All returns, reports or filings which ought to have been made by or in respect of the Company and its subsidiaries for taxation purposes as required by the law of the jurisdictions where the Company and its subsidiaries are incorporated, managed or engage in business have been made and all such returns are correct and on a proper basis in all material respects and are not the subject of any dispute with the relevant revenue or other appropriate authorities except as may be being contested in good faith and by appropriate proceedings; the provisions included in the audited consolidated financial statements as set out in the Pricing Prospectus included appropriate provisions required under US GAAP for all taxation in respect of accounting periods ended on or before the accounting reference date to which such audited accounts relate for which the Company was then or might reasonably be expected thereafter to become or have become liable; and neither the Company nor any of its subsidiaries has received notice of any tax deficiency with respect to the Company or any of its subsidiaries;

(liii) The Company has provided or made available to you true, correct, and complete copies of all documentation pertaining to any extension of credit in the form of a personal loan made, directly or indirectly, by the Company or any of its subsidiaries to any director or executive officer of the Company; and since [September 30, 2006], the Company has not, directly or indirectly, including through any of its subsidiaries: (A) extended credit, arranged to extend credit, or renewed any extension of credit, in the form of a personal loan, to or for any director or executive officer of the Company, or to or for any family member or affiliate of any director or executive officer of the Company; or (B) made any material modification, including any renewal thereof, to any term of any personal loan to any director or executive officer of the Company, or any family member or affiliate of any director or executive officer, which loan was outstanding on
[September 30, 2006], that (x) is outstanding on the date hereof and
(y) constitutes a violation of any applicable law or regulation;

(liv) Any statistical and market-related data included in the Pricing Prospectus and the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate, and the Company has obtained the written consent for the use of such data from such sources to the extent required;

(lv) The application of the net proceeds from the offering of ADSs, as described in the Prospectus, will not contravene any provision of any current and applicable laws or the current constituent documents of the Company or any of its subsidiaries or contravene the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument currently binding upon the Company or any of its subsidiaries or any Governmental Authorization applicable to any of the Company or any of its subsidiaries;

(lvi) There are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the issuance and sale of the ADSs;

(lvii) Under the laws of the Cayman Islands, the courts of the Cayman Islands will recognize and give effect to the choice of law provisions set forth in Section 15 hereof and enforce judgments of U.S. courts obtained against the Company to enforce this Agreement; under the laws of the PRC, the choice of law provisions set forth in
Section 15 hereof will be recognized by the courts of the PRC and any judgment obtained in any New York Court (as defined in Section 8(d) hereof) arising out of or in relation to the obligations of the Company under this Agreement will be recognized in PRC courts subject to the applicable provisions of the Civil Procedure Law of the PRC relating to the enforceability of foreign judgments;

(lviii) To the best knowledge of the Company after due inquiry, none of the Company, its subsidiaries, directors, officers, agents, employees or other persons associated with or acting on behalf of the Company or any of its subsidiaries, has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to a political activity, made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977; or made any unlawful bribe, payoff, influence payment, kickback, payment or rebate;

(lix) The descriptions of the events and transactions (the "Restructuring") set forth in the Pricing Prospectus under the caption "Our Corporate History and Structure" are accurate, complete and fair in all material respects;

(lx) The Restructuring does not (A) contravene any provision of applicable law or statute, rule or regulation of any Governmental Agency having jurisdiction over the Company or any of its subsidiaries or any of their properties (including but not limited to the Ministry of Commerce, the State Administration of Industry and Commerce and the State Administration of Foreign Exchange of the PRC), (B) contravene the articles of association, business license or other constituent documents of the Company or any of its subsidiaries, or (C) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any license, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject except, with respect to
(C), where any conflict, breach or violation would not, individually or in the aggregate, result in a Material Adverse Effect;

(lxi) All Governmental Authorizations required in connection with the Restructuring have been made or unconditionally obtained in writing, and no such Governmental Authorization has been withdrawn or is subject to any condition precedent which has not been fulfilled or performed;

(lxii) Each of the Company and its subsidiaries that were incorporated outside of the PRC has taken, or is in the process of taking, all reasonable steps to comply with, and to ensure compliance by each of its shareholders, option holders, directors, officers,

employees and [Directed Share Participants] that is, or is directly or indirectly owned or controlled by, a PRC resident or citizen with any applicable rules and regulations of the relevant PRC government agencies (including but not limited to the Ministry of Commerce, the National Development and Reform Commission and the State Administration of Foreign Exchange) relating to overseas investment by PRC residents and citizens or overseas listing by offshore special purpose vehicles controlled directly or indirectly by PRC companies and individuals, such as the Company (the "PRC Overseas Investment and Listing Regulations"), including, without limitation, requesting each shareholder, option holder, director, officer, employees [and Directed Share Participants] that is, or is directly or indirectly owned or controlled by, a PRC resident or citizen to complete any registration and other procedures required under applicable PRC Overseas Investment Regulations;

(lxiii) (i) None of the Company's subsidiaries, affiliates, employees, agents and directors and officers in the United States: (a) does any business with or involving the government of, or any person or project located in, any country targeted by any of the economic sanctions promulgated by any Executive Order issued by the President of the United States or administered by the United States Treasury Department's Office of Foreign Assets Control (the "OFAC"); or (b) supports or facilitates any such business or project, in each case other than as permitted under such economic sanctions; (ii) the Company is not controlled (within the meaning of the Executive Orders or regulations promulgating such economic sanctions or the laws authorizing such promulgation) by any such government or person; (iii) the proceeds from the offering of the ADSs contemplated hereby will not be used to fund any operations in, to finance any investments, projects or activities in, or to make any payments to, any country, or to make any payments to, or finance any activities with, any person targeted by any of such economic sanctions; and (iv) the Company maintains and has implemented adequate internal controls and procedures to monitor and audit transactions that are reasonably designed to detect and prevent any use of the proceeds from the offering of the ADSs contemplated hereby that is inconsistent with any of the Company's representations and obligations under clause (iii) of this paragraph;

(lxiv) The Company and its subsidiaries and their respective properties, assets and operations are in compliance with, and the Company and each of its subsidiaries hold all permits, authorizations and approvals required under Environmental Laws (as defined below); there are no past, present or reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any material costs or liabilities to the Company or any of its subsidiaries under, or to interfere with or prevent compliance by the Company or any of its subsidiaries with, Environmental Laws; none of the Company and its subsidiaries (A) is the subject of any investigation, (B) has received any notice or claim, (C) is a party to or affected by any pending or threatened action, suit or proceeding, (D) is bound by any judgment, decree or order or (E) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged release or threatened release or cleanup at any location of any Hazardous Materials (as defined below) (as used herein, "Environmental Law" means any national, provincial, municipal or other local or foreign law, statute, ordinance, rule, regulation, order, notice, directive, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, storage, disposal, transportation, other handling or release or

threatened release of Hazardous Materials, and "Hazardous Materials" means any material (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) that is regulated by or may give rise to liability under any Environmental Law);

(lxv) In the ordinary course of their business, the Company and each of its subsidiaries conduct periodic reviews of the effect of the Environmental Laws on their respective businesses, operations and properties, in the course of which they identify and evaluate associated costs and liabilities (including, without limitation, any capital or operating expenditures required for cleanup, closure of properties or compliance with the Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties);

(lxvi) Neither the Company nor any of its subsidiaries has entered into any memorandum of understanding, letter of intent, definitive agreement or any similar agreements with respect to a merger or consolidation or a material acquisition or disposition of assets, technologies, business units or businesses;

(lxvii) There are no affiliations or associations between (A) any member of the NASD and (B) the Company or any of the Company's officers, directors or 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date the Registration Statement was initially filed with the Commission, except as disclosed in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus, the Pricing Prospectus and the Prospectus;

(lxviii) The Registration Statement, each Preliminary Prospectus, the Pricing Prospectus, the Prospectus and each Issuer Free Writing Prospectus comply, and any further amendments or supplements thereto will comply, with any applicable laws or regulations of any jurisdiction in which any Preliminary Prospectus, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus is distributed in connection with the Directed Share Program; and no Governmental Authorization, other than those heretofore obtained, is required in connection with the offering of the Reserved ADSs in any jurisdiction where the Reserved ADSs are being offered;

(lxix) The Company has not offered, or caused the Underwriters to offer, ADSs to any person pursuant to the Directed Share Program with the intent to influence unlawfully (i) a customer or supplier of the Company or any of its subsidiaries to alter the customer's or supplier's level or type of business with the Company or any of its subsidiaries, or (ii) a trade journalist or publication to write or publish favorable information about the Company or any of its subsidiaries or any of their respective products or services;

(lxx) There are no business relationships or related-party transactions involving the Company or any of its subsidiaries or any other person required to be described in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus or the Prospectus which have not been described as required;

(lxxi) Each "forward-looking statement" (within the meaning of
Section 27A of the Act or Section 21E of the Exchange Act) contained in the Registration Statement, each Preliminary Prospectus, the Pricing Prospectus, the Prospectus and each Issuer Free

Writing Prospectus, if any, has been made or reaffirmed with a reasonable basis and in good faith;

[(lxxii) Each of the Company and each of the Company's directors that signed the Initial Registration Statement is aware of and has been advised as to the content of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "PRC Mergers and Acquisition Rules") jointly promulgated by the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Tax Administration, the State Administration of Industry and Commerce, the China Securities Regulatory Commission (the "CSRC") and the State Administration of Foreign Exchange of the PRC on August 8, 2006, including the relevant provisions thereof which purport to require offshore special purpose vehicles formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, to obtain the approval of the CSRC prior to the listing and trading of their securities on an overseas stock exchange; the Company has received legal advice specifically with respect to the PRC Mergers and Acquisitions Rules from its PRC counsel and the Company understands such legal advice; the Company has fully communicated such legal advice from its PRC counsel to each of its directors that signed the Initial Registration Statement and each director has confirmed that he or she understands such legal advice; each director of the Company that signed the Initial Registration Statement has received legal advice to his or her satisfaction with respect to the PRC Mergers and Acquisitions Rules and his or her fiduciary duties as a director of the Company in respect of the PRC Mergers and Acquisitions Rules from his or her PRC legal counsel or has declined to obtain such advice after being offered by the Company for the Company to bear the cost of any such advice; the Company and each director of the Company that signed the Initial Registration Statement understand the potential personal liability to which each director of the Company that signed the Initial Registration Statement and the executive officers of the Company may be subject in the event that the offering and sales of the Shares and ADSs as contemplated in this Agreement or the quotation and trading of the ADSs on Nasdaq were deemed not to be in compliance with the PRC Mergers and Acquisitions Rules;

(lxxiii) The issuance and sale of the Shares and the ADSs, the quotation and trading of the ADSs on Nasdaq or the consummation of the transactions contemplated by this Agreement, the Deposit Agreement and the Power of Attorney is not and will not be, as of the date hereof or at each Time of Delivery, adversely affected by the PRC Mergers and Acquisitions Rules or any official clarifications, guidance, interpretations or implementation rules in connection with or related to the PRC Mergers and Acquisitions Rules (collectively, the "PRC Mergers and Acquisitions Rules and Related Clarifications");

(lxxiv) As of the date of the Pricing Prospectus and as of the date hereof, the PRC Mergers and Acquisitions Rules did not and do not apply to the issuance and sale of the Shares and the ADSs, the quotation and trading of the ADSs on Nasdaq, or the consummation of the transactions contemplated by this Agreement, the Deposit Agreement and the Power of Attorney; and

(lxxv) The statements set forth in the Pricing Prospectus under the captions "Risk Factors -- Risks Related to Doing Business in China -- Our failure to obtain the prior approval of the China Securities Regulatory Commission, or the CSRC, of the listing and trading of our ADSs on the Nasdaq Global Market could significantly delay this offering or could have a material adverse effect on our business, operating results, reputation and

trading price of our ADSs, and may also create uncertainties for this offering", when taken together with the statements under "PRC Government Regulations -- Regulation of Overseas Listings", are fair and accurate summaries of the matters described therein, and nothing has been omitted from such summaries which would make the same misleading in any material respect.]

In addition, any certificate signed by any officer of the Company or any of its subsidiaries and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the ADSs shall be deemed to be a representation and warranty by the Company, as to matters covered thereby, to each of the Underwriters.

(b) Each of the Selling Shareholders severally represents and warrants as to and in respect of itself to, and agrees with, each of the Underwriters and the Company that:

(i) Such Selling Shareholder, if an entity, has been duly organized and is validly existing as a company or a limited partnership, as the case may be, in good standing in its jurisdiction of formation;

(ii) All Governmental Authorizations required for the deposit of the Shares being deposited by such Selling Shareholder with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered at each Time of Delivery (as defined in Section 4 hereof), for the sale and delivery of the ADSs to be sold by such Selling Shareholder hereunder and for the execution and delivery by such Selling Shareholder of this Agreement, the Power of Attorney and the Custody Agreement hereinafter referred to, and for the sale and delivery of the ADSs to be sold by such Selling Shareholder hereunder, have been obtained; and such Selling Shareholder has full right, power and authority to enter into this Agreement, the Power of Attorney and the Custody Agreement and to sell, assign, transfer and deliver the ADSs to be sold by such Selling Shareholder hereunder;

(iii) The sale of the ADSs to be sold by such Selling Shareholder hereunder, the deposit of the Shares by such Selling Shareholder with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered by such Selling Shareholder at each Time of Delivery and the compliance by such Selling Shareholder with all of the provisions of this Agreement, the Deposit Agreement, the Power of Attorney and the Custody Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which such Selling Shareholder is a party or by which such Selling Shareholder is bound, or to which any of the property or assets of such Selling Shareholder is subject, nor will such action result in any violation of the provisions of the constituent documents of such Selling Shareholder if such Selling Shareholder is a corporation, the partnership agreement of such Selling Shareholder if such Selling Shareholder is a partnership or any statute or any order, rule or regulation of any Governmental Agency having jurisdiction over such Selling Shareholder or the property of such Selling Shareholder;

(iv) There are no affiliations or associations between any member of the NASD and such Selling Shareholder, except as disclosed in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus, the Pricing Prospectus and the Prospectus; none of the proceeds received by such Selling Shareholder from the sale of

the Shares and ADSs to be sold by such Selling Shareholder hereunder will be paid to a member of the NASD or any affiliate of (or person "associated with," as such terms are used in the Rules of the NASD) such member;

(v) Such Selling Shareholder has, and immediately prior to each Time of Delivery such Selling Shareholder will have, good and valid title to the Shares to be represented by the ADSs to be sold by such Selling Shareholder hereunder at such Time of Delivery, free and clear of all liens, encumbrances, equities or claims; and, upon delivery of the ADSs representing such Shares and payment therefor pursuant hereto, good and valid title to such ADSs, free and clear of all liens, encumbrances, equities or claims, will pass to the several Underwriters;

(vi) Neither such Selling Shareholder nor any of its affiliates, nor any person acting on its or their behalf has taken or will take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or the ADSs;

(vii) The sale of the Shares to be sold by such Selling Shareholder pursuant to this Agreement is not prompted by any material information concerning the Company or any of its subsidiaries which is not set forth in the Registration Statement (excluding the exhibits thereto), each Preliminary Prospectus, the Pricing Prospectus and the Prospectus;

(viii) Such Selling Shareholder has not, prior to the execution of this Agreement, offered or sold any Shares by means of any "prospectus" (within the meaning of the Act), or used any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Shares and ADSs, in each case other than the then most recent Preliminary Prospectus;

(ix) The Registration Statement, any Preliminary Prospectus, the Pricing Prospectus and the Prospectus complied and, as then amended or supplemented, will comply with all applicable provisions of the Act and the rules and regulations of the Commission thereunder; the Registration Statement, as it relates to the Selling Shareholder, did not, as of its effective time, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; at no time during the period that begins on the earlier of the date of such Preliminary Prospectus and the date such Preliminary Prospectus was filed with the Commission and ends at the time of purchase did or will any Preliminary Prospectus, as then amended or supplemented, as such Preliminary Prospectus relates to such Selling Shareholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at no time during such period did or will any Preliminary Prospectus, as then amended or supplemented, together with any combination of one or more of the then issued Issuer Free Writing Prospectuses, if any, in each case as they relate to the Selling Shareholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and at no time during the period that begins on the earlier of the date of the Prospectus and the date the Prospectus is filed with the Commission and ends at the later of the time of purchase, the latest additional time of purchase, if any, and the end of the period during

which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of ADSs did or will the Prospectus, as then amended or supplemented, as the Prospectus relates to such Selling Shareholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and at no time during the period that begins on the date of such Issuer Free Writing Prospectus and ends at the time of purchase did or will any Issuer Free Writing Prospectus, as such Issuer Free Writing Prospectus relates to such Selling Shareholder, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(x) The ADSs to be sold by such Selling Shareholder, when issued and delivered against payment therefor, will be freely transferable by the Selling Shareholders to or for the account of the several Underwriters and (to the extent described in the Prospectus) the initial purchasers thereof; and there are no restrictions on subsequent transfers of such ADSs under the laws of the Cayman Islands, the PRC or the United States except as described in the Pricing Prospectus under the captions "Description of Share Capital", "Description of American Depositary Shares" and "Shares Eligible for Future Sale";

(xi) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Underwriters to the government of the Cayman Islands, the BVI or the PRC, or any political subdivision or taxing authority thereof or therein in connection with (A) the deposit with the Depositary of the Shares by such Selling Shareholder against the issuance of ADRs evidencing the ADSs to be sold by such Selling Shareholder, (B) the sale and delivery by such Selling Shareholder of the Shares and the ADSs to be sold by such Selling Shareholder to or for the respective accounts of the Underwriters or (C) the sale and delivery by the Underwriters of the Shares and such ADSs to the initial purchasers thereof;

(xii) All amounts payable by such Selling Shareholder under this Agreement shall be made free and clear of and without deduction for or on account of any taxes imposed, assessed or levied by the Cayman Islands, the BVI or the PRC or any authority thereof or therein, nor are any taxes imposed in the Cayman Islands, the BVI or the PRC on, or by virtue of the execution of this Agreement or the sale and delivery of the Shares and ADSs;

(xiii) This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Shareholder, and is enforceable against such Selling Shareholder in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; and to ensure the legality, validity, enforceability or admissibility into evidence in the Cayman Islands, the BVI or the PRC of this Agreement, it is not necessary that this Agreement be filed or recorded with any court or other authority in the Cayman Islands, the BVI or the PRC or that any stamp or similar tax in the Cayman Islands, the BVI or the PRC be paid on or in respect of this Agreement or any other documents to be furnished hereunder;

(xiv) Other than this Agreement, there are no contracts, agreements or understandings between such Selling Shareholder and any person that would give rise to a valid claim against such Selling Shareholder or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the offer and sale of the Shares and the ADSs;

(xv) In order to document the Underwriters' compliance with the reporting and withholding provisions of the Tax Equity and Fiscal Responsibility Act of 1982 with respect to the transactions herein contemplated, such Selling Shareholder will deliver to you prior to or at the First Time of Delivery (as hereinafter defined) a properly completed and executed United States Treasury Department Form W-8BEN (or other applicable form or statement specified by Treasury Department regulations in lieu thereof);

(xvi) Certificates in negotiable form representing all of the Shares and ADSs to be sold by such Selling Shareholder hereunder have been placed in custody under a Custody Agreement (the "Custody Agreement"), in the form heretofore furnished to you, duly executed and delivered by such Selling Shareholder to [Name of Custodian], as custodian (the "Custodian"), and such Selling Shareholder has duly executed and delivered a Power of Attorney (the "Power of Attorney"), in the form set forth in Annex I attached hereto, appointing the persons indicated in Schedule II attached hereto, and each of them, as such Selling Shareholder's attorneys-in-fact (the "Attorneys-in-Fact") with authority to execute and deliver this Agreement on behalf of such Selling Shareholder, to determine the purchase price to be paid by the Underwriters to the Selling Shareholders as provided in Section 2 hereof, to authorize the delivery of the Shares and ADSs to be sold by such Selling Shareholder hereunder and otherwise to act on behalf of such Selling Shareholder in connection with the transactions contemplated by this Agreement and the Custody Agreement;

(xvii) The Shares represented by the certificates held in custody for such Selling Shareholder under the Custody Agreement are subject to the interests of the Underwriters hereunder; the arrangements made by such Selling Shareholder for such custody, and the appointment by such Selling Shareholder of the Attorneys-in-Fact by the Power of Attorney, are to that extent irrevocable; the obligations of the Selling Shareholders hereunder shall not be terminated by operation of law, whether by the death or incapacity of any individual Selling Shareholder or, in the case of an estate or trust, by the death or incapacity of any executor or trustee or the termination of such estate or trust, or in the case of a partnership or corporation, by the dissolution of such partnership or corporation, or by the occurrence of any other event; if any individual Selling Shareholder or any such executor or trustee should die or become incapacitated, or if any such estate or trust should be terminated, or if any such partnership or corporation should be dissolved, or if any other such event should occur, before the delivery of the Shares and ADSs hereunder, certificates representing the Shares and ADSs shall be delivered by or on behalf of the Selling Shareholders in accordance with the terms and conditions of this Agreement and of the Custody Agreement; and actions taken by the Attorneys-in-Fact pursuant to the Powers of Attorney shall be as valid as if such death, incapacity, termination, dissolution or other event had not occurred, regardless of whether or not the Custodian, the Attorneys-in-Fact, or any of them, shall have received notice of such death, incapacity, termination, dissolution or other event; and

(xviii) (i) Neither such Selling Shareholder nor any of its subsidiaries, affiliates, employees, agents and directors and officers in the United States: (a) does any business with or involving the government of, or any person or project located in, any country targeted by any of the economic sanctions promulgated by any Executive Order issued by the President of the United States or administered by the OFAC; or (b) supports or facilitates any such business or project, in each case other than as permitted under such economic sanctions;
(ii) such Selling Shareholder is not controlled (within the meaning of the Executive Orders or regulations promulgating such economic sanctions or the laws authorizing such promulgation) by any such government or person; and (iii) the proceeds received by such Selling Shareholder from the sale of ADSs pursuant to this Agreement will not be used to fund any operations in, to finance any investments, projects or activities in, or to make any payments to, any country, or to make any payments to, or finance any activities with, any person targeted by any of such economic sanctions.

In addition, any certificate signed by any Selling Shareholders (or, with respect to any Selling Shareholder that is not an individual, any officer of such Selling Shareholder or of any of such Selling Shareholder's subsidiaries) or by any representative of the Selling Shareholders and delivered to the Underwriters or counsel for the Underwriters in connection with the offering of the ADSs shall be deemed to be a representation and warranty by such Selling Shareholder, as to matters covered thereby, to each of the Underwriters.

2. Subject to the terms and conditions herein set forth, (a) the Company and each Selling Shareholder agree, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company and each of the Selling Shareholders, at a purchase price per ADS of US$____, the number of Firm ADSs (to be adjusted by you so as to eliminate fractional shares) determined by multiplying the aggregate number of Firm ADSs to be sold by the Company and each of the Selling Shareholders as set forth opposite their respective names in Schedule II attached hereto by a fraction, the numerator of which is the aggregate number of Firm ADSs to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I attached hereto and the denominator of which is the aggregate number of Firm ADSs to be purchased by all of the Underwriters from the Company and all of the Selling Shareholders hereunder and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional ADSs as provided below, the Company and each Selling Shareholder agree, severally and not jointly, to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company and each of the Selling Shareholders, at the purchase price per ADS set forth in clause (a) of this Section 2, that portion of the number of Optional ADSs as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional ADSs by a fraction, the numerator of which is the maximum number of Optional ADSs which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I attached hereto and the denominator of which is the maximum number of Optional ADSs that all of the Underwriters are entitled to purchase hereunder.

The Company and each Selling Shareholder, as and to the extent indicated in Schedule II attached hereto, hereby grant, severally and not jointly, to the Underwriters the right to purchase at their election up to _____ Optional ADSs, at the purchase price per ADS set forth in the paragraph above, for the sole purpose of covering sales of shares in excess of the number of Firm ADSs. Any such election to purchase Optional ADSs shall be made in proportion to the maximum number of Optional ADSs to be sold by the Company and each Selling Shareholder as set forth in Schedule II attached hereto initially with respect to the Optional ADSs to be sold by the Company and then among the Selling Shareholders in proportion to the maximum number of Optional ADSs to be sold by each Selling Shareholder as set forth in Schedule II

attached hereto. Any such election to purchase Optional ADSs may be exercised only by written notice from you to the Company, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional ADSs to be purchased and the date on which such Optional ADSs are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you, the Company and the Selling Shareholders otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the ADSs, the several Underwriters propose to offer the ADSs for sale upon the terms and conditions set forth in the Prospectus.

4. (a) The ADSs to be purchased by each Underwriter hereunder, in definitive form, and in such authorized denominations and registered in such names as the Representative may request upon at least forty-eight hours' notice to the Company and the Selling Shareholders prior to a Time of Delivery (as defined below) (the "Notification Time"), shall be delivered by or on behalf of the Company and the Selling Shareholders to the Representative, through the facilities of The Depository Trust Company ("DTC"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal (same-day) funds to the account(s) specified by the Company and the Selling Shareholders to the Representative at least forty-eight hours in advance of such Time of Delivery. The Company and the Selling Shareholders will cause the certificates representing the ADSs to be made available for checking at least twenty-four hours prior to the Time of Delivery with respect thereto at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be, with respect to the Firm ADSs, 9:30 a.m., New York City time, on _____, 2006 or such other time and date as the Representative and the Company may agree upon in writing, and, with respect to the Optional ADSs, 9:30 a.m., New York City time, on the date specified by the Representative in the written notice given by the Representative of the Underwriters' election to purchase such Optional ADSs, or such other time and date as the Representative and the Company may agree upon in writing. Such time and date for delivery of the Firm ADSs is herein called the "First Time of Delivery", such time and date for delivery of the Optional ADSs, if not the First Time of Delivery, is herein called the "Second Time of Delivery", and each such time and date for delivery is herein called a "Time of Delivery".

(b) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto pursuant to Section 8 hereof, including the cross-receipt for the ADSs and any additional documents requested by the Underwriters pursuant to Section 8(s) hereof, will be delivered at the offices of Sullivan & Cromwell LLP, 28th Floor, Nine Queen's Road Central, Hong Kong (the "Closing Location"), and the ADSs will be delivered as specified in Section (a) above, all at such Time of Delivery. A meeting will be held at the Closing Location at 4:00 p.m., Hong Kong time, on the New York Business Day next preceding such Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. (a) The Company agrees with each of the Underwriters:

(i) To prepare the Prospectus in a form approved by you and to file such Prospectus pursuant to Rule 424(b) under the Act not later than the Commission's close of business on the second business day following the execution and delivery of this Agreement, or, if applicable, such earlier time as may be required by Rule 430A(a)(3)

under the Act; to make no further amendment or any supplement to the Registration Statement or the Prospectus prior to the last Time of Delivery which shall be disapproved by you promptly after reasonable notice thereof; to advise you, promptly after it receives notice thereof, of the time when any amendment to the Registration Statement has been filed or becomes effective or any amendment or supplement to the Prospectus has been filed and to furnish you copies thereof; to file promptly all material required to be filed by the Company with the Commission pursuant to Rule 433(d) under the Act; to advise you, promptly after it receives notice thereof, of the issuance by the Commission of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus in respect of the ADSs, of the suspension of the qualification of the ADSs for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, or of any request by the Commission for the amending or supplementing of the Registration Statement, any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus or for additional information; in the event of such request for amendment or supplement, to provide you and your counsel copies of any proposed amendment or supplement for review and comment a reasonable amount of time prior to any proposed filing and to file no such amendment or supplement which shall be disapproved by you; and, in the event of the issuance of any stop order or of any order preventing or suspending the use of any Preliminary Prospectus or other prospectus or suspending any such qualification, promptly to use its best efforts to obtain the withdrawal of such order;

(ii) Promptly from time to time to take such action as you may reasonably request to qualify the ADSs for offering and sale under the securities laws of such jurisdictions as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the ADSs, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(iii) Prior to 10:00 a.m., New York City time, on the New York Business Day next succeeding the date of this Agreement and from time to time, to furnish the Underwriters with written and electronic copies of the Prospectus in New York City in such quantities as you may reasonably request, and, if the delivery of a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is required at any time prior to the expiration of nine months after the time of issue of the Prospectus in connection with the offering or sale of the ADSs and if at such time any event shall have occurred as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) is delivered, not misleading, or, if for any other reason it shall be necessary during such same period to amend or supplement the Prospectus in order to comply with the Act, to notify you and upon your request to prepare and furnish without charge to each Underwriter and to any dealer in securities as many written and electronic copies as you may from time to time reasonably request of an amended Prospectus or a supplement to the Prospectus which will correct such statement or omission or effect such compliance; and in case any Underwriter is required to deliver a prospectus (or in lieu thereof, the notice referred to in Rule 173(a) under the Act) in connection with sales of any of the ADSs at any time nine months or more after the time of issue of the Prospectus, upon your request but at the

expense of such Underwriter, to prepare and deliver to such Underwriter as many written and electronic copies as you may request of an amended or supplemented Prospectus complying with Section 10(a)(3) of the Act;

(iv) To furnish to you one copy for the Representative and one copy for United States counsel to the Underwriters of the Registration Statement, as initially filed with the Commission, and of all amendments thereto (including all exhibits thereto and sufficient copies of the foregoing (other than exhibits) for distribution of a copy to each of the other Underwriters;

(v) To furnish to you as early as practicable prior to the time of purchase and any additional time of purchase, as the case may be, but not later than two business days prior thereto, a copy of the latest available unaudited interim and monthly consolidated financial statements, if any, of the Company and its subsidiaries which have been read by the Company's independent public accountants, as stated in their letter to be furnished pursuant to Section 8(h) hereof;

(vi) To make generally available to its security holders as soon as practicable, but in any event not later than sixteen months after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act), a consolidated earnings statement of the Company and its subsidiaries (which need not be audited) complying with Section 11(a) of the Act and the rules and regulations of the Commission thereunder (including, at the option of the Company, Rule 158);

(vii) During the period beginning from the date hereof and continuing to and including the date 180 days after the date of the Prospectus (the "Lock-Up Period") not to offer, sell, contract to sell, pledge, grant any option to purchase, purchase any option or contract to sell, right or warrant to purchase, make any short sale, file a registration statement with respect to, or otherwise dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership interests), except as provided hereunder, (A) any ADSs or Ordinary Shares or securities of the Company that are substantially similar to the ADSs or Ordinary Shares, including but not limited to any options or warrants to purchase Ordinary Shares or any securities that are convertible into or exchangeable for, or that represent the right to receive, ADSs or Ordinary Shares or any such substantially similar securities; and (B) any ordinary shares of its subsidiaries or depositary shares or depositary receipts representing such ordinary shares, including but not limited to any securities that are convertible into or exchangeable for or that represent the right to receive such ordinary shares or such depositary shares or depositary receipts or any such substantially similar securities (in each case other than pursuant to employee stock option plans existing on the date of this Agreement and which are described in the Pricing Prospectus), without your prior written consent; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or announces material news or a material event or (2) prior to the expiration of the initial Lock-Up Period, the Company announces, or if the Representative determines, that it will release earnings results during the 15-day period following the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the announcement of the material news or material event, as applicable, unless the Representative waives, in writing, such extension; and the Company will provide the Representative and each

shareholder subject to the Lock-Up Period pursuant to the lockup letters described in Section 8(q) with prior notice of any such announcement that gives rise to an extension of the Lock-Up Period;

(viii) During the Lock-Up Period, to cause each of its subsidiaries not to offer, sell, contract to sell, pledge, grant any option to purchase, purchase any option or contract to sell, right or warrant to purchase, make any short sale, file a registration statement with respect to any of the ADSs or Ordinary Shares or any securities that are convertible into or exercisable or exchangeable for the ADSs or Ordinary Shares, or otherwise dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership interests), except as provided hereunder and under this Agreement: (A) any ADSs or Ordinary Shares or any securities of the Company that are substantially similar to the ADSs or Ordinary Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, ADSs or Ordinary Shares or any such substantially similar securities; and (B) any ordinary shares of such subsidiary or any other subsidiary or depositary shares or depositary receipts representing such ordinary shares, including but not limited to any securities that are convertible into or exchangeable for or that represent the right to receive such ordinary shares or such depositary shares or depositary receipts or any such substantially similar securities, without your prior written consent; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or announces material news or a material event or (2) prior to the expiration of the initial Lock-Up Period, the Company announces, or if the Representative determines, that it will release earnings results during the 15-day period following the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the announcement of the material news or material event, as applicable, unless the Representative waives, in writing, such extension; and the Company will provide the Representative and each shareholder subject to the Lock-Up Period pursuant to the lockup letters described in
Section 8(q) with prior notice of any such announcement that gives rise to an extension of the Lock-Up Period;

(ix) To furnish to its shareholders as soon as practicable after the end of each fiscal year an annual report (in English) (including a balance sheet and statements of income, shareholders' equity and cash flows of the Company and its consolidated subsidiaries prepared in conformity with US GAAP and certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the effective date of the Registration Statement), to make available to its shareholders consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail;

(x) During a period of five years from the effective date of the Registration Statement, to furnish to you copies of all reports or other communications (financial or other) furnished to shareholders, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any securities exchange on which any class of securities of the Company is listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to

be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its shareholders generally or to the Commission);

(xi) To use the net proceeds received by it from the sale of the ADSs pursuant to this Agreement in the manner specified in the Pricing Prospectus and the Prospectus under the caption "Use of Proceeds" and in a manner such that (i) the Company will be in compliance with any applicable laws, rules and regulations of any Governmental Agency having jurisdiction over the Company or its subsidiaries including, without limitation, the requirement to repatriate the net proceeds received by it into the PRC under the applicable regulations of the Ministry of Commerce and the State Administration of Foreign Exchange of the PRC; (ii) the Company will not use any of the proceeds from the offering of the ADSs contemplated hereby to fund any operations in, to finance any investments, projects or activities in, or to make any payments to, any country, or to make any payments to, or finance any activities with, any person, targeted by any of the economic sanctions promulgated by any Executive Order issued by the President of the United States or administered by the OFAC, (iii) the Company will maintain and implement adequate internal controls and procedures to monitor and audit transactions that are reasonably designed to detect and prevent any use of the proceeds from the offering of the ADSs contemplated hereby that is inconsistent with any of the Company's representations and obligations under the preceding sentence, and (iv) the Company will not use any of the proceeds from the offering of the ADSs contemplated hereby in any way that is detrimental to the environment;

(xii) Prior to each Time of Delivery to deposit Ordinary Shares with the Depositary in accordance with the provisions of the Deposit Agreement and otherwise to comply with the Deposit Agreement so that ADRs evidencing ADSs will be executed (and, if applicable, countersigned) and issued by the Depositary against receipt of such Ordinary Shares and delivered to the Underwriters at such Time of Delivery;

(xiii) Not to (and to cause its affiliates not to) take, directly or indirectly, any action which is designed to or which constitutes or which would reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company or facilitate the sale or resale of the Shares and the ADSs;

(xiv) To use its best efforts to include for quotation the Shares and ADSs on Nasdaq;

(xv) To file with the Commission such information on Form 20-F as may be required by Rule 463 under the Act;

(xvi) If the Company elects to rely upon Rule 462(b), the Company shall file a Rule 462(b) Registration Statement with the Commission in compliance with Rule 462(b) by 10:00 p.m., Washington, D.C. time, on the date of this Agreement, and the Company shall at the time of filing either pay to the Commission the filing fee for the Rule 462(b) Registration Statement or give irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Act;

(xvii) Upon request of any Underwriter, to furnish, or cause to be furnished, to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriter for the purpose

of facilitating the on-line offering of the ADSs (the "License"); provided, however, that the License shall be used solely for the purpose described above, is granted without any fee and may not be assigned or transferred;

(xviii) To indemnify and hold each of the Underwriters harmless against any documentary, stamp or similar issuance or transfer taxes, duties or fees and any transaction levies, commissions or brokerage charges, including any interest and penalties, which are or may be required to be paid in connection with the creation, allotment, issuance, offer and distribution of the Shares and ADSs to be sold by the Company and the execution and delivery of this Agreement and the Deposit Agreement;

(xix) To comply with Rule 433(d) under the Act (without reliance on Rule 164(b) under the Act) and with Rule 433(g) under the Act;

(xx) Prior to each Time of Delivery, to issue no press release or other communication directly or indirectly and hold no press conferences with respect to the Company or any of its subsidiaries, the financial condition, results of operations, business, properties, assets, or liabilities of the Company or any of its subsidiaries, or the offering of the ADSs, without your prior consent;

(xxi) Not, at any time at or after the execution of this Agreement, to, directly or indirectly, offer or sell any Shares or ADSs by means of any "prospectus" (within the meaning of the Act), or use any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Shares or ADSs, in each case other than the Prospectus; and

(xxii) To cause each Directed Share Participant to execute a Lock-Up Agreement (as defined in Section 8(q) hereof) and otherwise to cause the Reserved Shares to be restricted from sale, transfer, assignment, pledge or hypothecation to such extent as may be required by the NASD and its rules, and to direct the transfer agent to place stop transfer restrictions upon such Reserved ADSs during the Lock-Up Period or any such longer period of time as may be required by the NASD and its rules; and to comply with all applicable securities and other laws, rules and regulations in each jurisdiction in which the Reserved ADSs are offered in connection with the Directed Share Program.

(b) Each of the Selling Shareholders agrees with each of the Underwriters:

(i) During the Lock-Up Period, such Selling Shareholder will not offer, sell, contract to sell, pledge, grant any option to purchase, purchase any option or contract to sell, right or warrant to purchase, make any short sale, file a registration statement with respect to, or otherwise dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership interests), except as provided hereunder and under this Agreement: (A) any ADSs or Ordinary Shares or any securities of the Company that are substantially similar to the ADSs or Ordinary Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, ADSs or Ordinary Shares or any such substantially similar securities; and (B) any ordinary shares of any of the Company's subsidiaries or depositary shares or depositary receipts representing such ordinary shares, including but not limited to any securities that are convertible into or exchangeable for or that represent the right to receive such ordinary shares or such depositary shares or depositary receipts or any such substantially similar securities (in

each case other than pursuant to a bona fide gift by an individual to a donee or a sale or transfer by an entity to an affiliate, provided that such donee or affiliate agrees to be bound in writing by the restrictions set forth therein), without your prior written consent; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or announces material news or a material event or (2) prior to the expiration of the initial Lock-Up Period, the Company announces, or if the Representative determines that it will release earnings results during the 15-day period following the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the announcement of the material news or material event, as applicable, unless the Representative waives, in writing, such extension; and the Company will provide the Representative and each shareholder subject to the Lock-Up Period pursuant to the lockup letters described in Section 8(q) with prior notice of any such announcement that gives rise to an extension of the Lock-Up Period;

(ii) Prior to each Time of Delivery, to deposit, or cause to be deposited on their behalf pursuant to the Custody Agreement, Ordinary Shares with the Depositary in accordance with the provisions of the Deposit Agreement and otherwise to comply with the Deposit Agreement so that ADRs evidencing ADSs will be executed (and, if applicable, countersigned) and issued by the Depositary against receipt of such Ordinary Shares and delivered to the Underwriters at such Time of Delivery;

(iii) Not to (and to cause its affiliates not to) take, directly or indirectly, any action which is designed to or which constitutes or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company or facilitate the sale or resale of the Shares or the ADSs;

(iv) To indemnify and hold each of the Underwriters harmless against any documentary, stamp or similar issuance or transfer taxes, duties or fees and any transaction levies, commissions or brokerage charges, including any interest and penalties, which are or may be required to be paid in connection with the creation, allotment, issuance, offer and distribution of the Shares and ADSs to be sold by such Selling Shareholder and the execution and delivery of this Agreement;

(v) Not, at any time at or after the execution of this Agreement, to offer or sell any Shares or ADSs by means of any "prospectus" (within the meaning of the Act), or use any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Shares or ADSs, in each case other than the Prospectus;

(vi) To pay or cause to be paid all taxes, if any, on the transfer and sale of the Shares and the ADSs being sold by such Selling Shareholder;

(vii) To advise you promptly, and if requested by you, confirm such advice in writing, so long as a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of ADSs, of (A) any material change in the general affairs, management, financial condition, results of operations or prospects of the Company and its subsidiaries, (B) any change in information contained in the Registration Statement, any Preliminary Prospectus, the Prospectus and any Issuer Free Writing Prospectuses, if any, relating to such Selling Shareholder or (C) any new material information relating to the Company or relating to any

matter stated in the Registration Statement, any Preliminary Prospectus, the Prospectus and any Issuer Free Writing Prospectuses, if any, which comes to the attention of such Selling Shareholder; and

(viii) Not to use any of the proceeds received by such Selling Shareholder from the sale of the ADSs pursuant to this Agreement to fund any operations in, to finance any investments, projects or activities in, or to make any payments to, any country, or to make any payments to, or finance any activities with, any person, targeted by any of the economic sanctions promulgated by any Executive Order issued by the President of the United States or administered by the OFAC, or in any manner that is not in compliance with applicable laws, rules and regulations of any Governmental Agency having jurisdiction over such Selling Shareholders including, without limitation, the requirement for PRC residents or citizens to repatriate the net proceeds received by such Selling Shareholders into the PRC under the applicable regulation of the Ministry of Commerce and the State Administration of Foreign Exchange of the PRC.

6. (a) The Company represents and agrees that, without the prior consent of the Representative, it has not made and will not make any offer relating to the Shares and the ADSs that would constitute a "free writing prospectus" as defined in Rule 405 under the Act; each Underwriter represents and agrees that, without the prior consent of the Company and the Representative, it has not made and will not make any offer relating to the Shares and the ADSs that would constitute a free writing prospectus; any such free writing prospectus the use of which has been consented to by the Company and the Representative is listed on Schedule III attached hereto;

(b) The Company has complied and will comply with the requirements of Rule 433 under the Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission or retention where required and legending; and the Company represents that it has satisfied and agrees that it will satisfy the conditions under Rule 433 under the Act to avoid a requirement to file with the Commission any electronic road show; and

(c) The Company agrees that if at any time following issuance of an Issuer Free Writing Prospectus any event occurred or occurs as a result of which such Issuer Free Writing Prospectus would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading, the Company will give prompt notice thereof to the Representative and, if requested by the Representative, will prepare and furnish without charge to each Underwriter an Issuer Free Writing Prospectus or other document which will correct such conflict, statement or omission; provided, however, that this representation and warranty shall not apply to any statements or omissions in an Issuer Free Writing Prospectus made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through the Representative expressly for use therein.

7. [The Company and each of the Selling Shareholders, jointly and severally, covenant and agree with each of the several Underwriters that the Company and such Selling Shareholder will pay or cause to be paid (i) all the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares and ADSs and all other expenses in connection with the preparation, printing, reproduction and filing of the Registration Statement, the ADS Registration Statement, the Form 8 Registration Statement, any Preliminary Prospectus, the Pricing Prospectus, any Issuer Free Writing Prospectus and the Prospectus and amendments or supplements thereto, and the

mailing and delivering of copies thereof to the Underwriters and to dealers,
(ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the Deposit Agreement, any dealer agreements, any powers of attorney, any closing documents (including compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the ADSs, (iii) all expenses in connection with the qualification of the Shares and the ADSs for offering and sale under state or foreign securities laws as provided in Section 5 hereof, including the fees and disbursements of counsel for the Underwriters in connection such qualification and in connection with any Blue Sky surveys or legal investment surveys, (iv) all fees and expenses in connection with the application for including the ADSs for quotation on Nasdaq and any registration thereof under the Exchange Act, (v) all fees and expenses in connection with any required review by the NASD of the terms of the sale of the Shares and the ADSs, including the fees and disbursements of counsel for the Underwriters in connection with such NASD matters, (vi) the fees and disbursements of any transfer agent or registrar for the ADSs, (vii) all the costs and expenses relating to presentations or meetings undertaken in connection with the marketing of the offering and sale of the ADSs to prospective investors and the Underwriters' sales forces, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel, accommodation and meal expenses, and other road show expenses incurred by the Underwriters, the officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, (viii) the reasonable out-of-pocket expenses [(including fees, disbursements and expenses of counsel to the Underwriters)] incurred by the Underwriters in connection with the transactions contemplated by this Agreement, (ix) the costs and expenses of qualifying the ADSs for inclusion in the book-entry settlement system of the DTC, (x) all expenses and taxes arising as a result of the deposit by the Company and each of the Selling Shareholders of the Shares with the Depositary and the issuance and delivery of the ADRs evidencing ADSs in exchange therefor by the Depositary to the Company, of the sale and delivery of the ADSs and the Shares by the Company to or for the account of the Underwriters and of the sale and delivery of the ADSs and the Shares by the Underwriters to each other and to the initial purchasers thereof in the manner contemplated under this Agreement, including, in any such case, any the Cayman Islands income, capital gains, withholding, transfer or other tax asserted against an Underwriter by reason of the purchase and sale of an ADS or a Share pursuant to this Agreement, (xi) the fees and expenses of the Depositary as agreed by the Company and the Depositary and any custodian appointed under the Deposit Agreement, other than the fees and expenses to be paid by holders of ADRs (other than the Underwriters in connection with the initial purchase of ADSs), (xii) the fees and expenses of the Authorized Agent (as defined in Section 15 hereof), (xiii) the cost of preparing the ADRs; and (xiv) all other costs and expenses incident to the performance of the Company's obligations hereunder which are not otherwise specifically provided for in this Section.]

8. The obligations of the Underwriters hereunder, as to the ADSs to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company and of the Selling Shareholders herein are, at and as of such Time of Delivery, true and correct, the condition that the Company and the Selling Shareholders shall have performed all of their respective obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; all material required to be filed by the Company pursuant to Rule 433(d) under the Act shall have been filed with the Commission within the applicable time period prescribed for such filing by Rule 433; if the Company has elected to rely upon Rule 462(b) under the Act, the Rule 462(b) Registration

Statement shall have become effective by 10:00 p.m., Washington, D.C. time, on the date of this Agreement; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; no stop order suspending or preventing the use of the Prospectus or any Issuer Free Writing Prospectus shall have been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction;

(b) _____, United States counsel to the Underwriters, shall have furnished to you such written opinion and letter, dated such Time of Delivery, with respect to the matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(c) _____, PRC counsel to the Underwriters, shall have furnished to you such written opinion or opinions, dated such Time of Delivery, with respect to the same matters covered in subsection (e) below as well as such other related matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(d) _____, United States counsel to the Company and the Selling Shareholders, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) This Agreement has been duly executed and delivered by each of the Company and the Selling Shareholders.

Each of the Custody Agreement and the Power of Attorney has been duly executed and delivered by each Selling Shareholder, and constitutes a valid and legally binding obligation of the Company and such Selling Shareholder, enforceable against the Company and such Selling Shareholder in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(ii) The Deposit Agreement has been duly executed and delivered by the Company and, assuming that the Deposit Agreement has been duly authorized, executed and delivered by the Depositary, constitutes a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(iii) Upon due issuance by the Depositary of ADRs evidencing ADSs being delivered at such Time of Delivery against the deposit of Ordinary Shares by the Company and the Selling Shareholders in accordance with the provisions of the Deposit Agreement, such ADRs will be duly and validly issued and will entitle the holders thereof to the rights specified therein and in the Deposit Agreement;

(iv) [Upon payment of the purchase price for the ADSs to the Selling Shareholders by the Underwriters and delivery to the Depositary of the ADSs registered in the name of Cede & Co. or such other nominee designated by the Depositary, the Underwriters will have a security entitlement within the meaning of Section 8-501 of the Uniform Commercial Code in effect in the State of New York (the "UCC") with respect to such ADSs free of any adverse claim under Section 8-102 of the UCC;]

(v) The execution and delivery by the Company of each Opinion Document to which it is a party do not, and the performance by the Company of its obligations thereunder and the consummation of the transactions contemplated thereby, including the issue and sale of the Ordinary Shares and ADSs being delivered at such Time of Delivery to be sold by the Company and the deposit of the Ordinary Shares being deposited by the Company with the Depositary pursuant to the Deposit Agreement, will not (a) result in a violation of Generally Applicable Law, or any order, writ, judgment, injunction, decree, determination or award listed in the Schedule to such counsel's opinion, or (b) result in a breach of, a default under or the acceleration of (or entitle any party to accelerate) the maturity of any obligation of the Company under any agreement or document listed in the Schedule to such counsel's opinion;

(vi) The execution and delivery by each of the Selling Shareholders of each [Opinion Document] to which it is a party do not, and the performance by such Selling Shareholder of its obligations thereunder and the consummation of the transactions contemplated thereby, including the sale of the Ordinary Shares and ADSs being delivered at such Time of Delivery to be sold by such Selling Shareholder and the deposit of the Ordinary Shares being deposited by such Selling Shareholder with the Depositary pursuant to the Deposit Agreement, will not: (a) result in a violation or award listed in the Schedule to such counsel's opinion; or (b) result in a breach of, a default under or the acceleration of (or entitle any party to accelerate) the maturity of any obligation of such Selling Shareholder under any agreement or document listed in the Schedule to such counsel's opinion.

(vii) No consent, authorization, approval or other action by, and no notice to or filing with, any United States Federal or New York State governmental authority or regulatory body, or any third party that is a party to any of the documents listed in the Schedule to such counsel's opinion, is required for the due execution, delivery or performance by the Company or any of the Selling Shareholders of any Opinion Document to which it is a party, including the issue and sale of the Ordinary Shares and ADSs being delivered at such Time of Delivery to be sold by the Company and the deposit of the Ordinary Shares being deposited by the Company with the Depositary pursuant to the Deposit Agreement, except as have been obtained and are in full force and effect under the Securities Act and as may be required under the securities or blue sky laws of any state in the United States in connection with the offer and sale of the Ordinary Shares and the ADSs;

(viii) The statements in the Prospectus under the caption "Description of American Depositary Shares," "Shares Eligible for Future Sale" and "Underwriting," in each case, insofar as such statements constitute summaries of legal matters or documents referred to therein, fairly summarize in all material respects the legal matters or documents referred to therein;

(ix) The statements in the Prospectus under the caption "Taxation -- United States Federal Income Taxation", to the extent they constitute matters of law or legal conclusions, have been reviewed by us and fairly present the information disclosed therein in all material respects;

(x) The Company is not an investment company under the Investment Company Act of 1940, as amended;

(xi) A member of the SEC Staff has advised such counsel that the Registration Statement and the ADS Registration Statement have been declared effective under the Securities Act and no stop order suspending the effectiveness of the Registration Statement, the ADS Registration Statement or the Form 8-A had been issued. The Prospectus has been filed with the Commission pursuant to Rule 424(b) under the Securities Act. To such counsel's knowledge, no proceedings for the purpose of issuing a stop order with respect to the Registration Statement, the ADS Registration Statement or the Form 8-A have been instituted or are pending;

(xii) Under the laws of the State of New York relating to submission to personal jurisdiction, each of the Company and the Selling Shareholders has, pursuant to Section 15 of the Agreement and, in the case of the Company, Section ____ of the Deposit Agreement, validly and irrevocably submitted to the personal jurisdiction of any state or federal court located in the Borough of Manhattan, The City of New York, New York (each a "New York Court") in any action arising out of or relating to this Agreement and, in the case of the Company, the Deposit Agreement, has validly and irrevocably waived objections to the laying of venue and any claim of inconvenient forum as set forth in Section 15 of the Agreement and, in the case of the Company,
Section __ of the Deposit Agreement, and has validly and irrevocably appointed CT Corporation System as its authorized agent for the purpose described in Section 15 of the Agreement and, in the case of the Company, Section __ of the Deposit Agreement; and service of process effected on such agent in the manner set forth in Section 15 of the Agreement or, in the case of the Company, Section __ of the Deposit Agreement, will be effective under the laws of the State of New York to confer valid personal jurisdiction over each of the Company and the Selling Shareholders in a New York Court;

(xiii) Subject to the limitations set forth in such counsel's opinion, such counsel advises you that, on the basis of the information such counsel gained in the course of performing the services referred to in such counsel's opinion, in such counsel's opinion, each of the Registration Statement and the Prospectus (other than the financial statements and other financial data contained therein or omitted therefrom, as to which such counsel expresses no opinion), appears on its face to be appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder; and

(xiv) Subject to the limitations set forth in such counsel's opinion, on the basis of the information such counsel gained in the course of performing the services referred to in such counsel's opinion, no facts came to such counsel's attention which gave them reason to believe that (i) the Registration Statement (other than the financial statements and other financial data contained therein or omitted therefrom, as to which such counsel has not been requested to comment), at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Preliminary Prospectus dated , 2006
[, when considered with any Issuer Free Writing Prospectus] (other than the financial statements and other financial data contained therein or omitted therefrom, as to which such counsel has not been requested to comment), at the Applicable Time, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not

misleading, or (iii) the Prospectus (other than the financial statements and other financial data contained therein or omitted therefrom, as to which such counsel has not been requested to comment), as of its date or such Time of Delivery, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(xv) Such counsel does not know of any amendment to the Registration Statement required to be filed or of any contracts or other documents of a character required to be filed as an exhibit to the Registration Statement or required to be described in the Registration Statement or the Prospectus which is not filed or described as required.

In rendering such opinion, _____ may state that they express no opinion as to the laws of any jurisdiction outside the United States;

(e) _____, PRC counsel to the Company and the Selling Shareholders, shall have furnished to you such written opinion or opinions, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) Jiangsu Linyang has been duly organized and is validly existing as a [limited liability company] under laws of the PRC and its business license is in full force and effect; all of the equity interest of Jiangsu Linyang are owned by Linyang BVI, an exempted company incorporated in the British Virgin Islands, whose 100% equity interest is directly owned by the Company; and to the best of such counsel's knowledge after due inquiry, such equity interests are free and clear of all liens, encumbrances, equities or claims; the articles of association, the business license and other constituent documents of Jiangsu Linyang comply with the requirements of applicable PRC Laws and are in full force and effect; Jiangsu Linyang has full power and authority (corporate and other) and has all consents, approvals, authorizations, orders, registrations, clearances and qualifications of or with any, Governmental Agency having jurisdiction over Jiangsu Linyang or any of its properties required for the ownership or lease of property by it and the conduct of its business and has the legal right and authority to own, use, lease and operate its assets and to conduct its business in the manner presently conducted and as described in the Prospectus;

(ii) All of the equity interest of Jiangsu Linyang have been duly and validly authorized and issued and are fully paid and non-assessable; Jiangsu Linyang has obtained all approvals, authorizations, consents and orders, and has made all filings and registrations, which are required under PRC laws and regulations for the ownership interest by Linyang BVI in Jiangsu Linyang; and there are no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, nor any agreements or other obligations to issue or other rights to convert any obligation into, any equity interest in Jiangsu Linyang;

(iii) Jiangsu Linyang has legal and valid title to all of its properties and assets, free and clear of all liens, charges, encumbrances, equities, claims, defects, options and restrictions; each lease agreement to which Jiangsu Linyang is a party is duly executed and legally binding; the leasehold interests of Jiangsu Linyang are fully protected by the terms of the lease agreements, which are valid, binding and enforceable in accordance with their respective terms under PRC law; and, to the best of such counsel's knowledge after due inquiry, neither the Company nor any of its subsidiaries owns, operates, manages or has any other right or interest in any other material real property of any kind within the territory of PRC, except as described in the Prospectus;

(iv) Jiangsu Linyang has no overseas subsidiaries;

(v) Jiangsu Linyang has the corporate power to enter into and perform its obligations under each of the agreements (the "Restructuring Agreements") entered into in connection with the transactions as described in the Prospectus under the caption "Our Corporate History and Structure" to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of, and has authorized, executed and delivered, each of the Restructuring Agreements to which it is a party; and each of the Restructuring Agreements to which Jiangsu Linyang is a party constitutes a valid and legally binding obligation of Jiangsu Linyang, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(vi) The execution and delivery by Jiangsu Linyang of, and the performance by Jiangsu Linyang of its obligations under, each of the Restructuring Agreements to which it is a party and the consummation by Jiangsu Linyang of the transactions contemplated therein will not: (A) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which Jiangsu Linyang is a party or by which Jiangsu Linyang is bound or to which any of the properties or assets of Jiangsu Linyang is bound or to which any of the properties or assets of Jiangsu Linyang is subject; (B) result in any violation of the provisions of the articles of association, business license of Jiangsu Linyang; or (C) result in any violation of any laws of the PRC;

(vii) Each of the Restructuring Agreements is in proper legal form under the laws of the PRC for the enforcement thereof against each of the parties thereto in the PRC without further action by any of the parties thereto; and to ensure the legality, validity, enforceability or admissibility in evidence of each of the Restructuring Agreements in the PRC, it is not necessary that any such document be filed or recorded with any court or other authority in the PRC or that any stamp or similar tax be paid on or in respect of any of the Restructuring Agreements (in the case any such stamp or tax is required, the Company or its relevant subsidiaries have duly paid the stamp or tax as of the date hereof);

(viii) Jiangsu Linyang has all necessary licenses, consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all Governmental Agencies to own, lease, license and use its properties, assets and conduct its business in the manner described in the Prospectus and such licenses, consents, authorizations, approvals, orders, certificates or permits contain no materially burdensome restrictions or conditions not described in the Prospectus; except as described

in the Prospectus, Jiangsu Linyang has no reason to believe that any regulatory body is considering modifying, suspending or revoking any such licenses, consents, authorizations, approvals, orders, certificates or permits and Jiangsu Linyang is in compliance with the provisions of all such licenses, consents, authorizations, approvals, orders, certificates or permits in all material respects;

(ix) All dividends and other distributions declared and payable upon the equity interests in Jiangsu Linyang may under the current laws and regulations of the PRC be paid to Linyang BVI in Renminbi that may be converted into U.S. dollars and freely transferred out of the PRC, and all such dividends and other distributions are not and, except as disclosed in the Prospectus, will not be subject to withholding or other taxes under the laws and regulations of the PRC and, except as disclosed in the Prospectus, are otherwise free and clear of any other tax, withholding or deduction in the PRC, and without the necessity of obtaining any Governmental Authorization in the PRC;

(x) To the best of such counsel's knowledge after due inquiry, neither the Company nor any of its subsidiaries is (A) in breach of or in default under any laws, regulations, rules, orders, decrees, guidelines or notices of the PRC, (B) in breach of or in default under any approval, consent, waiver, authorization, exemption, permission, endorsement or license granted by any Governmental Agency in the PRC,
(C) in violation of their respective constituent documents, business licenses or permits or (D) in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound;

(xi) The statements in the Prospectus under "Prospectus Summary", "Risk Factors", "Our Corporate History and Structure", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Our Industry", "Our Business", "PRC Government Regulations", "Management", "Related Party Transactions", "Taxation" and "Enforcement of Civil Liabilities" to the extent such statements relate to matters of PRC law or regulation or to the provisions of documents therein described, are true and accurate in all material respects, and nothing has been omitted from such statements which would make the same misleading in any material respect;

(xii) Jiangsu Linyang is the exclusive owner of all right, title and interest in and to the Intellectual Property, and the Company or Jiangsu Linyang has a valid right to use the Intellectual Property as currently used or as currently contemplated to be used by the Company, in each case, as described in the Prospectus;

(xiii) To the best of such counsel's knowledge after due inquiry, none of the Company and its subsidiaries is infringing, misappropriating or violating any intellectual property right of any third party in the PRC; and no Intellectual Property is subject to any outstanding decree, order, injunction, judgment or ruling restricting the use of such Intellectual Property in the PRC that would impair the validity or enforceability of such Intellectual Property;

(xiv) No security interests or other liens have been created with respect to any of the Intellectual Property;

(xv) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Underwriters to the government of the PRC or to any political subdivision or taxing authority thereof or therein in connection with (a) the deposit with the Depositary of Shares against the issuance of ADRs evidencing the ADSs, (b) the sale and delivery by the Company and the Selling Shareholders of the ADSs and the Shares to or for the respective accounts of the Underwriters or (c) the sale and delivery outside the PRC by the Underwriters of the ADSs and the Shares to the initial purchasers thereof in the manner contemplated herein;

(xvi) The irrevocable submission of each of the Company and the Selling Shareholders to the jurisdiction of any New York Court, the waiver by each of the Company and the Selling Shareholders of any objection to the venue of a proceeding in a New York Court, the waiver and agreement not to plead an inconvenient forum, the waiver of sovereign immunity and the agreement of each of the Company and the Selling Shareholders that this Agreement and the Deposit Agreement shall be construed in accordance with and governed by the laws of the State of New York are legal, valid and binding under the laws of the PRC and will be respected by PRC courts; service of process effected in the manner set forth in this Agreement and the Deposit Agreement will be effective, insofar as PRC law is concerned, to confer valid personal jurisdiction over each of the Company and the Selling Shareholders; and any judgment obtained in a New York Court arising out of or in relation to the obligations of each of the Company and the Selling Shareholders under this Agreement and the Deposit Agreement will be recognized in PRC courts subject to the conditions described under the caption "Enforceability of Civil Liabilities" in the Prospectus;

(xvii) The indemnification and contribution provisions set forth in Section 9 hereof and Section ____ of the Deposit Agreement do not contravene the public policy or laws of PRC, insofar as matters of PRC laws are concerned;

(xviii) To the best of such counsel's knowledge and other than as set forth in the Prospectus, there are no legal, arbitration or governmental proceedings pending to which the Company or Jiangsu Linyang is a party or of which any property of Jiangsu Linyang is the subject which, if determined adversely to Jiangsu Linyang would individually or in the aggregate have a material adverse effect on the current or future consolidated financial position, shareholders' equity or results of operations of the Company or Jiangsu Linyang; and, to the best of such counsel's knowledge after due inquiry, no such proceedings are threatened or contemplated by any Governmental Agency or threatened by others;

(xix) The issue and sale of the Shares and the ADSs being delivered at such Time of Delivery and the deposit of the Shares with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered at such Time of Delivery and the compliance by the Company with all of the provisions of this Agreement and the Deposit Agreement, the compliance by each of the Selling Shareholders with all of the provisions of this Agreement, the Custody Agreement and the Power of Attorney, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which Jiangsu Linyang is a party or by which Jiangsu Linyang is bound or to which any of the property or assets of Jiangsu Linyang is subject, nor will such action result in any violation of the provisions of the articles of association, business license or any other

constituent documents of Jiangsu Linyang or any statute or any order, rule or regulation known to such counsel of any Governmental Agency having jurisdiction over Jiangsu Linyang or any of its properties;

(xx) No Governmental Authorization of or with any Governmental Agency in the PRC (including, without limitation, the approvals of the China Securities Regulatory Commission and the Ministry of Commerce under the PRC Mergers and Acquisitions Rules) is required for the issue and sale of the Shares and the ADSs, the quotation of the Shares and ADSs on Nasdaq, the deposit of the Shares with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered at such Time of Delivery or the consummation of the transactions contemplated by this Agreement, the Deposit Agreement, the Custody Agreement and the Power of Attorney; and the issue and sale of the Shares and the ADSs being delivered at such Time of Delivery, the quotation of the Shares and ADSs on Nasdaq, and the deposit of the Shares with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered at such Time of Delivery, , the quotation of the Shares and ADSs on Nasdaq, and the compliance by the Company with all of the provisions of this Agreement and the Deposit Agreement, the compliance by each of the Selling Shareholders with all of the provisions of this Agreement, the [Custody Agreement] and the Power of Attorney, and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any law or statute or any order, rule or regulation of any Governmental Agency in the PRC (including, without limitation, the PRC Mergers and Acquisitions Rules).

(xxi) Jiangsu Linyang is not in violation of its articles of association, business license or any other constituent documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound;

(xxii) The application of the net proceeds to be received by the Company from the sale of ADSs as contemplated by the Prospectus will not contravene any provision of applicable PRC law, rule or regulation, or the articles of association, the business or other constituent documents of Jiangsu Linyang or contravene the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument binding upon Jiangsu Linyang, or any judgment, order or decree of any Governmental Agency in the PRC;

(xxiii) The descriptions of the Restructuring set forth in the Prospectus under the caption "Our Corporate History and Structure" are accurate, complete and fair;

(xxiv) The Restructuring does not (A) contravene any provision of applicable law or statute, rule or regulation of any Governmental Agency having jurisdiction over Jiangsu Linyang or any of its properties, (B) contravene the articles of association, business license or other constituent documents of Jiangsu Linyang or (C) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any license, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which Jiangsu Linyang is a party or by which Jiangsu Linyang is bound or to which any of the property or assets of the Company or any of its subsidiaries is subject;

(xxv) All Governmental Authorizations required under the laws of the PRC in connection with the Restructuring have been made or unconditionally obtained in writing and are in full force and effect, and no such Governmental Authorization has been withdrawn or is subject to any condition precedent which has not been fulfilled or performed;

(xxvi) Although such counsel does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus, they have no reason to believe that (a) any part of the Registration Statement or any further amendment thereto made by the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion), when such part or amendment became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (b) the Pricing Disclosure Package, as of the Applicable Time and as of such Time of Delivery, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (c) each Issuer Free Writing Prospectus listed on Schedule III attached hereto conflicted with the information contained in the Registration Statement, the Pricing Disclosure Package or the Prospectus and each such Issuer Free Writing Prospectus, as supplemented by and taken together with the Pricing Disclosure Package as of the Applicable Time and as of such Time of Delivery, contained any untrue statement of a material fact or omitted to state any material fact required necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (d) as of its date and as of such Time of Delivery, the Prospectus or any further amendment or supplement thereto made by the Company prior to such Time of Delivery (other than the financial statements and related schedules therein, as to which such counsel need express no opinion) contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xxvii) The entry into, and performance or enforcement of this Agreement, the Deposit Agreement, the Custody Agreement or the Power of Attorney in accordance with its respective terms will not subject any of the Underwriters or the Depositary to any requirement to be licensed or otherwise qualified to do business in the PRC, nor will any Underwriter or the Depositary be deemed to be resident, domiciled, carrying on business through an establishment or place in the PRC or in breach of any laws or regulations in the PRC by reason of entry into, performance or enforcement of this Agreement, the Deposit Agreement, the Custody Agreement or the Power of Attorney; and

In giving such opinion, such counsel may state that (A) with respect to all matters of United States federal and New York State law they have relied upon the opinions of United States counsel for the Company delivered pursuant to paragraph (d) of this Section 8 and (B) with respect to all matters of Cayman Islands and BVI law they have relied upon the opinions of Cayman Islands and BVI counsel for the Company delivered pursuant to paragraph (f) of this Section 8;

(f) _____, Cayman Islands and BVI counsel for the Company and the Selling Shareholders, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a company in good standing under the laws of the Cayman Islands, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus;

(ii) The Company has an authorized capitalization as set forth in the Prospectus, and all of the issued shares of capital stock of the Company (including the Shares being delivered at such Time of Delivery) have been duly and validly authorized and issued and are fully paid and non-assessable; the holders of outstanding shares of capital stock of the Company are not entitled to preemptive or other rights to acquire the ADSs to be deposited by the Company and the Selling Shareholders or to be purchased from the Company and the Selling Shareholders under this Agreement which have not been complied with; the Shares to be deposited by the Company and the Selling Shareholders may be freely deposited by the Company with the Depositary against issuance of ADRs evidencing ADSs; and the ADSs and the Shares to be sold by the Company and the Selling Shareholders are freely transferable by the Company to or for the account of the several Underwriters in the manner contemplated herein;

(iii) Linyang BVI has been duly incorporated and is validly existing as a corporation in good standing under the laws of the BVI; and all of its issued shares of capital stock have been duly and validly authorized and issued, are fully paid and non-assessable, and are owned directly by the Company, free and clear of all liens, encumbrances, equities or claims;

(iv) Each of the Selling Shareholders that is an entity has been duly incorporated and is validly existing as a company in good standing in its jurisdiction of incorporation;

(v) To the best of such counsel's knowledge, after having conducted a search of the register of writs and other originating processes, and other than as set forth in the Prospectus, there are no legal, arbitration or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject which, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate have a material adverse effect on the current or future consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by any Governmental Agency or threatened by others;

(vi) Each of this Agreement, the Custody Agreement and the Power of Attorney has been duly authorized, executed and delivered by the Company and the Selling Shareholders and constitutes a valid and legally binding agreement of the Company and the Selling Shareholders enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(vii) The Deposit Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy,

insolvency, fraudulent transfer, moratorium, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(viii) Each of this Agreement and the Deposit Agreement is in proper form to be enforceable against the Company in the Cayman Islands in accordance with its terms; to ensure the legality, validity, enforceability or admissibility into evidence in the Cayman Islands of this Agreement or the Deposit Agreement, it is not necessary that this Agreement or the Deposit Agreement be filed or recorded with any court or other authority in the Cayman Islands or that any stamp or similar tax in the Cayman Islands be paid on or in respect of this Agreement, the Deposit Agreement or any other documents to be furnished hereunder or thereunder;

(ix) The issue and sale of the Shares and the ADSs being delivered at such Time of Delivery and the deposit of the Shares with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered at such Time of Delivery and the compliance by the Company with all of the provisions of this Agreement, and the Deposit Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the Company or Linyang BVI is a party or by which the Company or Linyang BVI is bound or to which any of the property or assets of the Company or Linyang BVI is subject, nor will such action result in any violation of the provisions of the constituent documents of the Company or any statute or any order, rule or regulation known to such counsel of any Governmental Agency having jurisdiction over the Company or Linyang BVI or any of their respective properties;

(x) The sale of the ADSs to be sold by the Selling Shareholders hereunder and the compliance by the Selling Shareholders with all of the provisions of this Agreement, the Custody Agreement and the Power of Attorney and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any terms or provisions of, or constitute a default under, any statute, indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which a Selling Shareholder is a party or by which a Selling Shareholder is bound, or to which any of the property or assets of a Selling Shareholder is subject, nor will such action result in any violation of the provisions of the constituent documents of a Selling Shareholder or any order, rule or regulation known to such counsel of any Governmental Agency having jurisdiction over a Selling Shareholder or the property of a Selling Shareholder;

(xi) No Governmental Authorization of or with any Governmental Agency in the Cayman Islands is required for the issue and sale of the Shares and the ADSs, the deposit of the Shares with the Depositary against issuance of the ADRs evidencing the ADSs to be delivered at such Time of Delivery or the consummation of the transactions contemplated by this Agreement and the Deposit Agreement;

(xii) Immediately prior to such Time of Delivery each Selling Shareholder had good and valid title to the Shares and ADSs to be sold at such Time of Delivery by such Selling Shareholder under this Agreement, free and clear of all liens, encumbrances, equities or claims, and full right, power and authority to sell, assign, transfer and deliver the Shares and ADSs to be sold by such Selling Shareholder hereunder and thereunder; and, upon delivery of the ADSs representing such Shares and payment therefore pursuant to

this Agreement, good and valid title to such ADSs, free and clear of all liens, encumbrances, equities or claims, will be transferred to each of the several Underwriters;

(xiii) The statements set forth in the Prospectus under the caption "Description of Share Capital", insofar as they purport to constitute a summary of the terms of the Ordinary Shares are accurate, complete and fair;

(xiv) The statements set forth in the Prospectus under the caption "Taxation -- Cayman Islands Taxation", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair;

(xv) No stamp or other issuance or transfer taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Underwriters to the Cayman Islands or to any political subdivision or taxing authority thereof or therein in connection with (A) the deposit with the Depositary of Shares by the Company and the Selling Shareholders against the issuance of ADRs evidencing the ADSs, (B) the sale and delivery by the Company of the ADSs and the Shares to or for the respective accounts of the Underwriters or (C) the sale and delivery outside the Cayman Islands by the Underwriters of the ADSs and the Shares to the initial purchasers thereof in the manner contemplated herein;

(xvi) Insofar as matters of the Cayman Islands law are concerned, the Registration Statement and the filing of the Registration Statement with the Commission have been duly authorized by and on behalf of the Company; and the Registration Statement has been duly executed pursuant to such authorization by and on behalf of the Company;

(xvii) Each of the Company's agreement and the Selling Shareholders' agreement to the choice of law provisions set forth in Section 15 hereof will be recognized by the courts of the Cayman Islands; the Company and the Selling Shareholders can sue and be sued in their own names under the laws of the Cayman Islands; the irrevocable submission of the Company and the Selling Shareholders to the exclusive jurisdiction of a New York Court, the waiver by the Company and the Selling Shareholders of any objection to the venue of a proceeding of a New York Court and the agreement of the Company and the Selling Shareholders that this Agreement shall be governed by and construed in accordance with the laws of the State of New York are legal, valid and binding; service of process effected in the manner set forth in Section 15 hereof will be effective, insofar as the law of the Cayman Islands is concerned, to confer valid personal jurisdiction over the Company and the Selling Shareholders; and judgment obtained in a New York Court arising out of or in relation to the obligations of the Company or a Selling Shareholder under this Agreement would be enforceable against the Company or such Selling Shareholder, respectively, in the courts of the Cayman Islands;

(xviii) The indemnification and contribution provisions set forth in Section 9 hereof and Section ____ of the Deposit Agreement do not contravene the public policy or laws of the Cayman Islands or the BVI;

(xix) All dividends and other distributions declared and payable on the shares of capital stock of the Company may under the current laws and regulations of the Cayman Islands be paid to the Depositary and freely transferred out of the Cayman Islands, and all

such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of Cayman Islands and are otherwise free and clear of any other tax, withholding or deduction in the Cayman Islands and without the necessity of obtaining any Governmental Authorization in the Cayman Islands;

(xx) All dividends and other distributions declared and payable on the shares of capital stock of Linyang BVI may under the current laws and regulations of the BVI be paid to the Company and freely transferred out of the BVI, and all such dividends and other distributions will not be subject to withholding or other taxes under the laws and regulations of the BVI and are otherwise free and clear of any other tax, withholding or deduction in the BVI and without the necessity of obtaining any Governmental Authorization in the BVI; and

(xxi) Neither the Company nor Linyang BVI is in violation of its constituent documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any license, indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound; the Restructuring does not (A) contravene any provision of applicable Cayman Islands or BVI law or statute, rule or regulation of any Governmental Agency having jurisdiction over the Company, Linyang BVI or any of their properties, (B) contravene the articles of association, business license or other constituent documents of the Company or Linyang BVI, or (C) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any license, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company or Linyang BVI is a party or by which the Company or Linyang BVI is bound or to which any of the property or assets of the Company or Linyang BVI is subject.

In giving such opinion, such counsel may state that (A) with respect to all matters of United States federal and New York law they have relied upon the opinions of United States counsel for the Company delivered pursuant to paragraph (d) of this Section 8 and (B) with respect to all matters of PRC law they have relied upon the opinions of PRC counsel for the Company delivered pursuant to paragraph (e) of this Section 8;

(g) _____, counsel for the Depositary, shall have furnished to you their written opinion, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) The Deposit Agreement has been duly authorized, executed and delivered by the Depositary and constitutes a valid and binding agreement of the Depositary enforceable against the Depositary in accordance with its terms, except as enforcement of it may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws of general application relating to or affecting creditors' rights and by general principles of equity;

(ii) Upon execution and delivery by the Depositary of ADRs evidencing the ADSs against the deposit of Shares in accordance with the provisions of the Deposit Agreement, the ADRs will be duly and validly issued and will entitle the holders thereof to the rights specified therein and in the Deposit Agreement; and

(iii) The ADS Registration Statement has been filed and declared effective and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the ADS Registration Statement or any part thereof has been issued and no proceedings for that purpose have been instituted or are pending or contemplated under the Act and the ADS Registration Statement, and each amendment as of their respective effective dates, complied as to form in all material respects with the requirements of the Act and the rules and regulations of the Commission thereunder;

(h) On the date of the Prospectus at a time prior to the execution of this Agreement, at 9:30 a.m., New York City time, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and also at each Time of Delivery, Ernst & Young Hua Ming shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex II attached hereto;

(i) No Preliminary Prospectus, Pricing Prospectus, Issuer Free Writing Prospectus or Prospectus or amendment or supplement to the Registration Statement, the Preliminary Prospectus, the Pricing Prospectus or the Prospectus shall have been filed to which you shall have objected in writing;

(j) (A) Neither the Company nor any of its subsidiaries shall have sustained since the date of the latest audited financial statements included in the Pricing Prospectus any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Pricing Prospectus, and (B) since the respective dates as of which information is given in the Pricing Prospectus there shall not have been any change in the capital stock or short-term debt or long-term debt of the Company or any of its subsidiaries or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, shareholders' equity, results of operations or prospects of the Company and its subsidiaries, otherwise than as set forth or contemplated in the Pricing Prospectus, the effect of which, in any such case described in clause (A) or (B), is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus;

(k) On or after the Applicable Time (i) no downgrading shall have occurred in the rating accorded the Company's debt securities or preferred stock by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities or preferred stock;

(l) All outstanding shares of Preferred Stock have been converted into Ordinary Shares in accordance with the terms of the Preferred Stock;

(m) Certificates in negotiable form representing all of the Shares underlying the ADSs to be sold by the Company and each Selling Shareholder hereunder will be placed in custody with the [Hongkong and Shanghai Banking Corporation], as custodian for the Depositary;

(n) On or after the Applicable Time there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on Nasdaq, the New York Stock Exchange, The Stock Exchange of Hong Kong Limited or the London Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on Nasdaq; (iii) a general moratorium on commercial banking activities in New York, London, Hong Kong, the PRC or the Cayman Islands declared by the relevant authorities, or a material disruption in commercial banking or securities settlement or clearance services in the United States, the United Kingdom, Hong Kong, the PRC or the Cayman Islands; (iv) a change or development involving a prospective change in taxation affecting the Company, any of its subsidiaries or the Shares or the ADSs or the transfer thereof; (v) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any Governmental Agency materially affecting the business or operations of the Company or its subsidiaries; (vi) the outbreak or escalation of hostilities or act of terrorism involving the United States, the United Kingdom, Hong Kong, the PRC or the Cayman Islands or the declaration by the United States, the United Kingdom, Hong Kong, the PRC or the Cayman Islands of a national emergency or war; or (vii) the occurrence of any other calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in the United States, the United Kingdom, Hong Kong, the PRC, the Cayman Islands or elsewhere, if the effect of any such event specified in clauses (v), (vi) or (vii), in the sole judgment of the Representative, makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares and the ADSs being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus;

(o) The ADSs to be sold by the Company and the Selling Shareholders at such Time of Delivery shall have been duly included for quotation on Nasdaq;

(p) The Depositary shall have furnished or caused to be furnished to you at such Time of Delivery certificates satisfactory to you evidencing the deposit with it of the Shares being so deposited against issuance of ADRs evidencing the ADSs to be delivered by the Company and the Selling Shareholders at such Time of Delivery, and the execution, countersignature (if applicable), issuance and delivery of ADRs evidencing such ADSs pursuant to the Deposit Agreement;

(q) Each party set forth in Annex III attached hereto shall have entered into a lock-up agreement (each a "Lock-Up Agreement"), the form of which is set forth in Annex IV attached hereto;

(r) The Company shall have complied with the provisions of Section 5(a)(iii) hereof with respect to the furnishing of Prospectuses on the New York Business Day next succeeding the date of this Agreement;

(s) The Company and the Selling Shareholders shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company and of the Selling Shareholders, respectively, satisfactory to you as to the accuracy of the representations and warranties of the Company and the Selling Shareholders, respectively, herein at and as of such Time of Delivery, as to the performance by the Company and the Selling Shareholders of all of their respective obligations hereunder to be performed at or prior to such Time of Delivery, and as to such other matters as you may reasonably request, including, without limitation, certificates of officers of the Company satisfactory to you with respect to the memorandum and articles of association and other organizational documents of the Company, all resolutions of the board of directors of the Company and other corporate actions relating to this Agreement and the authorization, issue and sale of the Shares and ADSs and the incumbency and specimen

signatures of signing officers, and the Company and the Selling Shareholders shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a), (j) and (k) of this Section, and as to such other matters as you may reasonably request;

(t) [There shall not be any litigation, proceedings, investigations, processes for administrative sanctions or other actions initiated or threatened by any Governmental Agency, in each case with due authority, against or involving any party hereto, in the PRC or elsewhere, that seeks to declare non-compliance, unlawful or illegal, under PRC laws, rules and regulations or otherwise, the issuance and sales of the Shares and ADSs, the quotation and trading of the ADSs on Nasdaq or the transactions contemplated by this Agreement, the Deposit Agreement and the Power of Attorney; and

(u) There shall not be any adverse legislative or regulatory developments related to the PRC Mergers and Acquisitions Rules and Related Clarifications which in the sole judgment of the Representative would make it inadvisable or impractical to proceed with the public offering or the delivery of the Shares and the ADSs being delivered at such Time of Delivery on the terms and in the manner contemplated in this Agreement (including any such development that results in either PRC counsel to the Company or PRC counsel to the Underwriters not being able to confirm, on the date of the Prospectus at a time prior to the execution of this Agreement and at such Time of Delivery, the respective opinions of such counsel, dated as of [-] and [-], respectively, attached hereto as Annex
[-] to this Agreement).]

9. (a) The Company and each of the Selling Shareholders, jointly and severally, will indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Directed Share Program, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that (x) with respect to clause (i) of this paragraph, the Company and the Selling Shareholders shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representative expressly for use therein and (y) with respect to clause (ii) of this paragraph, the Company and the Selling Shareholders shall not be liable insofar as such loss, damage, expense, liability or claim is finally judicially determined to have resulted from the gross negligence or willful misconduct of the Underwriters in conducting the Directed Share Program.

(b) Without limitation of and in addition to its obligations under the other paragraphs of this Section 9, the Company agrees to indemnify, defend and hold harmless [name of directed share program underwriter] (the "DSP Underwriter") and its partners, directors and officers, and any person who controls the DSP Underwriter within the meaning of Section 15 of the Act or
Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons,

from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the DSP Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim (i) arises out of or is based upon (x) any of the matters referred to in clauses (i) through (ii) of Section 9(a) hereof, or (y) any untrue statement or alleged untrue statement of a material fact contained in any material prepared by or on behalf or with the consent of the Company for distribution to Directed Share Participants in connection with the Directed Share Program or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) is or was caused by the failure of any Directed Share Participant to pay for and accept delivery of Reserved Shares that the Directed Share Participant has agreed to purchase; or (iii) otherwise arises out of or is based upon the Directed Share Program, provided, however, that the Company shall not be responsible under this clause (iii) for any loss, damage, expense, liability or claim that is finally judicially determined to have resulted from the gross negligence or willful misconduct of the DSP Underwriter in conducting the Directed Share Program. Section 9(g) shall apply equally to any action brought against the DSP Underwriter or any such person in respect of which indemnity may be sought against the Company pursuant to the immediately preceding sentence, except that the Company shall be liable for the expenses of one separate counsel (in addition to any local counsel) for the DSP Underwriter and any such person, separate and in addition to counsel for the persons who may seek indemnification pursuant to Section 9(a) in any such action.

(c) Each of the Selling Shareholders will jointly and severally indemnify and hold harmless each Underwriter against any losses, claims, damages or liabilities, joint or several, to which such Underwriter may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, any Issuer Free Writing Prospectus or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Underwriter for any legal or other expenses reasonably incurred by such Underwriter in connection with investigating or defending any such action or claim as such expenses are incurred, in each case to the extent that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any such amendment or supplement, or any Issuer Free Writing Prospectus [or any "issuer information" filed or required to be filed pursuant to Rule 433(d) under the Act] in reliance upon and in conformity with written information furnished to the Company or such Underwriter by such Selling Shareholder expressly for use therein.

(d) Each Underwriter will severally and not jointly indemnify and hold harmless the Company and each Selling Shareholder against any losses, claims, damages or liabilities to which the Company or such Selling Shareholder may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein

not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, the ADS Registration Statement, any Preliminary Prospectus, the Pricing Prospectus or the Prospectus, or any amendment or supplement thereto, or any Issuer Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representative expressly for use therein; and will reimburse the Company and each Selling Shareholder for any legal or other expenses reasonably incurred by the Company or such Selling Shareholder in connection with investigating or defending any such action or claim as such expenses are incurred.

(e) Promptly after receipt by an indemnified party under subsection (a), (b), (c) or (d) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (which shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.

(f) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a), (b), (c) or (d) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Shareholders on the one hand and the Underwriters on the other from the offering of the ADSs. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (e) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Selling Shareholders on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Selling Shareholders on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received

by the Company and the Selling Shareholders bear to the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or any Selling Shareholder on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, each of the Selling Shareholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this subsection (f) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (f). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (f) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (f), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the ADSs underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (f) to contribute are several in proportion to their respective underwriting obligations and not joint.

(g) The obligations of the Company and the Selling Shareholders under this Section 9 shall be in addition to any liability which the Company and the respective Selling Shareholders may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Underwriter within the meaning of the Act and to each broker-dealer affiliate of any Underwriter; and the obligations of the Underwriters under this Section 9 shall be in addition to any liability which the respective Underwriters may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company) and any Selling Shareholder and to each person, if any, who controls the Company or any Selling Shareholder within the meaning of the Act.

10. (a) If any Underwriter shall default in its obligation to purchase the ADSs which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such ADSs on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such ADSs, then the Company and the Selling Shareholders shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such ADSs on such terms. In the event that, within the respective prescribed periods, you notify the Company and the Selling Shareholders that you have so arranged for the purchase of such ADSs, or the Company and the Selling Shareholders notify you that they have so arranged for the purchase of such ADSs, you or the Company and the Selling Shareholders shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments or supplements to the Registration Statement or the Prospectus which in your opinion may thereby be made necessary. The term "Underwriter" as used in this Agreement shall include any

person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such ADSs.

(b) If, after giving effect to any arrangements for the purchase of the ADSs of a defaulting Underwriter or Underwriters by you, the Company and the Selling Shareholders as provided in subsection (a) above, the aggregate number of such ADSs which remains unpurchased does not exceed one-eleventh of the aggregate number of all the ADSs to be purchased at such Time of Delivery, then the Company and the Selling Shareholders shall have the right to require each non-defaulting Underwriter to purchase the number of ADSs which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of ADSs which such Underwriter agreed to purchase hereunder) of the ADSs of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the ADSs of a defaulting Underwriter or Underwriters by you, the Company and the Selling Shareholders as provided in subsection (a) above, the aggregate number of such ADSs which remains unpurchased exceeds one-eleventh of the aggregate number of all the ADSs to be purchased at such Time of Delivery, or if the Company and the Selling Shareholders shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase ADSs of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase, and of the Company and the Selling Shareholders to sell, the Optional ADSs) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter, the Company or the Selling Shareholders, except for the expenses to be borne by the Company and the Selling Shareholders and the Underwriters as provided in Section 7 hereof and the indemnity and contribution agreements in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. The respective indemnities and contribution provisions in Section 9, and the agreements, representations, warranties and other statements of the Company, the Selling Shareholders and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or any of the Selling Shareholders, or any officer or director or controlling person of the Company, or any controlling person of any Selling Shareholder, and shall survive delivery of and payment for the ADSs.

12. (a) This Agreement shall become effective when the parties hereto have executed and delivered this Agreement.

(b) The obligations of the several Underwriters hereunder shall be subject to termination in the absolute discretion of the Representative, if any of the conditions set forth in Section 8 is not satisfied.

(c) If the Representative elects to terminate this Agreement as provided in this Section 12, the Company, the Selling Shareholders and each other Underwriter shall be notified promptly in writing.

(d) If this Agreement shall be terminated pursuant to Section 10 hereof, neither the Company nor any of the Selling Shareholders shall then be under any liability to any Underwriter except as provided in Sections 7 and 9 hereof; but, if for any other reason, any ADSs are not delivered by or on behalf of the Company and the Selling Shareholders as provided herein, the Company and each of the Selling Shareholders will, upon the occurrence of any failure to complete the sale and delivery of the ADSs, promptly (and, in any event, not later than 30 days), jointly and severally, reimburse the Underwriters through you for all out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the ADSs not so delivered, but the Company and the Selling Shareholders shall then be under no further liability to any Underwriter in respect of the ADSs not so delivered except as provided in Sections 7 and 9 hereof.

13. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to you as the Representative at 68th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong, facsimile number: (852) 2978-0440, Attention: Legal Department; if to the Company shall be delivered or sent by mail, telex or facsimile transmission to Solarfun Power Holdings Co., Ltd. c/o Jiangsu Linyang Solarfun Co., Ltd., No. 666 Linyang Road, Qidong, Jiangsu, 226200, People's Republic of China; if to any Selling Shareholder shall be delivered or sent by mail, telex or facsimile transmission to such Selling Shareholder c/o Linyang Solarfun Co., Ltd., No. 666 Linyang Road, Qidong, Jiangsu, 226200, People's Republic of China, Attention: [o]; provided, however, that any notice to an Underwriter pursuant to Section 9(e) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Underwriter at its address set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by you upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and the Selling Shareholders and, to the extent provided in Sections 9 and 11 hereof, the officers and directors of the Company and each person who controls the Company, any Selling Shareholder or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the ADSs from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

15. Each of the parties hereto irrevocably (i) agrees that any legal suit, action or proceeding against the Company or the Selling Shareholder brought by any Underwriter or by any person who controls any Underwriter arising out of or based upon this Agreement or the transactions contemplated hereby may be instituted in any New York Court, (ii) waives, to the fullest extent it may effectively do so, any objection which it may now or hereafter have to the laying of venue of any such proceeding and (iii) submits to the exclusive jurisdiction of such courts in any such suit, action or proceeding. Each of the Company and the Selling Shareholders has irrevocably appointed CT Corporation System, 111 Eighth Avenue, New York, New York, as its authorized agent (the "Authorized Agent") upon whom process may be served in any such action arising out of or based on this Agreement or the transactions contemplated hereby which may be instituted in any New York Court by any Underwriter or by any person who controls any Underwriter, expressly consents to the jurisdiction of any such court in respect of any such action, and waives any other requirements of or objections to personal jurisdiction with respect thereto. Each of the Company and the Selling Shareholders represents and warrants that the Authorized Agent has agreed to act as such agent

for service of process and agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Company shall be deemed, in every respect, effective service of process upon the Company and the Selling Shareholders as the case may be.

16. In respect of any judgment or order given or made for any amount due hereunder that is expressed and paid in a currency (the "judgment currency") other than United States dollars, the Company and the Selling Shareholders, as the case may be, will indemnify each Underwriter against any loss incurred by such Underwriter as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which an Underwriter is able to purchase United States dollars with the amount of the judgment currency actually received by such Underwriter. The foregoing indemnity shall constitute a separate and independent obligation of the Company and the Selling Shareholders and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of or conversion into United States dollars.

17. Time shall be of the essence of this Agreement. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

18. Each of the Company and the Selling Shareholders acknowledges and agrees that (i) the purchase and sale of the ADSs pursuant to this Agreement is an arm's-length commercial transaction between the Company and such Selling Shareholders, on the one hand, and the several Underwriters, on the other, (ii) in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company or any Selling Shareholder, (iii) no Underwriter has assumed an advisory or fiduciary responsibility in favor of the Company or such Selling Shareholder with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or any Selling Shareholder on other matters) or any other obligation to the Company or such Selling Shareholder except the obligations expressly set forth in this Agreement and (iv) each of the Company and the Selling Shareholders has consulted its own legal and financial advisors to the extent it deemed appropriate. Each of the Company and the Selling Shareholders agrees that it will not claim that the Underwriters, or any of them, has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company or any Selling Shareholder, in connection with such transaction or the process leading thereto.

19. This Agreement constitutes the entire agreement among the parties and supersedes all prior agreements and understandings (whether written or oral) among the Company, the Selling Shareholders and the Underwriters, or any of them, with respect to the subject matter hereof.

20. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

21. Each of the Company, the Selling Shareholders and the Underwriters irrevocably waives, to the fullest extent permitted by law, any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

22. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

23. Notwithstanding anything herein to the contrary, each of the Company and the Selling Shareholders is authorized to disclose to any persons the U.S. Federal and State income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to the Company and the Selling Shareholders relating to that treatment and structure, without the Underwriters imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

Any person executing and delivering this Agreement as Attorney-in-Fact for a Selling Shareholder represents by so doing that he has been duly appointed as Attorney-in-Fact by such Selling Shareholder pursuant to a validly existing and binding Power of Attorney which authorizes such Attorney-in-Fact to take such action.

If the foregoing is in accordance with your understanding, please sign and return to us [three] counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters, the Company and the Selling Shareholders. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters, the form of which shall be submitted to the Company and the Selling Shareholders for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Solarfun Power Holdings Co., Ltd.

By: _____
Name:
Title:

The Selling Shareholders named
in Schedule II attached hereto

By: _____
Name:
Title:

As Attorney-in-Fact acting on behalf
of each of the Selling Shareholders
named in Schedule II attached hereto

Accepted as of the date hereof on behalf of each of the Underwriters

Goldman Sachs (Asia) L.L.C

By: _____
Name:
Title:

SCHEDULE I

UNDERWRITER	TOTAL NUMBER OF FIRM ADSS TO BE PURCHASED	NUMBER OF OPTIONAL ADSS TO BE PURCHASED IF MAXIMUM OPTION EXERCISED
Goldman Sachs (Asia) L.L.C.....		
[NAME OF OTHER UNDERWRITERS].....		
TOTAL		

SCHEDULE II

	TOTAL NUMBER OF FIRM ADSS TO BE SOLD	NUMBER OF OPTIONAL ADSS TO BE SOLD IF MAXIMUM OPTION EXERCISED
The Company		
The Selling Shareholders:		
[INSERT NAMES].....		
TOTAL		

SCHEDULE III

(a) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package: [-]

(b) Materials other than the Pricing Prospectus that comprise the Pricing Disclosure Package: [-]

ANNEX I

FORM OF POWER OF ATTORNEY

SOLARFUN POWER HOLDINGS CO., LTD.

AMERICAN DEPOSITARY SHARES
REPRESENTING
ORDINARY SHARES

(par value [-] per share)

IRREVOCABLE POWER OF ATTORNEY OF SELLING SHAREHOLDER

_____, 2006

The undersigned is a shareholder of Solarfun Power Holdings Co., Ltd., an exempted company incorporated in the Cayman Islands (the "Company"). In connection with the initial public offering of the American Depositary Shares (the "ADSs"), each representing [-] ordinary shares, par value US$0.0001 per share ("Ordinary Shares"), of the Company (the "Offering"), the undersigned understands that the undersigned and certain other shareholders of the Company (the undersigned and such other shareholders being hereinafter referred to as the "Selling Shareholders") propose to sell Ordinary Shares of the Company, in the form of ADSs, to the several underwriters (the "Underwriters") named in the Underwriting Agreement (as defined below), represented by Goldman Sachs (Asia) L.L.C. (the "Representative"), and that the Underwriters propose to offer such ADSs to the public. The undersigned also understands that, in connection with the public offering pursuant to the Underwriting Agreement, the Company has filed a Registration Statement (the "Registration Statement") with the United States Securities and Exchange Commission (the "Commission") to register under the Securities Act of 1933, as amended (the "1933 Act"), the Ordinary Shares to be sold in the form of ADSs by the Selling Shareholders.

1. In connection with the foregoing, the undersigned hereby irrevocably appoints [-] and [-], and either of them acting alone, as the attorneys-in-fact (collectively the "Attorneys" and each individually an "Attorney") of the undersigned, and agrees that the Attorneys, or either of them acting alone, may also act as the attorneys-in-fact for any other Selling Shareholder, with full power and authority in the name of, and for and on behalf of, the undersigned:

(a) to do all things necessary to sell, assign, transfer and deliver to the Underwriters up to the number (the "Maximum Number") of ADSs set forth opposite the name of the undersigned at the end of this Power of Attorney pursuant to the Underwriting Agreement;

(b) for the purpose of effecting such sale, to negotiate, execute, deliver and perform the undersigned's obligations under (1) an underwriting agreement (the "Underwriting Agreement") among the Company, the Selling Shareholders and the Representative, as the representative of the several Underwriters named therein (including the purchase price per ADS to be paid by the Underwriters and the number (or method of determining the number) of ADSs to be sold by the

undersigned), as may be approved in the sole discretion of the Attorneys, or either of them acting alone, such approval to be conclusively evidenced by the execution and delivery of the Underwriting Agreement by the Attorneys, or either of them acting alone; and (2) an engagement letter, dated [-], 2006 (the "Engagement Letter"), among the Company, the Selling Shareholders and the Representative.

(c) to execute and deliver any amendments, modifications or supplements to the Underwriting Agreement and the Engagement Letter, to amend, modify or supplement any of the terms thereof including, without limitation, the terms of the offering, provided, however that no such amendment shall increase the number of the ADSs to be sold by the undersigned to more than the Maximum Number in the aggregate;

(d) to take any and all steps deemed necessary by the Attorneys, or either of them acting alone, in connection with the sale of the ADSs with respect to (i) the transfer on the books of the Company of the Ordinary Shares underlying the ADSs, or on the records of the transfer agent, if applicable, in order to effect the sale to the Underwriters, (ii) the payment, out of the proceeds of such sale, of any expenses that are to be borne by the undersigned in connection with the offer, sale and delivery of the ADSs or any transfer taxes payable in connection with the transfer of the ADSs to the Underwriters and (iii) the transmission to or as directed by the undersigned of the proceeds from the sale of the ADSs (after deducting all amounts payable by the undersigned pursuant to this Power of Attorney, the Underwriting Agreement and the Engagement Letter) and the return to the undersigned of new certificates representing the excess, if any, of the number of the Ordinary Shares over the number of the Ordinary Shares underlying the ADSs sold to the Underwriters; to incur or authorize the incurrence of any necessary or appropriate expense in connection with the sale of the ADSs and to determine the amount of any transfer taxes;

(e) to join the Company in withdrawing the Registration Statement if the Company should desire to withdraw such registration;

(f) to retain legal counsel in connection with any and all matters referred to herein (which counsel may, but need not, be counsel for the Company);

(g) to appoint an agent for service of process in the United States;

(h) to agree upon the allocation and to arrange payment therefor of the expenses of the Offering (including, without limitation, the fees and expenses of counsel referred to above) among the Company, the Underwriters and the Selling Shareholders, including the undersigned;

(i) to authorize the appropriate book-entries, representing the Ordinary Shares underlying the ADSs to be sold by the undersigned, if applicable;

(j) to endorse with the registered seal of the undersigned on behalf of the undersigned the certificate(s) representing the Ordinary Shares underlying the ADSs, if applicable, to be sold by the undersigned, or a transfer form or transfer forms attached to such certificate(s); and

(k) to make, execute, acknowledge and deliver all other contracts, orders, receipts, notices, requests, instructions, certificates, letters and other writings, including communications to the Commission (including a request or requests for acceleration of the effective date of the Registration Statement) and state securities law authorities, any amendments to the Underwriting Agreement, the Engagement Letter or any agreement with the Company with regard to expenses,

ANNEX I-2

and certificates and other documents required to be delivered by or on behalf of the undersigned pursuant to the Underwriting Agreement or the Engagement Letter, and specifically to execute on behalf of the undersigned stock powers and transfer instructions relating to the Ordinary Shares underlying the ADSs to be sold by the undersigned, and in general to do all things and to take all action which the Attorneys, or either of them acting alone, may consider necessary or proper in connection with, or to carry out and comply with, all terms and conditions of the Underwriting Agreement and the Engagement Letter and the aforesaid sale of ADSs to the several Underwriters.

2. The undersigned hereby makes, at and as of the date of this Power of Attorney, with and to the several Underwriters each of the representations, warranties, covenants and agreements of the undersigned as a Selling Shareholder set forth in the Underwriting Agreement, and all such representations, warranties, covenants and agreements are incorporated by reference herein in their entirety (the representations, warranties and agreements being subject, however, to the exception that orders or other authorizations that may be required under the 1933 Act in connection with the purchase and distribution by the Underwriters of the ADSs to be sold by the undersigned have not yet been obtained).

The undersigned further:

(a) represents and warrants to, and agrees with, the several Underwriters that this Power of Attorney and the Engagement Letter have been duly executed and delivered by or on behalf of the undersigned and constitute valid and binding agreements of the undersigned in accordance with their respective terms; and

(b) (i) confirms to the several Underwriters the accuracy of the information concerning the undersigned and the undersigned's shareholding in the Company as set forth in the Registration Statement and Pricing Prospectus (as defined in the Underwriting Agreement), dated [-], under the caption "Principal and Selling Shareholders", a copy of which is publicly available on EDGAR, (ii) also confirms to the several Underwriters the accuracy of the information concerning the undersigned contained or to be contained in any selling shareholder's questionnaire or other written document furnished by the undersigned to the Company for purposes of the Registration Statement or any prospectus (preliminary or final) contained therein or filed pursuant to Rule 424 under the 1933 Act (as defined in the Underwriting Agreement) or in any amendment or supplement thereto (including any documents incorporated by reference therein), (iii) agrees with the Company and the several Underwriters immediately to notify the Company and promptly (but in any event within two business days thereafter) to confirm the same in writing if, during the period or at the date(s) referred to in paragraph 4 hereof, there should be any change affecting the accuracy of the above-mentioned information, or if any subsequent version of such section of the prospectus delivered to the undersigned should be inaccurate, and (iv) agrees with the Company and the several Underwriters that for all purposes of the representations, warranties, covenants and agreements incorporated by reference herein from the Underwriting Agreement, delivery of this Power of Attorney and the statements contained herein constitute (and in the absence of any such notification as is referred to in subclause (iii) given prior to the date on which the Underwriting Agreement is executed and delivered by the undersigned will constitute on a continuing basis) written information furnished by the undersigned to the Company for use in the Registration Statement and any such prospectus or prospectus supplement, amendment or supplement.

3. This Power of Attorney and all authority conferred hereby are granted and conferred subject to the interests of the Underwriters and the other Selling Shareholders; and, in consideration of those interests and for the purpose of completing the transactions contemplated by the Underwriting

Agreement and this Power of Attorney, this Power of Attorney and all authority conferred hereby, to the extent enforceable by law, shall be deemed an agency coupled with an interest and be irrevocable and not subject to termination by the undersigned or by operation of law, whether by the death or incapacity of the undersigned or any executor or trustee or the termination of any estate or trust or by the dissolution or liquidation of any corporation or partnership or by the occurrence of any other event, and the obligations of the Selling Shareholder under the Underwriting Agreement similarly are not to be subject to termination. If any such individual or any such executor or trustee should die or become incapacitated or if any such estate or trust should be terminated or if any such corporation or partnership should be dissolved or liquidated or if any other such event should occur before the delivery of the ADSs to be sold by the undersigned under the Underwriting Agreement, such ADSs shall be delivered by or on behalf of the undersigned in accordance with the terms and conditions of the Underwriting Agreement, and all other actions required to be taken under the Underwriting Agreement shall be taken, and actions taken by the Attorneys, or either of them acting alone, pursuant to this Power of Attorney shall be as valid as if such death, incapacity, termination, dissolution, liquidation or other event had not occurred, regardless of whether or not the Attorneys, or either of them acting alone, shall have received notice of such death, incapacity, termination, dissolution, liquidation or other event.

Notwithstanding the foregoing, if the Underwriting Agreement is not executed and delivered on or prior to [-], 2006 then from and after such date the undersigned shall have the power to revoke all authority hereby conferred by giving written notice to each of the Attorneys that this Power of Attorney has been terminated; subject, however, to all lawful action done or performed by the Attorneys or either one of them, pursuant to this Power of Attorney prior to the actual receipt of such notice.

4. The undersigned will immediately notify the Attorneys, the Company and the Representative of the occurrence of any event which shall cause the representations and warranties contained herein not to be true and correct during the period of the public offering of the ADSs or at each Time of Delivery (as defined in the Underwriting Agreement) for the ADSs pursuant to the Underwriting Agreement.

5. The undersigned ratifies all that the Attorneys shall do by virtue of and in accordance with this Power of Attorney. All actions may be taken by either of the Attorneys alone. In the event that any statement, request, notice or instruction given by one Attorney shall be inconsistent with that given by another, any such statement, request, notice or instruction from [-] shall prevail.

6. The undersigned agrees to hold the Attorneys, jointly and severally, free and harmless from any and all loss, damage, liability or expense incurred in connection herewith, including reasonable attorney's fees and costs, which they, or either of them acting alone, may sustain as a result of any action taken in good faith hereunder.

7. In case any provision in this Power of Attorney shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

8. If the undersigned is (i) acting as trustee or in any fiduciary or representative capacity, the undersigned has also delivered duly certified copies of each trust agreement, will, letters testamentary or other instrument pursuant to which the undersigned is authorized to act as a Selling Shareholder;
(ii) a corporation, the undersigned has also delivered or prior to the closing date of the Offering will deliver (A) duly certified resolutions of its board of directors authorizing it to enter into this Power of Attorney, the Underwriting Agreement and the Engagement Letter and duly certified copies of such corporation's memorandum of association, articles of association, by-laws, certificate of incorporation or other

organizational documents or (B) an officer's certificate attesting to the authority of the signatories; (iii) a partnership, the undersigned has also delivered extracts of any applicable provisions of its partnership or limited liability company agreement (and applicable provisions of the organizational documents or partnership agreement(s) of the general partner(s) of such partnership) authorizing such partnership to enter into this Power of Attorney, the Underwriting Agreement and the Engagement Letter; (iv) a limited liability company, the undersigned has also delivered extracts of any applicable provisions of its limited liability company agreement (and applicable provisions of the organizational documents or partnership or limited liability company agreement(s) of the manager(s) or managing member(s) of such limited liability company) authorizing such limited liability company to enter into this Power of Attorney, the Underwriting Agreement and the Engagement Letter; or (v) any other type of entity, the undersigned has also delivered extracts and certified copies of similar documents authorizing such entity to enter into this Power of Attorney, the Underwriting Agreement and the Engagement Letter.

9. The undersigned agrees to deliver such additional documentation (including additional copies of the documentation referred to in the preceding paragraph) as you, the Attorney, the Company or the Representative or any of their respective counsel may reasonably request to effectuate or confirm compliance with any of the provisions hereof or of the Underwriting Agreement, all of the foregoing to be in form and substance reasonably satisfactory in all respects to the party requesting such documentation.

10. THIS POWER OF ATTORNEY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

ANNEX I-5

Dated: _____

Maximum number of ADSs to be sold:

_____ ADSs

Signature of Selling Shareholder:

[INSERT FULL NAME OF SELLING SHAREHOLDER]

By:_____
Name:
Title:

[NOTE: SELLING SHAREHOLDERS'S SIGNATURE(S) ON THIS POWER OF ATTORNEY MUST BE CERTIFIED BY [-], OFFICER OF THE COMPANY.]

Signature(s) certified by

By:

Name: [-]

You should sign in exactly the same manner as the Ordinary Shares of the Company owned by you are registered and execute a separate Power of Attorney for each different form in which shares are registered.

ANNEX I-6

ANNEX II

FORM OF COMFORT LETTER

Pursuant to Section 8(h) of the Underwriting Agreement, the accountants shall furnish letters to the Underwriters to the effect that:

They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Act and the applicable published rules and regulations thereunder;

(i) In their opinion, the financial statements and any supplementary financial information and schedules (and, if applicable, financial forecasts and/or pro forma financial information) examined by them and included in the Prospectus or the Registration Statement comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations thereunder; and, if applicable, they have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited consolidated interim financial statements, selected financial data, pro forma financial information, financial forecasts and/or condensed financial statements derived from audited financial statements of the Company for the periods specified in such letter, as indicated in their reports thereon, copies of which have been [separately] furnished to the representative of the Underwriters (the "Representative");

(ii) They have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Prospectus as indicated in their reports thereon copies of which [have been separately furnished to the Representative] and on the basis of specified procedures including inquiries of officials of the Company who have responsibility for financial and accounting matters regarding whether the unaudited condensed consolidated financial statements referred to in paragraph (v)(A)(i) below comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations, nothing came to their attention that cause them to believe that the unaudited condensed consolidated financial statements do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations;

(iii) They have compared the information in the Prospectus under selected captions with the disclosure requirements of Regulation S-K and on the basis of limited procedures specified in such letter nothing came to their attention as a result of the foregoing procedures that caused them to believe that this information does not conform in all material respects with the disclosure requirements of Items 8 and 11 of Form 20-F and Regulation S-K;

(iv) On the basis of limited procedures, not constituting an examination in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company and its subsidiaries since the date of the latest audited financial statements included in the Prospectus, inquiries of officials of the Company and its subsidiaries responsible for financial and accounting matters and such other inquiries and

procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) (i) the unaudited consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations, or (ii) any material modifications should be made to the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Prospectus for them to be in conformity with generally accepted accounting principles;

(B) any other unaudited income statement data and balance sheet items included in the Prospectus do not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, and any such unaudited data and items were not determined on a basis substantially consistent with the basis for the corresponding amounts in the audited consolidated financial statements included in the Prospectus;

(C) the unaudited financial statements which were not included in the Prospectus but from which were derived any unaudited condensed financial statements referred to in clause (A) and any unaudited income statement data and balance sheet items included in the Prospectus and referred to in clause (B) were not determined on a basis substantially consistent with the basis for the audited consolidated financial statements included in the Prospectus;

(D) any unaudited pro forma consolidated condensed financial statements included in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Act and the published rules and regulations thereunder or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(E) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock (other than issuances of capital stock upon exercise of options and stock appreciation rights, upon earn-outs of performance shares and upon conversions of convertible securities, in each case which were outstanding on the date of the latest financial statements included in the Prospectus) or any increase in the consolidated long-term debt of the Company and its subsidiaries, or any decreases in consolidated net current assets or shareholders' equity or other items specified by the Representative, or any increases in any items specified by the Representative, in each case as compared with amounts shown in the latest balance sheet included in the Prospectus, except in each case for changes, increases or decreases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(F) for the period from the date of the latest financial statements included in the Prospectus to the specified date referred to in clause (E) there were any decreases in consolidated net revenues or operating profit or the total or per share amounts of consolidated net income or other items specified by the Representative, or any increases in any items specified by the Representative, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by

the Representative, except in each case for decreases or increases which the Prospectus discloses have occurred or may occur or which are described in such letter; and

(v) In addition to the examination referred to in their report(s) included in the Prospectus and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraph (iii) above, they have carried out certain specified procedures, not constituting an examination in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Representative, which are derived from the general accounting records of the Company and the subsidiaries, which appear in the Prospectus, or in Part II of, or in exhibits and schedules to, the Registration Statement specified by the Representative, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and the subsidiaries and have found them to be in agreement.

ANNEX II-3

ANNEX III

PARTIES TO EXECUTE LOCK-UP AGREEMENT

[INSERT NAMES]

ANNEX III-1

ANNEX IV

FORM OF LOCK-UP AGREEMENT
SOLARFUN POWER HOLDINGS CO., LTD.

LOCK-UP AGREEMENT

_____, 2006

Goldman Sachs (Asia) L.L.C.,
68th Floor, Cheung Kong Center,
2 Queen's Road Central,
Hong Kong

As Representative of the several Underwriters named in Schedule I attached hereto.

Re: Solarfun Power Holdings Co., Ltd.

Ladies and Gentlemen:

The undersigned understands that you, as representative (the "Representative"), proposes to enter into an underwriting agreement (the "Underwriting Agreement"), on behalf of the several underwriters named in Schedule I thereto agreement (collectively, the "Underwriters"), with Solarfun Power Holdings Co., Ltd., a company incorporated in the Cayman Islands (the "Company"), and the selling shareholders (the "Selling Shareholders") and certain other parties named therein, providing for a public offering of American Depositary Shares (the "ADSs") representing ordinary shares of the Company, par value US$0.0001 per share (the "Ordinary Shares"), pursuant to a Registration Statement on Form F-1 (File No. 333-_____) and a Registration Statement on Form F-6 (File No. 333-_____) to be filed with the U.S. Securities and Exchange Commission (the "SEC").

In consideration of the agreement by the Underwriter to offer and sell the ADSs, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of the final Prospectus covering the public offering of the ADSs and continuing to and including the date 180 days after the date of such final Prospectus (the "Lock-Up Period"), the undersigned will not offer, sell, contract to sell, pledge, grant any option to purchase, purchase any option or contract to sell, right or warrant to purchase, make any short sale, file a registration statement with respect to, or otherwise dispose of (including entering into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequence of ownership interests): (A) any ADSs or Ordinary Shares or any securities of the Company that are substantially similar to the ADSs or Ordinary Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, ADSs or Ordinary Shares or any such substantially similar securities; and (B) any ordinary shares of the Company's subsidiaries or controlled affiliates or depositary shares or depositary receipts representing such ordinary shares, including but not limited to any securities that are convertible into or exchangeable for or that represent the right to receive such common shares or such depositary shares or depositary receipts or any such substantially similar securities, whether now owned or hereinafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the SEC (in each case other than pursuant to a bona fide gift by an individual to a donee or a sale or transfer by an entity to an affiliate; provided that such donee or affiliate agrees to be bound in writing by the restrictions set forth herein), without your prior written consent; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or announces material news or a material event or (2) prior to the expiration of the initial Lock-Up Period, the Company announces, or if the Representative

determines that it will release earnings results during the 15-day period following the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be automatically extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the announcement of the material news or material event, as applicable, unless the Representative waive, in writing, such extension. The undersigned understands that the Company will provide the Representative and the undersigned with prior notice of any such announcement that gives rise to an extension of the Lock-Up Period.

The undersigned understands that the Company, the Selling Shareholders and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

This Lock-Up Agreement shall terminate upon the expiration of the Lock-Up Period or in the event that there is no delivery of, and payment for, the ADSs pursuant to the underwriting agreement, upon three days' prior written notice of such non-delivery and non-payment given by the undersigned to you.

Very truly yours,

Exact Name of Shareholder

Authorized Signature

Title

ANNEX IV-2

Exhibit 3.1

THE COMPANIES LAW (2004 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED
MEMORANDUM AND ARTICLES

OF

ASSOCIATION

OF

SOLARFUN POWER HOLDINGS CO., LTD.

(ADOPTED BY SPECIAL RESOLUTION DATED 27 JUNE, 2006)

THE COMPANIES LAW (2004 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF SOLARFUN POWER HOLDINGS CO., LTD.

(ADOPTED BY SPECIAL RESOLUTION DATED 27 JUNE, 2006)

1 The name of the Company is SOLARFUN POWER HOLDINGS CO., LTD.

2 The registered office of the Company shall be at the offices of M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.

3 The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2004 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.

4 The liability of each Shareholder is limited to the amount from time to time unpaid on such Shareholder's Shares.

5 The share capital of the Company is US$50,000 being the aggregate of (i) 400,000,000 voting Ordinary Shares each with a par value of US$0.0001 and
(ii) 100,000,000 voting convertible Preference Shares each with a par value of US$0.0001 and 100,000,000 of which shall be designated as Series A Preference Shares.

6 The Company has power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

7 Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2004 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION OF SOLARFUN POWER HOLDINGS CO., LTD.

(ADOPTED BY SPECIAL RESOLUTION DATED 27 JUNE, 2006)

INTERPRETATION

1 In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

"AFFILIATE"	means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person (including any Subsidiary) and "AFFILIATES" and "AFFILIATED" shall have correlative meanings. For the purpose of this definition, the term "CONTROL" (including with correlative meanings, the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise. Without prejudice to the foregoing, any fund, collective investment scheme, trust, partnership, including without limitation, any co-investment partnership, special purpose or other vehicle or any subsidiary or affiliate of any of the foregoing, which is controlled by Citigroup Inc. or any of its direct or indirect subsidiaries as well as any or all of Citigroup Venture Capital International Growth Partnership, L.P., Citigroup Venture Capital International Partnership G.P., shall be deemed to be an "Affiliate" of CVCI.
"ARTICLES"	means these articles of association of the Company as may be amended, restated or superseded from time to time.

"AUDITOR"	means the person for the time being performing the duties of auditor of the Company (if any).
"BANKRUPTCY EVENT"	means with respect to any Person (the "BANKRUPTCY PARTY"), (a) the commencement by it of a Bankruptcy Proceeding with respect to itself or the consent by it to be subject to a Bankruptcy Proceeding commenced by another Person, (b) the commencement by another Person of a Bankruptcy Proceeding with respect to the Bankruptcy Party that remains unstayed or undismissed for a period of thirty (30) consecutive days, (c) the appointment of or taking possession by a Receiver over the Bankruptcy Party or any substantial part of its property, (d) the making by the Bankruptcy Party of a general assignment for the benefit of its creditors or the admission by the Bankruptcy Party in writing of its inability to generally pay its debts as they become due, (e) the entry by a court having jurisdiction over the Bankruptcy Party or a substantial part of its property of an Order for relief under any Bankruptcy Law which remains unstayed or undismissed for a period of thirty (30) consecutive days, (i) adjudging the Bankruptcy Party bankrupt or insolvent, (ii) approving as properly filed a petition seeking the reorganization or other similar relief with respect to the Bankruptcy Party, (iii) appointing a Receiver over the Bankruptcy Party or any substantial part of its property or (iv) otherwise ordering the winding up and liquidation of the Bankruptcy Party or (f) the occurrence of any event similar to (a), (b), (c), (d) or (e) under any applicable Law with respect to the Bankruptcy Party.
"BANKRUPTCY LAW"	means any bankruptcy, insolvency, reorganization, composition, moratorium or other similar Law.
"BANKRUPTCY PROCEEDING"	means a case or proceeding under any Bankruptcy Law wherein a Person may be adjudicated bankrupt, insolvent or become subject to an Order of reorganization, arrangement, adjustment, winding up, dissolution, composition or other similar Order.
"BOARD"	means the board of directors of the Company.
"BUSINESS DAY"	means a day other than Saturday, Sunday or any day on which banks located in New York, Hong Kong or PRC are authorized or obligated to close.

"CAUSE"	means (a) a Director's or officer's willful or continued failure to substantially perform his or her duties, (b) such Director or officer being convicted or under formal investigation in a criminal proceeding (other than traffic violations or other minor infractions), (c) such Director or other officer being censured or subject to equivalent action by any internationally recognized securities exchange, or (d) such Director or officer being subject to a Bankruptcy Event.
"CVCI"	means Citigroup Venture Capital International Growth Partnership, L.P., and Citigroup Venture Capital International Co-Investment, L.P., each a limited partnership organized under the laws of the Cayman Islands and their Permitted Transferee.
"CLOSING"	means the date of completion of the transactions contemplated in the Purchase Agreement.
"CONTROLLING INDIVIDUAL"	means Yonghua Lu, Hanfei Wang, Rongqiang Cui, Yongliang Gu, Haijuan Yu, Xingxu Tong, Yuting Wang and Min Cao.
"COMPANY"	means Solarfun Power Holdings Co., Ltd.
"DEFINITIVE DOCUMENTATION"	means the documents set forth in Schedule 7.9 of the Purchase Agreement.
"DIRECTORS"	means the directors for the time being of the Company.
"DIVIDEND"	includes an interim dividend.
"ELECTRONIC RECORD"	has the same meaning as in the Electronic Transactions Law (2003 Revision).
"ENCUMBRANCE"	means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any lease, sub-lease, occupancy agreement, easement or covenant granting a right of use or occupancy to any Person, (iii) any proxy, power of attorney, voting trust agreement,

	interest, option, right of first offer, negotiation or refusal or Transfer restriction in favour of any Person and (iv) any adverse claim as to title, possession or use.
"EQUITY SECURITIES"	means the capital stock, membership interests, partnership interests, registered capital or other ownership interest in any Person or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital or other ownership interests (whether or not such derivative securities are issued by such Person) and includes the Shares.
"EXISTING SHAREHOLDER"	means Forever-brightness Investments Limited, WHF Investment Co., Ltd., Yongfa Solar Power Investment Holding Ltd., YongGuan Solar Power Investment Holding Ltd., Yonghua Solar Power Investment Holding Ltd., Yongliang Solar Power Investment Holding Ltd., Yongqiang Solar Power Investment Holding Ltd. and YongXing Solar Power Investment Holding Ltd. and shall include any Permitted Transferee who is an Affiliate of an Existing Shareholder. Each of the Existing Shareholders shall be referred to as an "EXISTING SHAREHOLDER".
"GOVERNMENT AUTHORITY"	means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States of America, the PRC and the Cayman Islands, any other country or territory or any province, state, country, city or other political subdivision of the United States of America, the PRC and the Cayman Islands or any other country or territory.
"INITIAL PUBLIC OFFERING"	means the first Public Offering of Equity Securities of a Person upon the consummation of which such securities are listed on an internationally recognized securities exchange.
"INVESTOR DIRECTOR"	means the directors nominated by the Investors in accordance with the Shareholders Agreement and appointed in accordance with these Articles, who shall initially include each of Timothy Chang, Anthony Lam, Xihong Deng, Linan Zhu and an individual to be nominated by Good Energies
"INVESTORS"	means CVCI, Hony Capital II L.P., a limited partnership

	organized under the laws of the Cayman Islands ("HONY"), LC Fund III L.P., a limited partnership organized under the laws of the Cayman Islands ("LC" and together with Hony "LEGEND"), Mohamed Nasser Haram, Rasheed Yar Khan, and Good Energies Investments Limited, a company organized under the laws of Jersey ("GOOD ENERGIES"). Each of the Investors shall be referred to individually as an "INVESTOR".
"LAW"	means any law, treaty, statute, ordinance, code, rule or regulation of any Government Authority or any Order.
"LIQUIDATION DISTRIBUTION"	means, in relation to a Preference Share, an amount of money payable in the event of the Company's liquidation or dissolution equal to the higher of (i) 115% of the RMB Investment Amount plus all arrears or accruals of annual Dividends in relation to the Preference Shares pursuant to Article 126 plus any Dividends declared but unpaid by the Company that Preference Shares are entitled to on a fully-diluted and as-converted basis and (ii) the amount that the Investors are entitled to receive on a fully diluted and as-converted basis from the assets of the Company available for distribution.
"LIQUIDATION EVENT"	means (i) any acquisition of the Company by means of merger or other form of corporate reorganization in which outstanding Shares of the Company are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary (other than the creation of a holding company owning all shares of the Company by way of exchange for all outstanding shares of the Company or transfer of all the outstanding shares of the Company to the holding company) and pursuant to which the holders of the outstanding Equity Securities of the Company immediately prior to such merger or other form of corporate reorganization fail to hold Equity Securities representing a majority of the voting power of the surviving entity immediately following such merger or other form of corporate reorganization, (ii) a sale of all or substantially all of the assets of the Company, (iii) license of all or substantially all of the Company's assets or rights to intellectual property, or (iv) any liquidation, dissolution, reorganization, bankruptcy, winding up,

	whether voluntary or involuntary, of the Company or other similar event.
"MEMORANDUM"	means the memorandum of association of the Company as the same may from time to time be amended, restated or superseded.
"ORDER"	means any writ, judgement, decree, injunction, award or similar order of any Government Authority (in each case whether preliminary or final).
"ORDINARY RESOLUTION"	means a resolution passed by a simple majority of the Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Shareholder is entitled by the Articles.
"ORDINARY SHARE"	means a voting share is in the capital of the Company, designated as such at the time of issue, each with a US$0.0001 par value and enjoying the rights, privileges and preferences set forth in these Articles.
"ORIGINAL ISSUE PRICE"	means the Purchase Price as defined in Section 2.2 of the Purchase Agreement, subject to adjustments in accordance with Section 2.4 and/or Section 2.5 of the Purchase Agreement, as the case may be.
"PARTIES"	means collectively the Investors, the Existing Shareholders, the Controlling Individuals, the Company and any Person who becomes a party to the Shareholders Agreement under clause 5.1(a) thereof. Each of the Parties shall be referred to individually as a "PARTY."
"PERCENTAGE OWNERSHIP"	means, with respect to any Shareholder, a percentage represented by the fraction, the numerator of which is the number of Shares then registered in the name of such Shareholder in the Register of Members and the denominator of which is the total number of Shares then issued and outstanding.
"PERMITTED TRANSFEREE"	means with respect to any Person, (i) such Person's Affiliates, (ii) any investment funds managed by such Person's Affiliates or any Subsidiary of such Person or, (iii) any Affiliate or Subsidiary of such Person's parent entity.

"PERSON"	means an individual, firm, corporation, partnership, association, limited liability company, trust or estate or any other entity or organization whether or not having separate legal existence, including any Government Authority.
"PRC"	means the People's Republic of China excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan for the sole purpose of these Articles.
"PREFERENCE SHARE"	means a voting convertible preference share in the capital of the Company, designated as such at the time of issue, each with a par value of US$0.0001 and enjoying the rights, privileges and preferences set forth in these Articles.
"PUBLIC OFFERING"	means, in the case of an offering in the United States of America, an underwritten public offering of Equity Securities of a Person pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, and, in the case of an offering in any other jurisdiction, a widely distributed underwritten offering of Equity Securities of a Person in which both retail and institutional investors are eligible to buy in accordance with the securities laws of such jurisdiction.
"PUBLIC TRANSFEREE"	means any Person to whom Shares are Transferred on a public market in or following an Initial Public Offering of the Company; provided, that such Transfer has not been directed to a particular Person with whom a Shareholder has an understanding, agreement or arrangement (written or otherwise) regarding such Transfer.
"PURCHASE AGREEMENT"	means the Series A Convertible Preference Shares Purchase Agreement dated as of June 6, 2006 and made between the Investors, certain Existing Shareholders and the Company.
"QUALIFYING IPO"	means an Initial Public Offering of the Company within 36 months after the Closing and the Initial Public Offering shall incorporate the following features: (i) an underwritten Initial Public Offering on the main board of one or more of the following internationally recognized exchanges: the New York Stock Exchange, the NASDAQ National Market, the Hong Kong Stock

	Exchange, the Frankfurt Stock Exchange and the London Stock Exchange; (ii) the public float following such an offering shall equal or exceed 20% of the proposed market capitalization of the Company; (iii) Ordinary Shares of the Company shall be widely distributed and meet all requirements of the relevant exchanges; and (iv) the offering size of the Initial Public Offering is at least US$150 million.
"RECEIVER"	means any receiver, liquidator, trustee, administrator, sequestrator or other similar official.
"REGISTER OF MEMBERS"	means the register of Shareholders maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.
"REGISTERED OFFICE"	means the registered office for the time being of the Company.
"RMB"	means the Reminbi, the lawful currency of the PRC.
"RMB INVESTMENT AMOUNT"	means with respect to each Investor, the equivalent RMB amount of the purchase price paid by each Investor at the Closing and at the Second Closing (as defined in the Purchase Agreement) calculated at the middle rate of exchange between RMB and U.S. Dollars published by the People's Bank of China on 6 June, 2006 as set forth in Exhibit A of the Purchase Agreement.
"SEAL"	means the common seal of the Company and includes every duplicate seal.
"SHARE" and "SHARES"	means the Ordinary Shares and the Preference Shares in the Company.
"SHAREHOLDER"	means each Person registered as a member of the Company in the Register of Members and who is a Party whether in connection with the execution and delivery of the Shareholders Agreement as of the date of execution thereof or in accordance with clause 5.1(a) thereof.
"SHAREHOLDERS AGREEMENT"	means the agreement of that name dated as of 27 June, 2006 and entered into between (among others) the Existing Shareholders, the Controlling Individuals, the Investors and the Company as may be amended,

	supplemented or superseded from time to time.
"SPECIAL RESOLUTION"	has the same meaning as in the Statute, and includes a unanimous written resolution.
"STATUTE"	means the Companies Law (2004 Revision) of the Cayman Islands.
"SUBSIDIARY"	means, with respect to any Person, any entity which such Person controls, directly or indirectly. For purposes of this definition, "control" has the meaning set forth under the definition of "Affiliate."
"THIRD PARTY"	means a bona fide prospective purchaser, who is unrelated and unaffiliated with the Company or any Subsidiary of the Company or any Shareholders, of Shares in an arm's-length transaction from a Shareholder where such purchaser is not a Party or a Permitted Transferee of such Shareholder.
"TRANSFER"	means to sell, exchange, assign, pledge, charge, grant a security interest, make a hypothecation, gift or other encumbrance, or enter into any contract therefor, or into any voting trust or other agreement or arrangement with respect to the transfer of voting rights or any other legal or beneficial interest in any of the Shares, create any other claim thereto or make any other transfer or disposition whatsoever, whether voluntary or involuntary, affecting the right, title, interest or possession in, to or of such Shares, and "TRANSFER", "TRANSFERS", "TRANSFERRING" and "TRANSFERRED" shall have correlative meanings.
"2006 AUDITED NET PROFIT"	means the net profit of the Company as set forth in the 2006 Financial Statements, excluding (i) any extraordinary gains; (ii) any non-recurring gains; and (iii) any adjustments to the Company's financial results of prior years.
"2006 FINANCIAL STATEMENTS"	means the consolidated financial statements of the Company prepared in accordance with US GAAP and audited by Ernst & Young for the fiscal year ended on December 31, 2006 without any qualification.
"U.S. DOLLARS"	means the lawful currency of the United States of America for the time being.

2 In the Articles:

2.1 words importing the singular number include the plural number and vice versa;

2.2 words importing the masculine gender include the feminine gender;

2.3 words importing persons include corporations;

2.4 "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;

2.5 references to any law or regulation or to any provision(s) thereof shall be construed as references to such law or regulation or to those provisions as amended, modified, re-enacted or replaced from time to time;

2.6 any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

2.7 headings are inserted for reference only and shall be ignored in construing these Articles; and

2.8 in these Articles Section 8 of the Electronic Transactions Law (2003 Revision) shall not apply.

COMMENCEMENT OF BUSINESS

3 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.

4 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

ISSUE OF SHARES

5 (A) Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in a general meeting), to Article 89(a) of these Articles and without prejudice to any rights attached to any existing Shares, the Directors may not issue any Shares or equity-linked securities or enter into equivalent arrangements other than
(i) in a Qualifying IPO, (ii) Ordinary Shares issued upon conversion of the Preference Shares, (iii) securities issued as a dividend, (iv) Ordinary Shares issued or issuable to officers, directors, and employees of, and consultants to, the Company pursuant to options or awards under the stock option plans adopted by the Board and approved by CVCI, Legend and Good Energies in accordance with Article 89(a) hereof, (v) Preference Shares issued pursuant to section 2.4 or 2.5 of the Purchase Agreement, or (vi) securities or share capital issued to all Shareholders pro rata without consideration pursuant to a share dividend, share sub-division, or similar transaction (a "NEW

ISSUANCE"), unless the New Issuance complies with these Articles and the Directors have first offered to each of the Investors the right to participate in such New Issuance in proportion to such Investor's Percentage Ownership as of the date of the Rights Offering Notice (as defined in Article 5(B)) (a "RIGHTS ISSUANCE PORTION") on the same terms and conditions.

(B) Each time that the Directors propose to conduct a New Issuance, the Directors shall give each Investor a written notice (the "RIGHTS OFFERING NOTICE"), describing the type, price and terms (including the proposed date upon which such New Issuance is to be completed) of the New Issuance. Each Investor shall have thirty (30) days from the date of the Rights Offering Notice (the "RIGHTS OFFERING PERIOD") to confirm its intention to purchase a portion of the New Issuance up to its Rights Issuance Portion for the price and upon the terms specified in the Rights Offering Notice by giving written notice to the Directors stating the portion of the New Issuance that it agrees to purchase. Failure to respond to the Rights Offering Notice by an Investor within the Rights Offering Period shall be deemed to be such Investor's irrevocable rejection of its right to participate in such New Issuance. The Directors shall have 120 days from the date of the Rights Offering Notice to complete the New Issuance, failing which, such New Issuance shall again be subject to this Article 5(B).

(C) If an Investor fails to respond to the Rights Offering Notice within the Rights Offering Period or if an Investor responds to the Rights Offering Notice within the Rights Offering Period but agrees to purchase a portion of the New Issuance less than its Rights Issuance Portion, each other Investor participating in the New Issuance shall have the right to acquire a portion of the New Issuance not taken up by such Investor in proportion to such Investor's Rights Issuance Portion.

(D) The Directors shall not issue any Shares to any Person unless such Person is a party to, or has agreed in writing to be bound by, the terms and conditions of the Shareholders Agreement.

(E) Subject to the Statute, each Preference Share shall be capable of conversion into one or more Ordinary Shares. Such conversion shall comply with the provisions set forth in this Article 5:

(i) At any time after the Issue Date, upon the delivery to the Company at No. 666 Linyang Road, Qidong City, Jiangsu Province, Peoples' Republic of China, Facsimile No.: +86 (21) 6309-0999 (marked for the attention of: Min Cao), of a written notice signed by or on behalf of such number of Shareholders representing 50% or more of all of the then-outstanding Preference Shares (the "CONVERSION RIGHT"), each Preference Share then in issue shall be converted into fully-paid and non-assessable Ordinary Shares (the "OPTIONAL CONVERSION SHARES"). The Directors of the Company shall ensure that, forthwith upon receiving notice of the exercise of the Conversion Right, notice thereof is provided to all holders of Preference Shares whose names appear in the Register of Members, informing them that the Conversion Right has been exercised.

(ii) Subject to, and upon compliance with, the provisions of this Article 5, each Preference Share then in issue shall automatically be converted into fully-paid and non-assessable Ordinary Shares (together with the Optional Conversion Shares, the "CONVERSION SHARES") in the manner as provided in this Article 5 upon the closing of a Qualifying IPO (the "AUTOMATIC CONVERSION").

(iii) All Preference Shares converted in accordance with these Articles by way of redemption shall be cancelled on the date fixed by the Directors for conversion (which date shall not be later than ten (10) Business Days following receipt by the Company of the Conversion Notice and on which date the Ordinary Shares resulting from conversion are registered in the Company's Register of Members) and all rights with respect to such Preference Shares, including the rights, if any, to receive dividends, notices and to vote, shall immediately cease and terminate on and from such date, except for the right of the holders thereof to receive Conversion Shares, and if applicable, cash for any fractional Conversion Shares and any other securities, property or cash required to be delivered upon conversion of Preference Shares pursuant to this Article 5. Any Preference Shares converted by way of redemption shall be canceled and the amount of the Company's issued share capital shall be diminished by the par value of those Preference Shares accordingly; but the conversion by way of redemption shall not be taken as reducing the amount of the Company's authorized share capital.

(F) The Directors of the Company shall be obliged to carry out the redemption of all Preference Shares in the manner and circumstances set forth in these Articles but may, in consultation with the holders thereof, effect a conversion of Preference Shares in any manner permitted by applicable law, including (A) redeeming or purchasing the relevant Preference Shares and immediately applying the proceeds towards payment for such number of Conversion Shares calculated in accordance with Article 5 or (B) varying the rights attaching to the Preference Shares. For the purposes of any purchase or redemption, the Directors may, subject to the Company being able to pay its debts in the ordinary course of business immediately following the date upon which such payment is to be made, make payments out of its capital or share premium account. For the purpose of any conversion by variation of rights attaching to Preference Shares pursuant to and in accordance with this Article 5 alone, each Shareholder of Preference Shares shall be deemed to have given its consent to such variation without the need for any notice to be given by/to such Shareholder.

(G) Upon exercise of the Conversion Right or the occurrence of an Automatic Conversion, the number of Conversion Shares to be issued will be calculated by multiplying the number of Preference Shares to be converted by (x) the Original Issue Price divided by (y) the then-effective Conversion Price (as defined below) and rounding the resulting number down to the nearest whole number of Conversion Shares. The "Conversion Price" means the price per Conversion Share at which Conversion Shares will be issued upon conversion, which shall be the Original Issue Price, but subject to

adjustments in accordance with the provisions of article II of the Purchase Agreement. Both the Conversion Price and the Original Issue Price shall be subject to adjustments in accordance with Articles 5(L) and (M).

(H) If more than one Preference Share is to be converted at any one time by the same holder, the aggregate number of Conversion Shares to be issued to the same person will be calculated on the basis of the aggregate number of Preference Shares to be converted. Fractions of Conversion Shares will not be issued on conversion from Preference Shares. Fractions of Conversion Shares are rounded down to the nearest whole number of Conversion Shares and, in lieu of fractional Conversion Shares, the Company shall pay in U.S. Dollars, the cash amount equal to such fraction multiplied by the then-effective Conversion Price.

(I) To exercise the Conversion Right, the holder of Preference Shares must complete, execute and deposit at the principal office of the Company a written notice (a "CONVERSION NOTICE") in duplicate, together with the original certificate or certificates evidencing such Preference Shares

(J) Upon receipt of a Conversion Notice together with the original certificate or certificates evidencing the Preference Shares by the Company, as soon as possible but in any event no later than seven (7) Business Days after such receipt, the Directors shall convene a meeting to approve the issue of Conversion Shares (in the case of a redemption or purchase) or the variation of the rights attaching to the Preference Shares being converted, in each case applying the provisions of this Article 5 in order to determine the number of such Conversion Shares that are issueable.

(K) The provisions of Article 5(I) and (J) above shall apply mutatis mutandis upon the occurrence of an Automatic Conversion, save that the Directors shall ensure that entries on the Register of Members recording the redemption or purchase of the Preference Shares and issue of the Conversion Shares are made on the date that the Company's Ordinary Shares are listed on the relevant exchange pursuant to the Qualifying IPO.

(L) At any time or from time to time after the Issue Date, the holders of Preference Shares shall have the following rights, in addition to (and without prejudice to) the pre-emptive rights set forth in Article 14:

(i) If the Company shall sub-divide its outstanding Ordinary Shares or consolidate its outstanding Ordinary Shares into a smaller number of Ordinary Shares, then the Company shall also sub-divide or consolidate the Preference Shares convertible into such number of shares of sub-divided or consolidated Ordinary Shares. In the case of any sub-division or consolidation, the Original Issue Price and the Conversion Price shall both be adjusted by multiplying the Original Issue Price and the Conversion Price by a fraction, the numerator of which shall be the number of Preference Shares

outstanding immediately prior to such event and the denominator of which shall be the number of Preference Shares outstanding immediately after such sub-division or consolidation (as the case may be).

(ii) If the Company shall reclassify any of its Ordinary Shares into shares of another class or series, then the rights attaching to the Preference Shares shall themselves be automatically varied without the need for any vote of the holders thereof or of any other Shareholder or Director, so that the Preference Shares shall thereafter still be convertible into such shares of the other class or series; after any such reclassification of the Ordinary Shares, the Conversion Right may still be exercised by serving a written notice signed by or on behalf of such number of Shareholders as provided in Article 5(E)(i).

(iii) If the Company shall distribute to the holders of Ordinary Shares assets, evidences of its indebtedness, any Equity Security issued by any Person other than the Company or securities of the Company (other than Ordinary Shares), or options, rights or warrants to subscribe for or purchase any Equity Security issued by any Person or such securities (excluding those options, rights and warrants that give rise to the preemptive rights in Article 14 and any rights granted, issued or offered to and accepted by existing employees of the Company in accordance with any share option plan approved in accordance with Article 89(a)), then the Company shall distribute to the holders of Preference Shares then outstanding the same assets, evidences of its indebtedness, any Equity Security issued by any Person or securities of the Company, or options, rights or warrants to subscribe for or purchase the said Equity Security or securities equal to an amount that such holders of Preference Shares would have received if all such outstanding Preference Shares had been converted into Ordinary Shares on or prior to the date of such event.

(M) At any time or from time to time after the Issue Date, the Conversion Price with respect to the Preference Shares shall be subject to additional adjustment as follows: (i) For the purposes of this Article 5(M), the following definitions shall apply:

"OPTIONS" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either the Ordinary Shares or the Preference Shares (other than options issued to employees, officers and directors of the Company pursuant to the Share Option Plan).

"CONVERTIBLE SECURITIES" shall mean any evidence of indebtedness, shares (other than the Ordinary Shares) or other securities convertible into or exchangeable for the Ordinary Shares or securities convertible into or exchangeable for the Ordinary Shares.

"ADDITIONAL ORDINARY SHARES" shall mean all the Ordinary Shares issued (or, pursuant to Article 5(M)(iii), deemed to be issued) by the Company on or after the Issue Date, other than the Ordinary Shares issued or issuable at any time (1) upon conversion of the Preference Shares authorized herein; (2) Ordinary Shares issued or issuable to officers, directors, and employees of, and consultants to, the Company pursuant to options or awards under the share option plans adopted by the Board, including all of the Investor Directors; (3) as a dividend or distribution on Preference Shares; or (4) pursuant to any event for which adjustment is made pursuant to this Article 5 (other than this Article 5 (M)).

(ii) No adjustment in the Conversion Price shall be made in respect of the issuance or deemed issuance of Additional Ordinary Shares unless the consideration per Additional Ordinary Share issued or deemed to be issued by the Company is less than the Conversion Price in effect with respect to the Preference Shares on the date of and immediately prior to such issue.

(iii) In the event the Company at any time or from time to time after the Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Ordinary Shares issued as of the time of such issue, or in the case such a record date shall have been fixed, as of the close of business on such record date; provided that Additional Ordinary Shares shall not be deemed to have been issued unless the Consideration Per Share (determined pursuant to Article 5(M)(iv) hereof) of such Additional Ordinary Shares would be less than the Conversion Price then in effect with respect to the Preference Shares on the date of and immediately prior to such issue, or such record date, as the case may be; and provided, further, that in any such case in which Additional Ordinary Shares are deemed to be issued:

(I) except as provided in this clause (II) below, no further adjustment in the Conversion Price with respect to the Preference Shares shall be made upon the subsequent issue of Convertible Securities or Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(II) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Company, or change in the number of

the Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, including, but not limited to, a change resulting from the anti-dilution provisions thereof, the Conversion Price computed with respect to the Preference Shares upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such change becoming effective, be recomputed to reflect such change insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(III) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price computed with respect to the Preference Shares upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:

(1) in the case of Convertible Securities or Options for the Ordinary Shares, the only Additional Ordinary Shares issued were the Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange; and

(2) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(IV) no readjustment pursuant to clause (II) or (III) above shall have the effect of increasing the Conversion Price with respect to the

Preference Shares to an amount which exceeds the lower of
(x) the Conversion Price of the Preference Shares on the original adjustment date or (y) the Conversion Price of the Preference Shares that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such readjustment date; and

(V) in the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of any Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustments shall be made in the same manner provided in clause (III) above.

(iv) If, at any time or from time to time after the Issue Date, the Company issues Additional Ordinary Shares (including Additional Ordinary Shares deemed to be issued pursuant to Article 5(M)(iii) hereof) for a Consideration Per Share (as determined in accordance with Article 5(M)(v) below) less than the Conversion Price then in effect on the date immediately prior to such issue, then the Conversion Price shall be reduced, concurrently with such issue, to the Consideration Per Share received by the Company for such issue or deemed issue of the Additional Ordinary Shares.

(v) For the purposes of this Article 5(M), the "Consideration Per Share" which shall be receivable by the Company for the issuance of any Additional Ordinary Shares shall be computed as follows:

(I) Cash and Property. Such Consideration Per Share shall:

(1) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest (with cash received other than in U.S. Dollars be converted into U.S. Dollars at the then-effective middle rate of exchange between the relevant currency and U.S. Dollars);

(2) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board; and

(3) in the event Additional Ordinary Shares are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (1) and (2) above, as determined in good faith by the Board.

(II) Options and Convertible Securities. The Consideration Per Share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Article
5(M)(iii), relating to Options and Convertible Securities, shall be determined as follows:

(1) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities; divided by

(2) the maximum number of the Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities or, in the case of Option for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

(N) In the case of any consolidation with, or merger of the Company which does not result in any reclassification, conversion, exchange or cancellation of the Ordinary Shares or in a Liquidation Event or any sale, transfer or lease of all, or substantially all, of the properties or assets of the Company or creation of a holding company owning all shares of the Company by way of exchange for all outstanding shares of the Company or transfer of all the outstanding shares of the Company to the holding company (each a "CONVERSION EVENT" for the purposes of this Article 5(N)), the Directors shall procure that the Person which acquires, receives or leases such properties or assets of the Company or the holding company, as the case may be, executes or adopts or causes to be executed or adopt a form of constitution, memorandum and articles of association, by-laws or other equivalent constitutional document(s) (any of the foregoing, for the purposes of this Article 5(N), "A CONSTITUTION") providing that the holder of each Preference Share then outstanding will have the right thereafter to convert such Preference Shares only into the kind and amount of shares and other securities, cash and property receivable upon the Conversion Event by a holder of the number of Conversion Shares into which such Preference Shares might have been converted immediately prior to the Conversion Event, assuming that such holder failed to exercise its right of election, if any, as to the kind or amount of shares or other securities, cash or other property receivable upon the happening of the said Conversion Event (provided that if the kind or amount of shares or other securities, cash and other property receivable thereupon is not the same for each share of Ordinary Shares in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this Article 5(N) the kind and amount of shares or other securities, cash and other property receivable upon the happening of the Conversion Event by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). The Directors shall procure that the Constitution executed or adopted as

aforesaid will provide for adjustments that will be as nearly equivalent as may be practicable to the adjustments provided for in this Article 5. The above provisions of this Article 5(N) will apply in the same way to any subsequent consolidations, amalgamation, mergers, sales, transfers, leases, share exchange or share transfers.

(O) In the event of an optional conversion pursuant to Article 5(E)(i), before any holder of Preference Shares shall be entitled to convert the same into Ordinary Shares and to receive certificates therefor, the holder shall surrender the original certificate or certificates therefor at the office of the Company or of any transfer agent. The Company shall promptly issue and deliver to such holder of Preference Shares or its nominee a certificate or certificates for the number of Ordinary Shares to which the holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. Such conversion shall be deemed to have occurred on the date that the Ordinary Shares issued upon such conversion are registered in the Company's Register of Members.

(P) The Register of Members shall be updated to show that the Preference Shares have been converted into Ordinary Shares and all certificates evidencing Preference Shares which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been cancelled and the Preference Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date.

(R) Upon an Automatic Conversion pursuant to Article 5(E)(ii), all holders of Preference Shares will be given at least ten (10) days' prior written notice of the date fixed (which date shall in the case of a Qualifying IPO be the latest practicable date immediately prior to the closing of a Qualifying IPO) and the place designated for automatic conversion of all such Preference Shares pursuant to this Article 5. Such notice shall be sent by overnight courier, postage prepaid, to each record holder of the Preference Shares at such holder's address appearing on the Register of Members. On or before the date fixed for conversion, each holder of Preference Shares shall surrender his or its certificate or certificates for all such shares to the Company at the place designated in such notice, and shall promptly receive certificates for the number of Ordinary Shares to which such holder is entitled pursuant to this Article 5 and a cheque denominated in U.S. dollars (at the then-effective middle rate of exchange between RMB and United States Dollars) payable to the relevant Shareholder to cover any amount payable as a result of a conversion into fractional Ordinary Shares. On the date fixed for conversion, the Register of Members shall be updated to show that the Preference Shares have been converted into Ordinary Shares. All certificates evidencing Preference Shares which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been cancelled and the Preference Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. Such conversion shall be deemed to have occurred on the date that the Ordinary Shares issued upon such conversion are registered in the Company's Register of Members.

(Q) The Company shall pay and shall reimburse the holders of Preference Shares against any and all costs, fees and expenses that may be incurred in respect of any issue or delivery of Conversion Shares (including any professional fees incurred by the Company). However, the Company shall not pay or reimburse any professional fees, tax or stamp duties incurred by the Investors or payable by any such holder in connection with any conversion of Preference Shares.

6 The Company shall not issue Shares to bearer.

REGISTER OF MEMBERS

7 The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

8 For the purpose of determining Shareholders entitled to notice of, or to vote at any meeting of Shareholders or any adjournment thereof, or Shareholders entitled to receive payment of any Dividend, or in order to make a determination of Shareholders for any other purpose, the Directors may provide that the Register of Members shall be closed for Transfers for a stated period which shall not in any case exceed forty days. If the Register of Members shall be closed for the purpose of determining Shareholders entitled to notice of, or to vote at, a meeting of Shareholders the Register of Members shall be closed for at least ten days immediately preceding the meeting.

9 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Shareholders entitled to notice of, or to vote at any meeting of the Shareholders or any adjournment thereof, or for the purpose of determining the Shareholders entitled to receive payment of any Dividend or in order to make a determination of Shareholders for any other purpose.

10 If the Register of Members is not so closed and no record date is fixed for the determination of Shareholders entitled to notice of, or to vote at, a meeting of Shareholders entitled to receive payment of a Dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such Dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of Shareholders entitled to vote at any meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

CERTIFICATES FOR SHARES

11 (A) A Shareholder shall be entitled to a share certificate. Share certificates representing Shares, if any, shall be in such form as the Directors may determine but shall comply with the requirements of Article
11(B). Share certificates shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise

identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for Transfer shall be cancelled and subject to these Articles no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

(B) In addition to any other legend that may be required under applicable Law, each certificate for Shares shall bear the following legend:

"THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. THE SHARES EVIDENCED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY AND A SHAREHOLDERS AGREEMENT DATED AS OF 27 JUNE, 2006, AS AMENDED FROM TIME TO TIME A COPY OF EACH OF WHICH MAY BE OBTAINED UPON REQUEST FROM THE COMPANY. NO TRANSFER OF THE SHARES EVIDENCED HEREBY SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF THE AFORESAID AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION AND SHAREHOLDERS AGREEMENT HAVE BEEN COMPLIED WITH IN FULL."

(C) If any Shares cease to be subject to any restrictions on Transfer set forth in these Articles, the Directors shall, upon the written request of the holder thereof, issue to such holder a new certificate evidencing such Shares without the legend required by Article 11(B).

12 The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

13 If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

TRANSFER OF SHARES

14 (A) Subject to the provisions of these Articles, Shares are transferable subject to the consent of the Directors who may, in their absolute discretion, decline to register any Transfer of Shares without giving any reason. If the Directors refuse to register a Transfer they shall notify the transferee within fifteen (15) days of such refusal. The Directors shall register any Transfer that complies with the provisions of these Articles.

(B) Except as permitted under Article 14(C), no Shareholder shall, directly or indirectly, Transfer any Shares or any right, title or interest therein or thereto unless (a) the transferee has agreed in writing to be bound by the terms and conditions of the Shareholders Agreement, (b) the Transfer complies in all respects with the terms of the

Shareholders Agreement and (c) the Transfer complies in all respects with applicable securities Laws. Any Transfer of Shares by any Existing Shareholder in violation of the preceding sentence shall be null and void, and the Directors shall not register and the Shareholders shall procure that no transfer agent registers such Transfer.

(C) (i) The restrictions on Transfer set forth in Articles 14(B), 14(D) and 14(E) shall not apply to any Transfer to a Public Transferee.

(ii) The restrictions on Transfer set forth in Articles 14(D) and 14(E) shall not apply to any Transfer to a Permitted Transferee; provided, that:

(I) the Shareholder transferring Shares shall remain jointly and severally liable with such Permitted Transferee;

(II) if any Permitted Transferee holding Shares Transferred to it by a Shareholder pursuant to this Article 14(C) shall no longer qualify as a Permitted Transferee of such Shareholder, the ownership of such Shares shall be deemed to have automatically reverted to such Shareholder and such Permitted Transferee shall return the Shares to such Shareholder or to another Permitted Transferee of such Shareholder in accordance with such Shareholder's instruction;

(III) The restrictions on Transfer set forth in Articles 14(B), 14(D) and (E) shall not apply to any Transfer of Shares by the Existing Shareholders to the Investors in accordance with Section 2.5(b) of the Purchase Agreement to the extent that any such Transfer is necessary;

(IV) Yonghua Solar Power Investment Holding Ltd. shall have the right to Transfer an aggregate of no more than two percent (2%) of the number of the total outstanding Shares of the Company as of 27 June, 2006 to any Third Party, either in one Transfer or several Transfers. The restrictions on Transfer set forth in Articles 14(D) and (E) shall not apply to the Transfer(s) under this Article 14(C)(ii)(IV).

(D) (i) Each Investor shall have a right of first refusal (the "RIGHT OF FIRST REFUSAL") with respect to any proposed Transfer of Shares (other than a Transfer to a Permitted Transferee or a Public Transferee) by an Existing Shareholder. In the event that an Existing Shareholder (or group of Existing Shareholders) (the "TRANSFEROR") receives an offer from a bona fide Third Party (the "THIRD PARTY PURCHASER") to purchase any Shares, the Transferor shall be required to send to each Investor (each an "OFFEREE" and collectively the "OFFEREES") a written notice (the "RIGHT OF FIRST REFUSAL NOTICE") prior to the consummation of the such Transfer of Shares to the Third Party Purchaser. The Right of First Refusal Notice shall set forth the number of Shares that the Transferor proposes to Transfer, the price per Share to be received for the Shares and any other proposed terms and conditions relating to such Transfer and the identity (including name and address) of the Third Party Purchaser. The Right of First Refusal Notice shall certify that the Transferor has received a firm offer from the Third Party Purchaser and in good faith believes a binding agreement for the Transfer is obtainable on the terms set

forth in the Right of First Refusal Notice. The Right of First Refusal Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

(ii) The delivery of a Right of First Refusal Notice shall constitute an offer, which shall be irrevocable for thirty (30) days from the date of the Right of First Refusal Notice (the "RIGHT OF FIRST REFUSAL NOTICE PERIOD"), by the Transferor to Transfer to each Offeree the Shares subject to the Right of First Refusal Notice (the "OFFERED SHARES") on the terms and conditions set forth therein. Each Offeree shall have the right, but not the obligation, to accept such offer to purchase all or part of the Offered Shares free of Encumbrances by giving a written notice of its acceptance of such offer (an "ACCEPTANCE NOTICE") to the Transferor prior to the expiration of the Right of First Refusal Notice Period. Subject to Article 14(D)(iii), delivery of an Acceptance Notice by an Offeree to the Transferor shall constitute a contract between such Offeree and the Transferor for the Transfer of the Offered Shares on the terms and conditions set forth therein. The failure of an Offeree to give an Acceptance Notice within the Right of First Refusal Notice Period shall be deemed a rejection of its Right of First Refusal with respect to the subject Transfer.

(iii) In the event more than one Offeree shall deliver an Acceptance Notice to the Transferor within the Right of First Refusal Notice Period, the number of Offered Shares subject to each such contract shall be proportionate to the relative Percentage Ownership of each Offeree delivering an Acceptance Notice, or on such other basis as such Offerees shall agree.

(iv) The closing of any Transfer of Shares between a Transferor and any Offerees pursuant to this Article 14(D) shall take place within thirty (30) days from the last day of the Right of First Refusal Notice Period; provided, that if such Transfer is subject to any prior approval or other consent required by applicable Law or stock exchange rule, the time period during which the closing of such Transfer may occur shall be extended until the expiration of ten (10) days after all such approvals and consents shall have been granted but in no case later than ninety (90) days from the last day of the Right of First Refusal Notice Period. Each Party to such Transfer shall use commercially reasonable efforts to obtain all such approvals and consents.

(E) (i) If any of the Offered Shares is not purchased pursuant to Article 14(D) above and thereafter is to be sold to a Third Party (the "TAG ALONG PURCHASER"), the Transferor shall deliver to each Offeree a written notice (the "TAG-ALONG NOTICE") no later than fourteen (14) days after the Right of First Refusal Notice Period, setting forth (A) the information set forth in the Right of First Refusal Notice which shall be the same as set forth therein, plus (B) the expected date of consummation of the proposed Transfer (the "TAG ALONG COMPLETION DATE"), which shall be within thirty
(30) days after the last day of the Right of First Refusal Notice Period,
(C) a representation that the Tag Along Purchaser has been informed of the Tag-Along Rights provided for in this Article 14(E) and has agreed to purchase all Shares required to be purchased in accordance with the terms of this Article 14(E) and (D) a representation that no consideration, tangible or intangible, is being provided to the Transferor that is not reflected in the price to be paid to the Offerees exercising their Tag-Along Rights hereunder.

(ii) Each Offeree shall have the right (the "TAG ALONG RIGHT") to require the Tag Along Purchaser to purchase its Tag Along Portion (as defined below) on terms and conditions at least as favorable as those given to the Transferor, such right to be exercised by an Offeree delivering a written notice to the Transferor specifying the number of Shares constituting its Tag Along Portion (the "TAG ALONG ACCEPTANCE NOTICE") within fourteen (14) days from the date of the Tag Along Notice. A Tag Along Acceptance Notice shall constitute a binding agreement by the Offeree to Transfer its Tag Along Portion free of Encumbrances to the Tag Along Purchaser on the Tag Along Completion Date.

(iii) With respect to each Offeree who has timely delivered a Tag Along Acceptance Notice, the Transferor shall procure that the Tag Along Purchaser purchase on the Tag Along Completion Date each such Offeree's Tag Along Portion: (i) in addition to the number of Shares proposed to be sold in the Transfer or (ii) in lieu of such number of the Transferor's Shares equal to the number of Shares constituting such Offeree's Tag Along Portion and (iii) in either case, at a price per Share and upon terms and conditions at least as favorable to such Offeree as those stated in the Tag Along Notice. "TAG-ALONG PORTION" means, with respect to any Offeree, the number of Shares proposed to be sold in the Transfer proportionate to such Offeree's relative Percentage Ownership.

(iv) The closing of any Transfer in which Offerees are exercising Tag Along Rights shall take place on the Tag Along Completion Date; provided, that if the Transfer is subject to any prior regulatory approval or consent, the Tag Along Completion Date may be extended until the expiration of ten (10) days after all such approvals and consents shall have been granted but in no case later than ninety (90) days after the last day of the Right of First Refusal Notice Period. Each Party to such Transfer shall use commercially reasonable efforts to obtain all such approvals and consents.

(v) If no Offeree delivers a Tag Along Acceptance Notice, the Transferor shall have the right to complete the Transfer to the Tag Along Purchaser on the Tag Along Completion Date for a price per Share no greater than the per Share price set forth in the Tag Along Notice and otherwise on terms and conditions not more favorable to the Transferor than those set forth in the Tag Along Notice. If the Transferor does not consummate the Transfer on the Tag Along Completion Date, it may not thereafter Transfer the Offered Shares except in compliance in full with all the provisions of Article 14(D) and this Article 14(E). For the avoidance of doubt, if any Offeree has properly elected to exercise its Tag-Along Right and the Tag Along Purchaser fails to purchase such Offeree's Tag Along Portion within the time limitations set forth in Article 14(E)(iv), the Transferor shall not make the Transfer, and if purported to be made, such Transfer shall be void.

(F) Subject to Articles 14(C)(ii)(III) and (IV) and to Clause 6.1(a) of the Purchase Agreement with respect to any sale by the Existing Shareholders in an Initial Public Offering, no Existing Shareholder may Transfer any Shares to any Third Party from the date of closing of a Qualifying IPO until twelve (12) months thereafter, unless otherwise approved by CVCI, Legend and Good Energies in writing.

15 The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

REDEMPTION AND PURCHASE OF SHARES

16 (A) Subject to the provisions of the Statute and Article 5 and this Article 16, all Preference Shares shall be liable to be redeemed at the option of the holders thereof. Subject to Article 5, the redemption or purchase by the Company of any Preference Share shall be effected in such manner as the Directors shall determine, subject to the affirmative consent of the holders thereof given in accordance with Article 5.

(B) In addition to the consent required pursuant to Article 89(b), the Company shall not have the right to redeem or purchase any Preference Share without the approval of the holder thereof, save as set forth in Article 16(B)(i) below.

(i) Subject to the Statute and to the extent applicable under Section 2.4(a) of the Purchase Agreement, on date the 2006 Financial Statements of the Company are issued, if the 2006 Audited Net Profit of the Company shall be greater than RMB120 million and the Company has not completed an Initial Public Offering prior to the Adjustment Date (as defined in the Purchase Agreement) the Company shall (subject to the Statute) by resolution of the Board, redeem or purchase such number of Preference Shares by applying the formula set forth in article 2.4(a) of the Purchase Agreement provided that if the 2006 Audited Net Profit exceeds RMB158 million, any such redemption or purchase shall be made in accordance with the formula provided in article 2.4(a) of the Purchase Agreement but as if the 2006 Audited Net Profit is equal to RMB158 million.

(C) Subject to Article 16(G), if, as of the third anniversary of the Closing, no Qualifying IPO has occurred, the Investors who hold more than 50% of all the then-issued and outstanding Preference Shares shall have the right to require the Company to redeem all of its then-outstanding Preference Shares at the aggregate RMB Investment Amount of all Investors plus, in addition to the Dividends paid or payable at the time of such redemption in accordance with Article 126, the higher of (a) an amount sufficient to provide for an internal rate of return ("IRR") of 12% per annum or (b) Dividends declared but unpaid by the Company on the Ordinary Shares.

(D) Subject to Article 16(G), the Investors who hold more than 50% of all the then-issued and outstanding Preference Shares shall have the right to require the Company to redeem all of the then-outstanding Preference Shares at the aggregate RMB Investment Amount of all Investors plus, in addition to the Dividends paid or payable at the time of such redemption in accordance with Article 126, the higher of (i) an amount sufficient to provide for an IRR of 3.5% per annum or (ii) Dividends declared but unpaid by the Company on the Ordinary Shares, in the event of (1) the adoption by the PRC Government of any law, regulation or policy that would require the Company and/or its Subsidiaries to reorganize their corporate structure, business or operations, and (2) the

adoption by the PRC Government of any law, regulation or policy which would prevent the Company from carrying out an IPO or any other event that has a material adverse effect on the ability of the Company from carrying out an IPO.

(E) Subject to Article 16(G), the Investors who hold more than 50% of all the then-issued and outstanding Preference Shares shall have the right to require the Company to redeem all of the then-outstanding Preference Shares at the aggregate RMB Investment Amount of all Investors plus, in addition to the Dividends paid or payable at the time of such redemption in accordance with Article 126, the higher of (i) an amount sufficient to provide for an IRR of 15% per annum or (ii) Dividends declared but unpaid by the Company on the Ordinary Shares, in the event of any breach by the Company, the Existing Shareholder, any Controlling Individual or any officer or key employee identified in schedule 7.12 of the Purchase Agreement (each a "KEY MAN") with respect to any of the agreements and covenants in the Definitive Documentation which may have a material adverse affect on the Company or its Subsidiaries.

(F) Subject to Article 16(G), in the event that any Key Man ceases to devote substantially all of his or her business time and attention to managing the business and affairs of the Company and/or its Subsidiaries, or is no longer employed by the Company or its Subsidiaries, the Investors who hold more than 50% of all the then-issued and outstanding Preference Shares shall be entitled to require the Company to redeem all of the then-outstanding Preference Shares at the aggregate RMB Investment Amount of all Investors plus, in addition to the Dividends paid or payable at the time of such redemption in accordance with Article 126, the higher of (i) an amount sufficient to provide for an IRR of 15% per annum or (ii) Dividends declared but unpaid by the Company on the Ordinary Shares. Each holder of Preference Shares who is also an Investor wishing to exercise its right hereunder shall deliver a written notice to the Company together with any certificate(s) evidencing such Preference Shares and the Directors shall take all corporate steps necessary to redeem/purchase the Preference Shares within 5 Business Days following receipt of such written notice.

(G) In the event that the Investors who hold more than 50% of the then-issued and outstanding Preference Shares shall require the Company to redeem all of the then-outstanding Preference Shares pursuant to Article
16(C), (D), (E) or (F) hereof, any other Investor may elect not to exercise its redemption rights and the Company shall only redeem the Preference Shares held by the Investors who exercise their redemption rights; provided that, such non-exercising Investor shall have the right to require the Company to redeem all of its Preference Shares at the redemption price set forth in the relevant Article at any time thereafter by delivering a written notice to the Company.

(H) The rights of redemption/purchase set forth in this Article 16 are subject at all times to the Statute. On the date fixed for redemption/purchase by the Directors, the Register of Members shall be updated to show that the Preference Shares have been redeemed/purchased. All certificate(s) evidencing Preference Shares which are required to be surrendered in accordance with the provisions hereof shall, from and after the date such certificate(s) are so required to be surrendered, be deemed to have been cancelled,

notwithstanding the failure of the holder or holders thereof to surrender such certificate(s) on or prior to such date.

(I) Any amounts payable upon redemption of any Preference Share pursuant to these Articles shall be converted into and be paid to the relevant Investor(s) in U.S. Dollars at the then-effective middle rate of exchange between RMB and U.S. Dollars.

(J) The Company shall not have the unilateral right to redeem or purchase any Preference Shares except as set forth in Article 16(B)(i).

17 Subject to the provisions of the Statute, the Company may purchase its own Shares (including any redeemable Shares) but only in the circumstances and in the manner expressly set forth in these Articles.

18 The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.

VARIATION OF RIGHTS OF SHARES

19 (A) If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound up, be varied with the consent (given in a meeting of the holders of the Shares of the affected class or in writing) of (I) the holders of three-quarters of the issued Shares of that class and (II) the unanimous consent of CVCI, Legend and Good Energies.

(B) If at any time a meeting of Shareholders is requisitioned to consider
(I) the liquidation, dissolution or winding up of the Company or of any Subsidiary and/or (II) any amendment to the Articles or Memorandum, including without limitation, an increase and/or decrease in the authorized share capital of the Company or any Subsidiary, or if at any time a written Special Resolution is circulated to Shareholders which seeks Shareholder consent to any of the items listed in (I) or (II) of this Article 19(B), then such proposal shall be deemed to constitute a variation of the rights of the Preference Shares and such proposal shall require the prior unanimous consent of CVCI, Legend and Good Energies, given either in writing or at the meeting convened to consider the proposal.

20 The provisions of these Articles relating to general meetings shall apply to every class meeting of the holders of one class of Shares except that the necessary quorum shall be one person holding or representing by proxy at least one third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.

21 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

COMMISSION ON SALE OF SHARES

22 The Company may, in so far as the Statute permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

23 The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder provided that, notwithstanding the foregoing, (i) the Company shall be entitled to recognise interests by acknowledging such interests in writing to the holder thereof and may be bound by the terms and conditions contained in any such acknowledgement in accordance with the general law, and (ii) a Shareholder may be designated as trustee, or as the general partner of a limited partnership, in the Register of Members (and such designation may also identify the relevant trust or limited partnership), but such designation shall be for identification purposes only, and neither the Company nor any transferee of any Shares so held shall be bound to enquire as to the terms of any trust upon which such Shares are held.

LIEN ON SHARES

24 The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Shareholder (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Shareholder or his estate, either alone or jointly with any other person, whether a Shareholder or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a Transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.

25 The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been given to the holder of the Shares, or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.

26 To give effect to any such sale the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such Transfer, and he shall not be bound to see to the application of the

purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.

27 The net proceeds of such sale after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any residue shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

CALL ON SHARES

28 Subject to the terms of the allotment the Directors may from time to time make calls upon the Shareholders in respect of any monies unpaid on their Shares (whether in respect of par value or premium), and each Shareholder shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed as the Directors may determine. A call may be required to be paid by instalments. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

29 A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

30 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

31 If a call remains unpaid after it has become due and payable, the person from whom it is due shall pay interest on the amount unpaid from the day it became due and payable until it is paid at such rate as the Directors may determine, but the Directors may waive payment of the interest wholly or in part.

32 An amount payable in respect of a Share on allotment or at any fixed date, whether on account of the par value of the Share or premium or otherwise, shall be deemed to be a call and if it is not paid all the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.

33 The Directors may issue Shares with different terms as to the amount and times of payment of calls, or the interest to be paid.

34 The Directors may, if they think fit, receive an amount from any Shareholder willing to advance all or any part of the monies uncalled and unpaid upon any Shares held by him, and may (until the amount would otherwise become payable) pay interest at such rate as may be agreed upon between the Directors and the Shareholder paying such amount in advance.

35 No such amount paid in advance of calls shall entitle the Shareholder paying such amount to any portion of a Dividend declared in respect of any period prior to the date upon which such amount would, but for such payment, become payable.

FORFEITURE OF SHARES

36 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than fourteen clear days notice requiring payment of the amount unpaid together with any interest, which may have accrued. The notice shall specify where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.

37 If the notice is not complied with any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. Such forfeiture shall include all Dividends or other monies declared payable in respect of the forfeited Share and not paid before the forfeiture.

38 A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale, re-allotment or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the Share in favour of that person.

39 A person any of whose Shares have been forfeited shall cease to be a Shareholder in respect of them and shall surrender to the Company for cancellation the certificate for the Shares forfeited and shall remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of those Shares together with interest, but his liability shall cease if and when the Company shall have received payment in full of all monies due and payable by him in respect of those Shares.

40 A certificate in writing under the hand of one Director or officer of the Company that a Share has been forfeited on a specified date shall be conclusive evidence of the fact as against all persons claiming to be entitled to the Share. The certificate shall (subject to the execution of an instrument of transfer) constitute a good title to the Share and the person to whom the Share is disposed of shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

41 The provisions of these Articles as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the par value of the Share or by way of premium as if it had been payable by virtue of a call duly made and notified.

TRANSMISSION OF SHARES

42 If a Shareholder dies the survivor or survivors where he was a joint holder, and his legal personal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest. The estate of a deceased Shareholder is not thereby released from any liability in respect of any Share, which had been jointly held by him.

43 Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Shareholder (or in any other way than by Transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become the holder of the Share or to have some person nominated by him as the transferee. If he elects to become the holder he shall give notice to the Company to that effect, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a Transfer of the Share by that Shareholder before his death or bankruptcy, as the case may be.

44 If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

45 A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by Transfer) shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share. However, he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to Transfer the Share. If the notice is not complied with within ninety days the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

AMENDMENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND ALTERATION OF CAPITAL

46 Subject to Article 89, the Company may by Ordinary Resolution:

46.1 increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine; and

46.2 cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person

provided that the Shareholders undertake to vote their Shares from time to time to ensure that the Company's authorised but unissued share capital is sufficient to enable any conversion of the Preference Shares pursuant to these Articles in the manner and at the times such conversion is to take place.

47 All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, Transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.

48 Subject to the provisions of the Statute and the provisions of these Articles, the Company may by Special Resolution:

48.1 change its name;

48.2 alter or add to these Articles;

48.3 alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and

48.4 reduce its share capital and any capital redemption reserve fund.

REGISTERED OFFICE

49 Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

GENERAL MEETINGS

50 All general meetings other than annual general meetings shall be called extraordinary general meetings.

51 The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning. At these meetings the report of the Directors (if any) shall be presented.

52 The Company may hold an annual general meeting, but shall not (unless required by Statute) be obliged to hold an annual general meeting.

53 The Directors may call general meetings, and they shall on a Shareholders requisition forthwith proceed to convene an extraordinary general meeting of the Company.

54 A Shareholders requisition is a requisition of Shareholders of the Company holding at the date of deposit of the requisition not less than ten per cent. in par value of the capital of the Company as at that date carries the right of voting at general meetings of the Company.

55 The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

56 If the Directors do not within twenty-one days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said twenty-one days.

57 A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

NOTICE OF GENERAL MEETINGS

58 At least five days' notice shall be given of any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:

58.1 in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and

58.2 in the case of an extraordinary general meeting, by a majority in number of the Shareholders (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five per cent. in par value of the Shares giving that right.

59 The accidental omission to give notice of a general meeting to, or the non receipt of notice of a meeting by, any person (other than the Investors) entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

60 No business shall be transacted at any general meeting unless a quorum is present. Two Shareholders being individuals present in person or by proxy or if a corporation or other non-natural person by its duly authorised representative shall be a quorum unless the Company has only one Shareholder entitled to vote at such general meeting in which case the quorum shall be that one Shareholder present in person or by proxy or (in the case of a corporation or other non-natural person) by a duly authorised representative.

61 A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

62 A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

63 If a quorum is not present within half an hour from the time appointed for the meeting or if during such a meeting a quorum ceases to be present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day, time or such other place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Shareholders present shall be a quorum.

64 The chairman, if any, of the board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he shall not be present within fifteen minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

65 If no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Shareholders present shall choose one of their number to be chairman of the meeting.

66 The chairman may, with the consent of a meeting at which a quorum is present, (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.

67 A resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, the chairman demands a poll, or any other Shareholder or Shareholders collectively present in person or by proxy and holding at least ten per cent. in par value of the Shares giving a right to attend and vote at the meeting demand a poll.

68 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

69 The demand for a poll may be withdrawn.

70 Except on a poll demanded on the election of a chairman or on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

71 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the general meeting directs, and any business other than that upon which

a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.

72 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall be entitled to a second or casting vote.

VOTES OF MEMBERS

73 (A) Subject to any rights or restrictions attached to any Shares, on a show of hands every Shareholder who (being an individual) is present in person or by proxy or, if a corporation or other non-natural person is present by its duly authorised representative or proxy, shall have one vote and on a poll every Shareholder shall have one vote for every Share of which he is the holder.

(B) The Preference Shares and the Ordinary Shares shall vote together as a single class unless these Articles expressly provide to the contrary. The Preference Shares shall be entitled to vote on an as-converted basis, i.e. as if each Preference Share had been converted into an Ordinary Share in accordance with Article 5, at the then-applicable Conversion Ratio.

74 In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.

75 A Shareholder of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person on such Shareholder's behalf appointed by that court, and any such committee, receiver, curator bonis or other person may vote by proxy.

76 No person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class of Shares unless he is registered as a Shareholder on the record date for such meeting nor unless all calls or other monies then payable by him in respect of Shares have been paid.

77 No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.

78 On a poll or on a show of hands votes may be cast either personally or by proxy. A Shareholder may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting. Where a Shareholder appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands.

79 A Shareholder holding more than one Share need not cast the votes in respect of his Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he is appointed either for or against a resolution and/or abstain from voting.

PROXIES

80 The instrument appointing a proxy shall be in writing, be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Shareholder of the Company.

81 The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:

81.1 not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

81.2 in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

81.3 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

82 The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

83 Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the Transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity,

revocation or Transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

CORPORATE MEMBERS

84 Any corporation or other non-natural person which is a Shareholder may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Shareholder.

SHARES THAT MAY NOT BE VOTED

85 Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

DIRECTORS

86 (A) The number of Directors constituting the Board shall be at least twelve
(12). The number of Directors shall not be changed except in accordance with Article 89(v). Each Shareholder shall vote its Shares at any Shareholders Meeting called for the purpose of electing Directors or in any written consent of Shareholders executed for such purpose to elect, and shall take all other actions necessary or required to ensure the election to the Board of, (i) 5 nominees of the Investors (each, an "INVESTOR DIRECTOR"), including 2 to be nominated by CVCI (each a "CVCI DIRECTOR"), 2 to be nominated by Legend (each a "LEGEND DIRECTOR"), 1 to be nominated by Good Energies (the "GOOD ENERGIES DIRECTOR"); (ii) 7 nominees of the Existing Shareholders (each, an "EXISTING SHAREHOLDER DIRECTOR"); and (iii) such number of independent directors to be jointly nominated by the Investors and the Existing Shareholders. The Chairman of the Board shall be selected by the Board from among the Existing Shareholder Directors. Each Director shall have the right to appoint an observer to assist with the Directors' work. The first Directors of the Company shall be determined in writing by, or appointed by a resolution of, the subscribers.

(B) If, as a result of death, resignation, removal (with or without Cause)
or otherwise, there shall exist or occur any vacancy on the Board, the Shareholder entitled under Article 86(A) to nominate the Director whose death, resignation, removal or other departure resulted in such vacancy shall nominate another individual to serve in place of such Director and the Shareholders shall vote to appoint such individual to the Board as soon as practicable thereafter. If it is an Investor Director whose death, resignation, removal or other departure has resulted in the vacancy, neither the Shareholders nor the Board shall transact any business of the Company until the Investor entitled under Article 86(A) to nominate the Director whose death, resignation, removal or other departure

resulted in such vacancy has voted to appoint the replacement for such Director, unless such Investor shall have failed to nominate a replacement Director within ten Business Days after such death, resignation, removal or other departure.

POWERS AND DUTIES OF DIRECTORS

87 (A) Subject to the provisions of the Statute, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

(B) the Board shall be required to make all major decisions of the Company (including all decisions with respect to matters set forth in Article 89), and each Shareholder shall procure, subject to applicable law, that the Company and each Director or officer nominated by such Shareholder refrains from taking and the Company shall refrain from taking such actions without prior approval of the Board.

(C) No Shareholder, acting solely in its capacity as a Shareholder, shall act as an agent of the Company or have any authority to act for or to bind the Company, except as authorized by the Board. Any Shareholder that takes any action or binds the Company in violation of this Article 87(C) shall be solely responsible for, and shall indemnify the Company and each other Shareholder against, any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding) (collectively, "LOSSES") that the Company or such other Shareholders, as the case may be, may at any time become subject to or liable for by reason of such violation.

88 All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine by resolution.

89 Save that nothing in this Article 89 shall prevent Investors from exercising their rights under these Articles (including rights conferred by Article 5(M)) on and from the date of execution of the Shareholders Agreement and subject to any additional requirements imposed by applicable Law, none of the Company, any Shareholder (other than the Investors), Director, officer, committee, committee member, employee, or agent of the Company or any of their respective delegates shall be entitled to, without the unanimous affirmative consent or approval of the Investors, take any of the following actions:

(a) the issuance of any kind of equity or equity-linked securities or equivalent arrangements including creation of new or additional employee stock option plans or changes to existing stock option plan. For avoidance of doubt, this Article

89(a) shall not apply to the issuance of Preference Shares pursuant to Article 5(A)(v);

(b) consolidate or divide all or any of its share capital (including, in the case of the Company, the Shares) into shares of larger amount than its existing shares, subdivide its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum (in the case of the Company) or into shares without par value, redeem or repurchase of any securities (other than redemption of the Preference Shares under Articles 5 or 16);

(c) any change to the rights, privileges, preferences, terms and conditions of any existing securities;

(d) the issuance of any debt or debt instruments in excess of RMB 50 million in any one transaction or RMB 100 million in any consecutive twelve-month period;

(e) any non-operational transactions, loans, guarantees, mortgages or charges with Affiliates, executives or any party;

(f) engagement of any business other than photovoltaic business and change of nature or scope of business of the Company or any Subsidiary;

(g) any acquisition or disposal of assets, businesses or assumption of any debt in connection of such acquisition exceeding RMB 10 million in any one transaction or RMB 20 million in any consecutive twelve-month period;

(h) any unbudgeted acquisition of fixed assets in an amount exceeding RMB 2 million;

(i) any unbudgeted expense exceeding RMB 1,500,000 and any unbudgeted monthly expense exceeding 10% of average monthly expenses for the twelve (12) months immediately preceding the incurrence of such expenses;

(j) any transfer or disposal of material intangible property, including without limitation transfer and licensing of any existing and future patents and trademarks;

(k) any capital expenditures;

(l) any joint ventures, strategic alliances, partnerships or similar arrangement with any third party;

(m) any loan exceeding RMB 30 million in any one transaction, or any net debt to equity ratio in excess of a ratio of 1.5:1 (net debt is defined as interest bearing debt less cash and cash equivalent);

(n) any related party transaction with any Shareholder, Director, officers or Affiliates of the Company or its Subsidiaries and their respective Affiliates exceeding RMB 100,000 in one transaction;

(o) any guarantee or similar obligation by the Company or any Subsidiary relating to Indebtedness of any Person;

(p) any liquidation, dissolution or winding up of the Company or any Subsidiary;

(q) any recapitalization, merger, asset swap, sale or transfer of substantially all of the rights to intellectual properties or assets, or other extraordinary transaction;

(r) conclusion or amendment of any contract or other contractual arrangement with a value exceeding RMB 30 million;

(s) adoption, amendment, or approval of any strategic plan, annual business plan, the annual budget, mid-year budget and year-end accounting;

(t) any appointment and change to the chief executive officer, the chief financial officer and chief operating officer of the Company and of its Subsidiaries and any change to their rights and obligations;

(u) declaration of dividends and other distributions other than dividends to the Investors as set forth in Article 126(B);

(v) change in the number of Directors or change of auditor;

(w) material changes of compensation and incentive policies;

(x) any incurrence or creation of pledge, lien, mortgage or any other types of securities interest on the building, plant, office facilities or other fixed assets or equipment of the Company or any Subsidiary exceeding RMB10 million;

(y) amendment to the Articles or Memorandum, including without limitation increase and decrease in the authorized share capital of the Company or any Subsidiary;

(z) changes of external auditor or any material change in accounting policies;

(aa) an Initial Public Offering ("IPO") and IPO related matters, except that with respect to the currently proposed IPO of the Company, unanimous written consent of the Investors will not be required for any matters that affects the Investors' rights and obligations hereunder or the transactions contemplated by the Shareholders Agreement and other Transaction Documents (as defined in the Shareholders Agreement) and that if at an appropriate time prior to the road show by the Company in connection with the currently proposed IPO the board of directors of the Company establishes a steering committee, which shall include at least one CVCI Director and one Legend Director, in each case in accordance with the Shareholders Agreement, to be in charge of matters relating to the proposed IPO and whose resolution will require the affirmative vote of a majority of the members of the committee, including at least the CVCI Director and the Legend Director, unanimous written consent of CVCI, Legend and Good Energies will no longer be required for such IPO-related matters);

(bb) initiation and settlement of any litigation with a claim that exceeds US$1,000,000;

(cc) any waiver of a material right or of a material debt;

(dd) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or any Subsidiary, except in the ordinary course of business and that is not material to the assets, properties, financial conditions, operating results or business of the Company and the Subsidiaries as currently conducted and proposed to be conducted; and

(ee) entry into any agreement or understanding to do any of the foregoing.

90 (A) The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

(B) The Directors shall provide to each of the Investors, promptly after the filing thereof, copies of any registration statement, preliminary prospectus, final prospectus, application for listing or other document filed with any securities regulatory authority or securities exchange in any jurisdiction. The Company shall bear the expenses of all filings of the Investors arising by virtue of Investors' acquisition or holding of the Shares.

(C) The Directors shall maintain all proper insurance policies on behalf of the Company and on behalf of each of its Directors, officers and, if any, Subsidiaries, at all times in a sufficient amount and with such coverage as is generally maintained by responsible companies in the same industry. If the Company fails to subscribe for such insurance or to pay the insurance premiums or other fees necessary to maintain such insurance, any Investor may (but shall not be obliged to) cause the properties of the Company and each of its Subsidiaries, if any, to be insured or pay the insurance premiums or fees referred to above, and the Company shall reimburse such Shareholder for all expenses it has incurred in connection with this sentence following the Company's receipt of written notice of such expenditures.

(D) The Directors shall take all necessary steps to protect any and all of the Company's intellectual property rights, including registering all their respective trademarks, brand names and copyrights and wherever prudent applying for patents on their respective technology.

(E) The Directors and each Existing Shareholder agree that upon receipt of any inquiry, proposal or offer (a "PROPOSAL") with respect to a merger, consolidation or other business combination involving the Company or any of its Subsidiaries or any acquisition or similar transaction (including without limitation a tender or exchange offer) involving the purchase (or indirect purchase through the purchase of capital stock of any Subsidiaries) of (i) all or any portion of the assets of the Company or its Subsidiaries or (ii) any share of capital stock of the Company or any of its Subsidiaries, the Company or such Existing Shareholder shall promptly, and in no case later than three Business Days after receipt of such Proposal, cause a written notice to be delivered to each Investor that set forth to the fullest extent possible the details of such Proposal.

(F) The Directors shall afford the Investors the opportunity to make proposals, recommendations and suggestions to the officers of the Company or its Subsidiaries relating to the business and affairs of the Company or its Subsidiaries.

APPOINTMENT AND REMOVAL OF DIRECTORS

91 Each Shareholder shall have the absolute right to remove any director nominated by it at any time at its sole discretion, and each of the Shareholders shall vote its Shares at any Shareholders Meeting or in any written consent of Shareholders so as to effectuate such

right. Except as provided in the previous sentence, no Shareholder shall vote for the removal of an Investor Director or an Existing Shareholder Director unless there is Cause.

92 [Intentionally omitted.]

VACATION OF OFFICE OF DIRECTOR

93 (A) The office of a Director shall be vacated if:

93.1 he gives notice in writing to the Company that he resigns the office of Director; or

93.2 if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office; or

93.3 if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or

93.4 if he is found to be or becomes of unsound mind.

PROCEEDINGS OF DIRECTORS

94 All meetings of the Board shall require a quorum of at least a majority of the Directors which shall include at least one CVCI Director, one Legend Director and the Good Energies Director. If such a quorum is not present within sixty (60) minutes after the time appointed for the meeting, the meeting shall be adjourned, the Directors shall reschedule the meeting within fifteen (15) days in good faith and the Directors shall be obliged to participate in such rescheduled meeting in good faith. If a quorum is still not present at such rescheduled meeting, the Directors then present shall be deemed to constitute a quorum and may transact the business specified for the adjourned meeting. Meetings of the Board shall take place at least once in every fiscal quarter unless otherwise determined by the Board. Board meetings shall be held in Shanghai, PRC or Hong Kong or any other location agreed by at least one CVCI Director, one Legend Director, the Good Energies Director and one Existing Shareholder Director; provided, that if the Directors cannot agree on a location for any particular Board meeting, the meeting shall be held in Shanghai, PRC.

95 Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. At any Board meeting, each Director may exercise one vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board. Any Director may put forth a resolution which has not been previously included in the meeting agenda for vote at a Board meeting; provided, that the Board shall not adopt any resolution covering any matter that is not specified on the agenda for such meeting unless at least one CVCI Director, one Legend Director and the Good Energies Director are present at such

meeting and vote in favor of such resolution. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

96 A person may participate in a meeting of the Directors or committee of Directors by conference telephone, video or other communications equipment by means of which all the persons participating in the meeting can communicate with each other at the same time provided that each Director taking part in the meeting is able to hear each other Director taking part and; provided, further, that each Director must acknowledge his or her presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. Such participation shall constitute presence for purposes of the quorum provisions of Article 94. A Director may not leave the meeting by disconnecting his or her telephone or other means of communication unless he or she has previously obtained the express consent of the Chairman of the Board and a Director shall conclusively be presumed to have been present and formed part of the quorum at all times during the meeting unless he or she has previously obtained the express consent of the Chairman of the Board to leave the meeting as aforesaid. Participation by a person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is at the start of the meeting.

97 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors (an alternate Director being entitled to sign such a resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held. The expressions "written" and "signed" include writings or signatures transmitted by facsimile.

98 A meeting of the Board may be called by the Chairman of the Board, or any two Directors giving notice in writing to the Chief Executive Officer of the Company (the "CEO") specifying the date, time, location and agenda for such meeting. The CEO, promptly following receipt of such notice, shall deliver a copy of such notice to each Director, to each alternative Director and to each Shareholder, accompanied by a written agenda specifying the date, time, location and business of such meeting and copies of all papers relevant for such meeting. Not less than fourteen (14) days prior written notice shall be given to each Director, to each alternate Director and to each Shareholder; provided, that such notice period (i) shall not apply in the case of an adjourned meeting pursuant to Article 94,
(ii) may be reduced or waived with the unanimous written consent of the Directors (or their alternates) either at, before or after the meeting is held and (iii) may be waived by any Director who fails to receive the notice of the meeting but chooses to attend the meeting.

99 The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the minimum number or necessary quorum of Directors the continuing Directors or Director may act for the purpose of increasing the number of Directors to

that number, or of summoning a general meeting of the Company, but for no other purpose.

100 The Directors may elect a chairman of their board and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

101 All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.

102 A Director but not an alternate Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

PRESUMPTION OF ASSENT

103 A Director of the Company who is present at a meeting of the board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIRECTORS' INTERESTS

104 A Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

105 A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

106 A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as Shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

107 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.

108 A general notice that a Director or alternate Director is a Shareholder, director, officer or employee of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. In carrying out his duties as a director, a Director nominated by a particular Shareholder or Shareholders shall be entitled to take account of the interests of such Shareholder(s) provided that such Director reasonably and honestly considers that those interests are in the best interests of the Company.

MINUTES

109 The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any class of Shares and of the Directors, and of committees of Directors including the names of the Directors or alternate Directors present at each meeting. All meetings of the Board shall be conducted in Chinese or English, and written minutes of all meetings of the Board shall be prepared in English and provided by the Company to each Director and each Shareholder within ten (10) Business Days after each meeting of the Board.

DELEGATION OF DIRECTORS' POWERS

110 The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any managing director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him provided that an alternate Director may not act as managing director and the appointment of a managing director shall be revoked forthwith if he ceases to be a Director. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of Directors shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying.

111 The Directors may establish any committees, local boards or agencies or appoint any person to be a manager or agent for managing the affairs of the Company and may appoint any person to be a member of such committees or local boards. Any such appointment may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of any such committee, local board or agency shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying. Without limiting the foregoing, the Board shall establish a compensation committee (the "COMPENSATION COMMITTEE"), whose scope of responsibilities shall include making recommendations to the Board on matters of compensation and benefits for senior executives, including establishment of any employee stock option plans, and an audit committee (the "AUDIT COMMITTEE"), whose responsibilities shall include making recommendation to the Board on matters relating to accounting policies and treatment, internal control and budget. Each such committee established by the Board, including without limitation the Compensation Committee and the Audit Committee, shall consist of five (5) members, three (3) of which shall be appointed by the Existing Shareholders and one (1) of which shall be appointed from the CVCI Directors and one (1) from the Legend Directors; provided that, it shall be a right but not an obligation for the Investor Directors to be appointed to each such committee. All meetings of the Compensation Committee and of the Audit Committee shall require a quorum of at least a majority of the members of such committee, including the CVCI Director and the Legend Director appointed to such committee hereunder.

112 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.

113 The Directors may by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

114 (A) Subject to Article 114(B) and Article 89(t), the Directors may appoint such officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of his appointment or in Article 114(B), an officer may be removed by resolution of the Directors or Shareholders.

(B) Subject at all times to Article 89(t) (i) the Existing Shareholders, CVCI, Legend and Good Energies shall appoint the CEO of the

Company, except that the CEO of the Company immediately after the date of adoption of these amended and restated articles shall be Hanfei Wang and
(ii) the Existing Shareholders and CVCI, Legend and Good Energies shall jointly appoint the Chief Financial Officer of the Company (the "CFO") and Chief Operating Officer of the Company. Only the Party or Parties who have the right to appoint such officer may remove such officer or fill any vacancy that may arise upon the death, resignation, removal or other departure of such officer, provided that, the Board shall have the right to remove any officer for Cause. The CEO shall report to the Board and manage the day-to-day affairs of the Company subject to the directions and policies of the Board adopted from time to time. The CFO shall report to the CEO and shall be responsible for the financial and accounting aspects of the Company. All other executive officers and members of the senior management of the Company shall be appointed and their scope of their duties determined by the CEO in consultation with the Board.

ALTERNATE DIRECTORS

115 Any Director (other than an alternate Director) may by writing (addressed and delivered to the Chairman) appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.

116 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence.

117 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.

118 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

119 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

NO MINIMUM SHAREHOLDING

120 The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

REMUNERATION OF DIRECTORS

121 No Director shall be entitled to any remuneration for serving in such capacity except for: (a) reimbursement of reasonable out-of-pocket expenses in connection with the

performance of his or her duties as Director, (b) if such Director is otherwise an employee of or consultant to the Company, remuneration received in such capacity or (c) benefit under any share option scheme or plan of the Company or its Subsidiaries.

122 [INTENTIONALLY OMITTED]

SEAL

123 The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.

124 The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

125 A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

126A Subject to the Statute and this Article 126, the Directors shall declare Dividends and distributions solely in respect of the Preference Shares in issue and authorise payment of the Dividends or distributions out of the funds of the Company lawfully available therefor. No Dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute. No Dividend or distribution may be made in respect of any Ordinary Share prior to a Qualifying IPO.

126B Each Preference Share enjoys the right to an annual 3.5% cumulative Dividend calculated by reference to the Original Issue Price, payable semi-annually as well as upon completion of the liquidation of the Company or upon redemption/purchase, with the first dividend payable on 31 December, 2006. The first Dividend shall be calculated on and from the Closing up to and including 31 December, 2006.

127 All Dividends shall be declared and paid according to the par value of the Shares that a Shareholder holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

128 The Directors may deduct from any Dividend or distribution payable to any Shareholder all sums of money (if any) then payable by him to the Company on account of calls or otherwise.

129 [INTENTIONALLY OMITTED]

130 Any Dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any Dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders.

131 No Dividend or distribution shall bear interest against the Company.

132 Any Dividend which cannot be paid to a Shareholder and/or which remains unclaimed after six months from the date of declaration of such Dividend may, in the discretion of the Directors, be paid into a separate account in the Company's name, provided that the Company shall not be constituted as a trustee in respect of that account and the Dividend shall remain as a debt due to the Shareholder. Any Dividend which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

CAPITALISATION

133 The Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Shareholders in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Shareholders concerned). The Directors may authorise any person to enter on behalf of all of the Shareholders interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

134 (A) The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be

deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

(B) The Directors shall keep proper, complete and accurate books of account in each case in accordance with United States GAAP and such accounts shall be audited annually in accordance with such standards by the auditors selected in accordance with Article 137. The Directors shall also keep such other books of account to the extent required by and in accordance with applicable Law (including the Statute).

135 (A) The Directors shall permit each Shareholder and its authorized representatives the right during normal business hours and upon at least two (2) days' prior notice in writing to the Company to inspect its books and accounting records and those of each of its Subsidiaries, if any, to make extracts and copies therefrom at its own expense and during normal business hours and at reasonable times to have full access to all of the Company's and each of any of its Subsidiary's property and assets and executive officers and directors.

(B) Each Director shall be entitled to examine the books and accounts of the Company or any Subsidiary of the Company and shall have free access, at all reasonable times and upon reasonable prior notice, to any and all properties and facilities of the Company or any Subsidiary of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company or any Subsidiary of the Company as any Director may require. Any Director may provide such information to his or her nominating Shareholder.

(C) Commencing on the date of the Shareholders Agreement and ending on the date such Shareholders Agreement is terminated, the executive officers of the Company shall submit to the Board, and obtain their approval of, prior to the start of each fiscal year of the Company, a business plan setting forth the annual budget and operating plan of the Company for such fiscal year, and the Directors shall provide the Investors with the following financial and business information relating to the Company and its Subsidiaries:

(i) no later than forty (40) days after the end of each month, monthly financial/business reporting package in the format to be proposed by Investors;

(ii) unaudited half-year and quarterly financial statements (including income statement, balance sheet, and cash flow statements), certified by the CFO of the Company within 30 days from the end of each half-year or quarterly period for the Company in the format to be proposed by Investors (on a consolidated basis);

(iii) unaudited half-year and quarterly financial statements (including income statement, balance sheet, and cash flow statements), certified by the CFO of the Company within 45 days from the end of each half-year or quarterly period, for each of the Company's Subsidiaries in the format to be proposed by Investors;

(iv) annual consolidated financial statements of the Company within 60 days of the financial year end, and annual audited consolidated financial statements of the Company within three
(3) months of the financial year end, audited by Company's auditors appointed in accordance with Article 137;

(v) annual Company revenue and capital budgets not less than 60 days prior to the commencement of each financial year; and

(vi) other information that may reasonably requested by the Investors from time to time.

136 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

137 Each Shareholder shall vote its Shares, and each Shareholder who has nominated a Director pursuant to Article 86(A) shall procure that its nominated Directors shall vote to cause the Board to appoint as the Company's auditors an internationally recognized accounting firm provided that such accounting firm, as of the date of the Shareholders Agreement, shall be one of the affiliates of KPMG, PricewaterhouseCoopers, Ernst & Young or Deloitte Touche Tohmatsu and who shall hold office until removed from office by a resolution of the Directors, and may fix his or their remuneration. CVCI, Legend and Good Energies shall each at its cost have the right to cause a financial audit to be conducted on the Company and each of its Subsidiaries, if any, not more than once per year by an auditor designated by the Investor requesting the audit. In connection with any such audit, the Company (and its Subsidiaries, if applicable) shall furnish to the Shareholders and the auditors conducting such audit such financial and other information relating to the business of the Company and/or any of its Subsidiaries as they may reasonably require. No auditor shall be removed without the unanimous consent of the Investors, as set forth in Article 89(v).

138 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.

139 Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any other time during their term of office, upon request of the Directors or any general meeting of the Shareholders.

NOTICES

140 Notices shall be in writing and may be given by the Company to any Shareholder either personally or by sending it by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Shareholder). Any notice, if posted from one country to another, is to be sent airmail.

141 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

142 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Shareholder in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

143 Notice of every general meeting shall be given in any manner hereinbefore authorised to every person shown as a Shareholder in the Register of Members on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Shareholder of record where the Shareholder of record but for his death or bankruptcy would be entitled to receive notice of the meeting, and no other person shall be entitled to receive notices of general meetings.

WINDING UP

144 (A) If a Liquidation Event shall occur, and the assets available for distribution amongst the Shareholders shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Shareholders in proportion to the par value of the Shares held by them. If in a

winding up the assets available for distribution amongst the Shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Shareholders in the following order:-

(I) FIRST, each holder of a Preference Share will be entitled to receive, in preference to any distribution on the Ordinary Shares, its Liquidation Distribution. If the amounts available to the Company is insufficient to pay the Liquidation Distribution on all Preference Shares then in issue in full, the holders of the Preference Shares shall share the available amount on a pro rata basis, according to the number of Preference Shares held;

(II) SECONDLY, any amounts remaining after the payment in full of all amounts pursuant to (I) above shall be payable equally to all Shareholders on a pro rata basis according to the number of Shares held.

(B) All amounts payable in a liquidation dissolution, or winding up of the Company in respect of the Preference Shares shall be converted into and be paid to the holders thereof in U.S. dollars at the then effective middle rate of exchange from RMB to U.S. dollars.

145 If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Shareholders in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Shareholders as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any asset upon which there is a liability.

INDEMNITY

146 Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless out of the assets and funds of the Company against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

No Indemnified Person shall be liable (a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company or (b) for any loss on account of defect of title to any property of the Company or (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested or (d) for any loss incurred through any bank, broker or other similar Person or (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on his part or (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto, unless the same shall happen through such Indemnified Person's own dishonesty.

FINANCIAL YEAR

147 Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and, following the year of incorporation, shall begin on 1st January in each year.

TRANSFER BY WAY OF CONTINUATION

148 If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

Exhibit 3.2

THE COMPANIES LAW (2004 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

SOLARFUN POWER HOLDINGS CO., LTD.

ADOPTED BY SPECIAL RESOLUTION PASSED ON

December 2006

1. The name of the Company is SOLARFUN POWER HOLDINGS CO., LTD..

2. The Registered Office of the Company shall be at the offices of M&C Corporate Services Limited, P.O. Box 309 GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, or at such other place as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2004 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.

5. The authorised share capital of the Company is US$50,000 divided into 500,000,000 ordinary shares of a nominal or par value of US$0.0001 each. The Company has the power to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2004 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

6. The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

7. Capitalised terms that are not defined in this Amended and Restated Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2004 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

SOLARFUN POWER HOLDINGS CO., LTD.

ADOPTED BY SPECIAL RESOLUTION PASSED ON

December 2006

1. In these Articles Table A in the Schedule to the Law does not apply and, unless there is something in the subject or context inconsistent therewith,

"ADS" means an American Depositary Share, each representing five Ordinary Share.

"AFFILIATE" of a specified person means a person who, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified person.

"ARTICLES" means these Articles as originally framed or as from time to time altered by Special Resolution.

"AUDIT COMMITTEE" shall mean the audit committee established pursuant to Article 108.

"AUDITORS" means the persons for the time being performing the duties of auditors of the Company (if any).

"BOARD" means the Board of the Directors of the Company.

"THE CHAIRMAN" shall mean the Chairman presiding at any meeting of members or of the Board.

"COMPANY" means Solarfun Power Holdings Co., Ltd.

"COMPENSATION COMMITTEE" means the compensation committee established pursuant to Article 108.

"CONTROL" (including the terms "CONTROLLED BY" and "UNDER COMMON CONTROL WITH") means the possession, directly or indirectly, or as trustee or executor, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, as trustee or executor, by contract or credit arrangement or otherwise;

"DEBENTURE" means debenture stock, mortgages, bonds and any other such securities of the Company whether constituting a charge on the assets of the Company or not.

"DIRECTORS" means the directors for the time being of the Company.

"DIVIDEND" includes interim dividends and bonus dividends.

"ELECTRONIC RECORD" has the same meaning as in the Electronic Transactions Law (2003 Revision).

"FAMILY MEMBER" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption or anyone residing in such person's home.

"INDEPENDENT DIRECTOR" shall mean a Director who is an independent director as defined in the NASD Manual & Notices to Members as amended from time to time.

"THE LAW" shall mean the Companies Law (2004 Revision) of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor.

"MEMBER" shall bear the same meaning as in the Law.

"MEMORANDUM" means the memorandum of association of the Company as originally framed or as from time to time altered by Special Resolution.

"MONTH" means calendar month.

"NASDAQ" shall mean the Nasdaq Global Market in the United States.

"NASDAQ RULES" means the relevant code, rules and regulations, as amended from time to time, applicable as a result of the original and continued quotation of any Shares or ADSs on Nasdaq, including without limitation the NASD Manual & Notices to Members and the Listing Rules.

"ORDINARY RESOLUTION" means a resolution passed by a simple majority of the Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting, and includes a unanimous written resolution. In computing the majority when a poll is demanded regard shall be had to the number of votes to which each Member is entitled by the Articles.

"PAID-UP" means paid-up and/or credited as paid-up.

"PERSON" means an individual, corporation, partnership, limited partnership, limited liability company, syndicate, trust, association or entity or government, political subdivision, agency or instrumentality of a government.

"PRINCIPAL REGISTER" shall mean the register of members of the Company maintained at such place within or outside the Cayman Islands as the Board shall determine from time to time.

"REGISTER OF MEMBERS" means the register maintained in accordance with the Law and includes (except where otherwise stated) any duplicate Register of Members.

"REGISTERED OFFICE" means the registered office for the time being of the Company.

"RELATED PARTY" shall mean:

(a) any Director or executive officer of the Company;

(b) any nominee for election as a Director;

(c) any holder who is known to the Company to own of record or beneficially more than 5% of any class of the Company's voting securities;

(d) any Family Member of the foregoing persons; and

(e) any person that is an affiliate of any of the above.

"RELATED PARTY TRANSACTIONS" shall mean a transaction (other than a transaction of a revenue nature in the ordinary course of business) between the Company or any of its subsidiaries and a Related Party.

"SEAL" means the common seal of the Company and includes every duplicate seal.

"SEC" shall mean the US Securities and Exchange Commission.

"SECRETARY" includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.

"SHARE" and "SHARES" means a share or shares in the Company and includes a fraction of a share.

"SHARE PREMIUM ACCOUNT" means the account of the Company which the Company is required by the Law to maintain, to which all premiums over nominal or par value received by the Company in respect of issues of Shares from time to time are credited.

"SPECIAL RESOLUTION" means (i) a resolution passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, or (ii) a resolution which has been approved in writing by all of the Members entitled to vote at a general meeting of the company in one or more instruments each signed by one or more of the Members aforesaid, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed.

"UNITED STATES" shall mean the United States of America, its territories, its possessions and all areas subject to its jurisdiction.

"US$" shall mean United States dollars, the lawful currency of the United States.

"WRITTEN" and "IN WRITING" include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record.

2. Words importing the singular number include the plural number and vice-versa.

Words importing the masculine gender include the feminine gender.

Words importing persons include corporations.

References to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time.

Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

Headings are inserted for reference only and shall be ignored in construing these Articles.

References in these Articles to a document being "executed" include references to its being executed under hand or under seal or by any other method authorised by the Company.

Any words or expressions defined in the Law will (if not inconsistent with the subject or context in which they appear) have the same meaning in these Articles, save that the word "company" includes any body corporate.

References to a meeting will not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

Where these Articles refer to months or years, these are all calendar months or years.

Where these Articles give any power or authority to any person, this power or authority can be used on any number of occasions, unless the way in which the words are used does not allow this meaning.

SHARE CAPITAL

3. The authorised share capital of the Company is US$50,000 divided into 500,000,000 ordinary shares of a nominal or par value of US$0.0001 each ("ORDINARY SHARES").

ISSUE OF SHARES

4. Subject to applicable law, rules, regulations, the Nasdaq Rules and the relevant provisions, if any, in the Memorandum and these Articles and to any direction that may be given by the Company in a general meeting and without prejudice to any special rights previously conferred on the holders of existing Shares, the Directors may allot, issue, grant options, rights or warrants over or otherwise dispose of Shares of the Company (including fractions of a Share) with or without preferred, deferred, qualified or other special rights or restrictions, whether with regard to

dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper provided that, where any issue of shares (which, for the avoidance of doubt, shall include any issue of Ordinary Shares or any shares with preferred, deferred, qualified or other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise ("PREFERRED Shares")) is proposed and such shares proposed to be issued are equal to or exceed 20 per cent. by par value of the par value of all then issued shares (including Ordinary Shares and any Preferred Shares and, in the case of any Preferred Shares, where appropriate whether considering such Preferred Shares before or after any conversion of such Preferred Shares to Ordinary Shares in accordance with their terms), then the prior approval by Ordinary Resolution of the holders of the Ordinary Shares, voting together as one class, shall be required. The Company shall not issue Shares in bearer form.

5. Upon approval of the Directors, such number of Ordinary Shares, or other shares or securities of the Company, as may be required for such purposes shall be reserved for issuance in connection with an option, right, warrant or other security of the Company or any other person that is exercisable for, convertible into, exchangeable for or otherwise issuable in respect of such Ordinary Shares or other shares or securities of the Company.

6. The holders of the Ordinary Shares shall be:

(a) entitled to dividends in accordance with the relevant provisions of these Articles;

(b) entitled to and are subject to the provisions in relation to winding up of the Company provided for in these Articles;

(c) entitled to attend general meetings of the Company and shall be entitled to one vote for each Ordinary Share registered in his name in the Register of Members, both in accordance with the relevant provisions of these Articles.

7. All Ordinary Shares shall rank pari passu with each other in all respects.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

8. The Company shall maintain a register of its Members and every person whose name is entered as a Member in the register of Members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his Shares or several certificates each for one or more of his Shares upon payment of fifty cents (US$0.50) for every certificate after the first or such less sum as the Directors shall from time to time determine provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a Share to one of the several joint holders shall be sufficient delivery to all such holders.

9. The Board shall cause to be kept at such place within or outside the Cayman Islands as they deem fit a principal register of the Members and there shall be entered therein the particulars of the Members and the Shares issued to each of them and other particulars required under applicable law, rules or regulations or the Nasdaq Rules.

10. If the Board considers it necessary or appropriate, the Company may establish and maintain a branch register or registers of Members at such location or locations within or outside the Cayman Islands as the Board thinks fit. The principal register and the branch register(s) shall together be treated as the register for the purposes of these Articles.

11. The Board may, in its absolute discretion, at any time transfer any Share upon the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

12. The Company shall as soon as practicable and on a regular basis record in the principal register all transfers of Shares effected on any branch register and shall at all times maintain the principal register in such manner to show at all times the Members for the time being and the Shares respectively held by them, in all respects in accordance with the Law.

13. The register may be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of Shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the Members may by Ordinary Resolution determine provided that such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the Register of Members or part thereof which is closed by virtue of this Article with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed.

14. Every certificate for Shares or debentures or representing any other form of security of the Company may be issued under the seal of the Company, which shall only be affixed with the authority of the Board or may be executed under hand by any two directors or as may otherwise be directed by the Board. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Shares shall have been surrendered and cancelled.

15. Every Share certificate shall specify the number of Shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as the Board may from time to time prescribe.

16. The Company shall not be bound to register more than four persons as joint holders of any Share. If any Shares shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company, except the transfer of the Share.

17. If a Share certificate is defaced, lost or destroyed, it may be replaced on payment of such reasonable fee, if any, as the Board may from time to time prescribe and on such terms and conditions, if any, as to publication of notices, evidence and indemnity, as the Board thinks fit and where it is defaced or worn out, after delivery up of the old certificate to the Company for cancellation.

18. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Shares shall have been surrendered and cancelled.

TRANSFER OF SHARES

19. The instrument of transfer of any Share shall be in writing in the usual or common form or any other form approved by the Board, and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the register in respect thereof.

20. (a) The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share which is not fully paid up or upon which the Company has a lien.

(b) The Board may also decline to register any transfer of any Share unless:

(i) the instrument of transfer is lodged with the Company accompanied by the certificate for the Shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(ii) the instrument of transfer is in respect of only one class of Shares;

(iii) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(iv) in the case of a transfer to joint holders, the number of joint holders to which the Share is to be transferred does not exceed four;

(v) the Shares concerned are free of any lien in favour of the Company;

(vi) a fee of such maximum amount as the Board may from time to time determine to be payable is paid to the Company in respect thereof;

(vii) The Company shall not be obligated to make any transfer to an infant or to a person in respect of whom an order has been made by a competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability; and

(viii) Upon every transfer of Shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued without charge to the transferee in respect of the Shares transferred to him, and if any of the Shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof shall be issued to him without charge. The Company shall also retain the instrument(s) of transfer.

21. The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be

suspended for more than forty-five days in any year. If the Board shall refuse to register a transfer of any Share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

REDEEMABLE SHARES

22. (a) Subject to the provisions of the Law, the Nasdaq Rules and the Memorandum, Shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the Shares, may by Special Resolution determine.

(b) Subject to the provisions of the Law, the Nasdaq Rules and the Memorandum, the Company may purchase its own Shares (including fractions of a Share), including any redeemable Shares, provided that the manner of purchase has first been authorised by the Company in a general meeting by Ordinary Resolution and may make payment therefor in any manner authorised by the Law and the Nasdaq Rules, including out of capital.

VARIATION OF RIGHTS OF SHARES

23. If at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, whether or not the Company is being wound-up and except where these Articles or the Law impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class, be varied with the consent in writing of the holders of 75% of the issued Shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the Shares of that class.

24. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of Shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued Shares of the class and that any holder of Shares of the class present in person or by proxy may demand a poll.

25. For purposes of this provision any particular issue of Shares not carrying the same rights (whether as to rate of dividend, redemption or otherwise) as any other Shares of the time being in issue, shall be deemed to constitute a separate class of Shares. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith. The rights of holders of Ordinary Shares shall not be deemed to be varied by the creation or issue of Shares with preferred or other rights which may be effected by the Directors as provided in these Articles without any vote or consent of the holders of Ordinary Shares.

COMMISSION ON SALE OF SHARES

26. The Company may in so far as the Law from time to time permits pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful.

NON-RECOGNITION OF TRUSTS

27. The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future, or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Law) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

LIEN ON SHARES

28. The Company shall have a first and paramount lien on all Shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such Share shall operate as a waiver of the Company's lien thereon. The Company's lien on a Share shall also extend to any amount payable in respect of that Share.

29. The Company may sell, in such manner as the Directors think fit, any Shares on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen days after notice has been given to the holder of the Shares or to the person entitled to it in consequence of the death or bankruptcy of the holder, demanding payment and stating that if the notice is not complied with the Shares may be sold.

30. To give effect to any such sale, the Directors may authorise any person to execute an instrument of transfer of the Shares sold to, or in accordance with the directions of, the purchaser. The purchaser or his nominee shall be registered as the holder of the Shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the sale or the exercise of the Company's power of sale under these Articles.

31. The net proceeds of such sale after payment of such costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any residue, shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

CALL ON SHARES

32. (a) The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed terms, provided that no call shall be payable at less than one month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen days notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on the Shares. A call may be revoked or postponed as the Directors may determine. A call may be made payable by instalments.

(b) A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

(c) The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

33. If a sum called in respect of a Share is not paid before or on a day appointed for payment thereof, the persons from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per cent per annum as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest either wholly or in part.

34. Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium or otherwise, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which by the terms of issue the same becomes payable, and in the case of non-payment all the relevant provisions of these Articles as to payment of interest forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

35. The Directors may, on the issue of Shares, differentiate between the holders as to the amount of calls or interest to be paid and the times of payment.

36. (a) The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him, and upon all or any of the monies so advanced may (until the same would but for such advances, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) seven per cent per annum, as may be agreed upon between the Directors and the Member paying such sum in advance.

(b) No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

37. (a) If a Member fails to pay any call or instalment of a call or to make any payment required by the terms of issue on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call, instalment or payment remains unpaid, give notice requiring payment of any part of the call, instalment or payment that is unpaid, together with any interest which may have accrued and all expenses that have been incurred by the Company by reason of such non-payment. Such notice shall name a day (not earlier than the expiration of fourteen days from the date of giving of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed the Shares in respect of which such notice was given will be liable to be forfeited.

(b) If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited Share and not actually paid before the forfeiture.

(c) A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors see fit.

38. A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the Shares together with interest thereon, but his liability shall cease if and when the Company shall have received payment in full of all monies whenever payable in respect of the Shares.

39. A certificate in writing under the hand of one Director or the Secretary of the Company that a Share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the Share. The Company may receive the consideration given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and he shall thereupon be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

40. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

41. The Company shall be entitled to charge a fee not exceeding one dollar (US$1.00) on the registration of every grant of probate, letter of administration, certificate of death or marriage, power of attorney, or other instrument.

TRANSMISSION OF SHARES

42. In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any Shares which had been held by him solely or jointly with other persons.

43. (a) Any person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to make such transfer of the Share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that Member before his death or bankruptcy as the case may be.

(b) If the person so becoming entitled shall elect to be registered himself as holder he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

44. A person becoming entitled to a Share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided, however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

AMENDMENT OF MEMORANDUM OF ASSOCIATION, ALTERATION OF CAPITAL & CHANGE OF LOCATION OF REGISTERED OFFICE

45. (a) The Company may by Ordinary Resolution:

(i) increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

(ii) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;

(iii) by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum of Association or into Shares without par value;

(iv) cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

(b) All new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.

(c) Subject to the provisions of the Statue and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

(i) change its name;

(ii) alter or add to these Articles;

(iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and

(iv) reduce its share capital and any capital redemption reserve fund.

46. Subject to the provisions of the Law, the Company may by resolution of the Directors change the location of its Registered Office.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

47. For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Directors of the Company may provide that the register of Members shall be closed for transfers for a stated period in accordance with Article 13 above. If the register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such register shall be so closed for at least ten days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the register of Members.

48. In lieu of or apart from closing the register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members or any adjournment thereof and for the purpose of determining the Members entitled to receive payment of any dividend. Such record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of the Members entitled to notice of or to vote at a meeting of Members shall apply to any adjournment of such meeting; provided, however, that the Directors may fix a new record date for the adjourned meeting.

49. If the register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETING

50. All general meetings other than annual general meetings shall be called extraordinary general meetings.

51. (a) The Company shall, if required by the Law, other applicable law, rules or regulations or the Nasdaq Rules, in each year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting for the election of directors of the Company, and for the transaction of such other business as may properly come before such meeting, shall be held at such time and place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the Registered Office on the second Wednesday in December of each year at ten o'clock in the morning, provided that the period between the date of one annual general meeting of the Company and that of the next shall not be longer than such period as applicable law, rules or regulations or the Nasdaq Rules permit.

(b) At these meetings the report of the Directors (if any) shall be presented.

52. (a) Extraordinary general meetings of Members for any purpose or purposes may be called by the Board of Directors pursuant to a resolution duly adopted by a majority of the members of the entire Board, to be held at such place, date and time as shall be designated in the notice or waiver of notice thereof.

(b) The Directors shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.

(c) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than ten per cent. in par value of the capital of the Company as at that date carries the right of voting at general meetings of the Company.

(d) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(e) If the Directors do not within twenty-one days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of

them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the said twenty-one days.

(f) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

53. General meetings of the Company may be held at such place, either within or without the Cayman Islands, as determined by the Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as follows:

(a) if authorised by the Directors in its sole discretion, and subject to such guidelines and procedures as the Directors may adopt, Members and proxies entitled to attend and vote but not physically present at a meeting of Members may, by means of remote communication:

(i) participate in a meeting of Members; and

(ii) be deemed present in person and vote at a meeting of Members whether such meeting is to be held at a designated place or solely by means of remote communication.

(b) if authorised by the Directors, any vote taken by written ballot may be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorised by the Member or proxy.

NOTICE OF GENERAL MEETINGS

54. At least twenty (but not more than sixty) days' notice shall be given for any annual general meeting and any extraordinary general meeting calling for the passing of a special resolution, and at least fourteen (14) days' notice (but not more than sixty (60) days' notice) shall be given of any other extraordinary general meeting. Every notice shall be inclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify details as are required by applicable law, rules or regulations and the Nasdaq Rules, provided that a general meeting of the Company shall, whether or not the notice specified in this Article 54 has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if applicable law, rules or regulations and the Nasdaq Rules so permit and it is so agreed:

(a) in the case of an annual general meeting by all the Members (or their proxies) entitled to attend and vote thereat or their proxies; and

(b) in the case of an extraordinary general meeting by a majority in number of the Members (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent in par value of the Shares giving that right.

55. The notice convening an annual general meeting or an extraordinary general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to all Members other than such as, under the provisions hereof or the terms of issue of the Shares they hold, are not entitled to receive such notice from the Company.

56. There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Member of the Company.

57. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.

58. No business may be transacted at any general meeting, other than business that is either (A) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Directors (or any duly authorised committee thereof), (B) otherwise properly brought before the annual general meeting by or at the direction of the Directors (or any duly authorised committee thereof) or (C) otherwise properly brought before the annual general meeting by any Member of the Company who (i) is a Member of record on both (x) the date of the giving of the notice provided for in Article 59 and (y) the record date for the determination of Members entitled to vote at such annual meeting and (ii) complies with the notice procedures set forth in Article 59.

59. In addition to any other applicable requirements, for business to be properly brought before an annual general meeting by a Member, such Member must have given timely notice thereof in proper written form to the Secretary of the Company.

(a) To be timely, a Member's notice shall be delivered to the Secretary at the principal executive offices of the Company not less than seven (7) days nor more than sixty (60) days prior to the first anniversary of the preceding year's annual general meeting; provided, however, that in the event that the date of the annual general meeting is advanced by more than thirty (30) days or delayed by more than sixty (60) days from such anniversary date, notice by the Member to be timely must be delivered not earlier than the sixtieth (60th) day prior to such annual general meeting and not later than the close of business on the later of the seventh (7th) day prior to such annual general meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made.

(b) To be in proper written form, a Member's notice to the Secretary must set forth as to each matter such Member proposes to bring before the annual general meeting (1) a brief description of the business desired to be brought before the annual general meeting and the reasons for conducting such business at the annual general meeting, (2) the name and record address of such Member, and (3) the class or series and number of Shares of the Company which are owned beneficially or of record by such Member.

(c) No business shall be conducted at the annual general meeting except business brought before the annual general meeting in accordance with the procedures set forth in this Article 59, provided, however, that, once business has been properly brought before the annual general meeting in accordance with such procedures, nothing in this Article 59 shall be deemed to preclude discussion by any Member of any such business. If the Chairman of an annual general meeting determines that business was not properly brought before the annual general meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

PROCEEDINGS AT GENERAL MEETINGS

60. For all purposes the quorum for a general meeting shall be one or more Members present in person or by proxy or corporate representative holding not less than 33 1/3% of the outstanding voting shares in the capital of the Company. No business (except the appointment of a Chairman of the meeting) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

61. A person may participate at a general meeting by conference telephone or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

62. A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all Members for the time being entitled to receive notice of and to attend and vote at general meetings (or, being corporations, signed by their duly authorised representatives) shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held.

63. If a quorum is not present within half an hour from the time appointed for the meeting, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day, time or such other place as the Directors may determine. Members present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

64. The person chairing the meeting, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within thirty minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one of their number to be Chairman of the meeting.

65. If no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.

66. The Chairman may, with the consent of a meeting at which a quorum is present, (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; otherwise it shall not be necessary to give any such notice of an adjournment or of the business to be transacted at an adjourned general meeting. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

67. A resolution put to the vote of the meeting shall be decided on a show of hands unless before or on the declaration of the result of, the show of hands, the Chairman demands a poll, or any other Member or Members collectively present in person or by proxy and holding at least ten per cent. in par value of the Shares giving a right to attend and vote at the meeting demand a poll.

68. Unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, an entry to that effect in the minutes of the proceedings of the meeting shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

69. The demand for a poll may be withdrawn.

70. Unless a poll is duly demanded, on the election of a Chairman or on a question of adjournment, a poll shall be taken as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

71. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall not be entitled to a second or casting vote.

72. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.

VOTES OF MEMBERS

73. Except as otherwise required by law or as set forth herein, the holder of each Share issued and outstanding shall have one vote for each Share held by such holder. No Member shall be entitled to engage in cumulative voting.

74. In the case of joint holders of record the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Members.

75. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.

76. No Member shall be entitled to vote at any general meeting unless he is registered as a Member of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of Shares in the Company have been paid.

77. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.

78. On a poll or on a show of hands, votes may be given either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting and may appoint one proxy to vote both in favour of and against the same resolution in such proportion as specified in the instrument appointing the proxy. Where a Member appoints more than one proxy the instrument of proxy shall state which proxy is entitled to vote on a show of hands.

PROXIES

79. The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorised in writing, or, if the appointor is a corporation under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.

80. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:

(a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; and

(c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the Chairman or to the secretary or to any director;

provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The Chairman may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

81. The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

82. Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.

83. Any corporation or other non-natural person which is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.

84. Shares in the Company that are beneficially owned by the Company shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

CORPORATE REPRESENTATIVES

85. Any corporation which is a Member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of Shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which be represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being present at any meeting in person.

CLEARING HOUSES

86. If a clearing house (or its nominee) is a member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such person or persons as it

thinks fit to act as its representative or representatives at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such person is so authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual member of the Company holding the number and class of Shares specified in such authorisation.

DIRECTORS

87. The number of Directors shall be eight or such other number as shall be fixed from time to time by the Directors; provided, however, that so long as Shares or ADSs of the Company are quoted on Nasdaq, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the Nasdaq Rules require.

88. Directors shall be elected at each annual general meeting and shall hold office until such time as they are removed from office by ordinary resolution or the unanimous written consent of all the shareholders. If for any cause, the Directors shall not have been elected at an annual general meeting, they may be elected as soon thereafter as convenient at an extraordinary general meeting of the Members called for that purpose in the manner provided in these Articles.

89. Notwithstanding the foregoing provisions of Article 88, each Director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of Directors constituting the Board shall shorten the term of any incumbent Director.

90. Subject to Article 108, the remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine. Such remuneration shall be deemed to accrue from day to day. The Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

91. Subject to Article 108, the Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his remuneration as a Director.

92. Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

93. A Director or alternate Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

94. A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

95. A shareholding qualification for Directors may not be fixed by the Company in general meeting.

96. The Company shall keep at its Registered Office a register of Directors and officers containing their names and addresses and occupations and other particulars required by the Law and shall send to the Registrar of Companies of the Cayman Islands a copy of such register and shall from time to time notify to the Registrar of Companies of the Cayman Islands any change that takes place in relation to such Directors and officers as required by applicable law, rules or regulations or the Nasdaq Rules.

ALTERNATE DIRECTORS

97. A Director who expects to be unable to attend Directors' Meetings because of absence, illness or otherwise may appoint any person to be an alternate Director to act in his stead and such appointee whilst he holds office as an alternate Director shall, in the event of absence therefrom of his appointor, be entitled to attend meetings of the Directors and to vote thereat and to do, in the place and stead of his appointor, any other act or thing which his appointor is permitted or required to do by virtue of his being a Director as if the alternate Director were the appointor, other than appointment of an alternate to himself, and he shall ipso facto vacate office if and when his appointor ceases to be a Director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the Director making the same.

98. The appointment of an alternate Director shall determine on the happening of any event which, were he a Director, would cause him to vacate such office or if his appointor ceases to be a Director.

99. An alternate Director shall be entitled to receive and waive (in lieu of his appointor) notices of meetings of the Directors and shall be entitled to attend and vote as a Director and be counted in the quorum at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Articles shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director, his voting rights shall be cumulative and he need not use all his votes or cast all the votes to uses in the same way. To such extent as the Board may from time to time determine in relation to any committee of the Board, the foregoing provisions of this Article shall also apply mutatis mutandis to any meeting of any such committee

of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles.

100. An alternate Director shall be entitled to contract and be interested in and benefit from contracts, arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct. The alternate Director, as well as the Director appointing such alternate Director, shall be responsible for the alternate Director's own acts and defaults.

101. In addition to the foregoing provisions of this Article, a Director may be represented at any meeting of the Board (or of any committee of the Board) by a proxy appointed by him, is which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director. A proxy need not himself be a Director and the provisions of Articles 79 to 84 shall apply mutatis mutandis to the appointment of proxies by Directors save that an instrument appointing a proxy shall not become invalid after the expiration of twelve months from its date of execution but shall remain valid for such period as the instrument shall provide or, if no such provision is made in the instrument, until revoked in writing and save also that a Director may appoint any number of proxies although only one such proxy may attend in his stead at meetings of the Board).

POWERS AND DUTIES OF DIRECTORS

102. Subject to the provisions of the Law, the Memorandum and the Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of the Directors at which a quorum is present may exercise all powers exercisable by the Directors.

103. The Directors may from time to time and at any time by power of attorney or otherwise appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him.

104. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or

otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.

105. The Directors shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors;

(c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.

106. The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

107. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

MANAGEMENT

108. (a) The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the next following paragraphs shall be without prejudice to the general powers conferred by this paragraph.

(b) The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents and may fix their remuneration.

(c) The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(d) Any such delegates as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities, and discretions for the time being vested in them.

(e) Without prejudice to the freedom of the Directors to establish any other committees, for so long as the ADSs of the Company are listed or quoted on Nasdaq, it shall establish and maintain an Audit Committee as a committee of the board, the composition and responsibilities of which shall comply with applicable law, rules or regulations and the Nasdaq Rules.

(f) The Board shall adopt a formal written audit committee charter and review and assess the adequacy of the formal written charter on an annual basis. The charter shall comply with applicable law, rules or regulations and the Nasdaq Rules.

(g) Without prejudice to the freedom of the Directors to establish any other committees, the Board may establish a Compensation Committee to assist the board in reviewing and approving the compensation structure for the company's directors and officers. For so long as the ADSs of the Company are listed or quoted on Nasdaq, the composition and responsibilities of the Compensation Committee shall comply with applicable law, rules or regulations and the Nasdaq Rules.

(h) The Board shall adopt a formal written compensation committee charter and review and assess the adequacy of the formal written charter on an annual basis. The charter shall comply with applicable law, rules or regulations and the Nasdaq Rules.

(i) Without prejudice to the freedom of the Directors to establish any other committees, the Board may establish a Corporate Governance and Nomination Committee to assist the board in identifying qualified individuals to become board members and in determining the composition of the board and its committees. For so long as the ADSs of the Company are listed or quoted on Nasdaq, the composition and responsibilities of the Corporate Governance and Nomination Committee shall comply with applicable law, rules or regulations and the Nasdaq Rules.

(j) If the Board chooses to establish a Corporate Governance and Nomination Committee, the Board shall adopt a formal written governance and nomination committee charter and review and assess the adequacy of the formal written charter on an annual basis. The charter shall comply with applicable law, rules or regulations and the Nasdaq Rules.

INTERESTED DIRECTORS

109. (i) No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise, (ii) nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being voidable or voided, (iii) nor shall any such contract or arrangement be voidable or voided solely because the Director is present at or participates in the meeting of the Directors or committee thereof which authorizes the contract or arrangement, or solely because the Directors' votes are counted for such purpose, and (iv) nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the

fiduciary relationship, thereby established, provided that in each such case (a) such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company and (b) if such contract or arrangement is a Related Party Transaction, such Related Party Transaction has been approved in accordance with applicable laws, rules, regulations and the Nasdaq Rules.

110. Any Director may continue to be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any other company in which the Company may be interested and (unless otherwise agreed between the Company and the Director) no such Director shall be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or member of any such other company. The Directors may exercise the voting powers conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, joint managing directors; deputy managing directors, executive directors, managers or other officers of such company) and any Director may vote in favour of the exercise of such voting rights in the manner aforesaid notwithstanding that he may be, or is about to be, appointed a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer of such a company, and that as such he is or may become interested in the exercise of such voting rights in the manner aforesaid.

111. A Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profit or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for by or pursuant to any other Article.

112. A general notice or disclosure to the Directors or otherwise contained in the minutes of a Meeting or a written resolution of the Directors or any committee thereof that a Director or alternate Director is a shareholder of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure under Article 109 and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

PROCEEDINGS OF DIRECTORS

113. Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors and

alternate Directors present at a meeting at which there is a quorum, the vote of an alternate Director not being counted if his appointor be present at such meeting.

114. The Chairman of the Board or any two Directors may, and the Secretary on the requisition of such persons, shall, at any time summon a meeting of the Directors by notice to each Director and alternate Director by telephone, facsimile, electronic email, telegraph or telex, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting, or by sending notice in writing to each Director and alternate Director by first class mail, charges prepaid, at least two (2) days before the date of the meeting, which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held and provided further if notice is given in person, by telephone, facsimile, electronic email, telegraph or telex the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organisation as the case may be. The accidental omission to give notice of a meeting of the Directors to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

115. The quorum necessary for the transaction of the business of the Directors shall be established if a majority of the Directors are present in person or by proxy. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. For the purposes of this Article an alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

116. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

117. The Directors may elect a Chairman of their Board and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the meeting.

118. All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be.

119. Members of the Directors or of any committee thereof may participate in a meeting of the Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the Chairman is at the start of the meeting. A resolution in writing (in one or more

counterparts), signed by all the Directors for the time being or all the members of a committee of the Directors (an alternate Director being entitled to sign such resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee as the case may be duly convened and held.

120. A Director but not an alternate Director may be represented at any meetings of the Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

VACATION OF OFFICE OF DIRECTOR

121. The office of a Director shall be vacated:

(a) if he gives notice in writing to the Company that he resigns the office of Director; or

(b) if all of the Directors (other than the one to be removed) pass a resolution or sign a notice effecting the removal of such one Director from his office as such; or

(c) if he is prohibited from being a Director under any applicable law, rules or regulations and the Nasdaq Rules; or

(d) if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three consecutive meetings of the Board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office; or

(e) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally; or

(f) if he is found to be or becomes of unsound mind.

APPOINTMENT AND REMOVAL OF DIRECTORS

122. The Company may by Ordinary Resolution appoint any person to be a Director and may by Ordinary Resolution remove any Director and may by Ordinary Resolution appoint another person in his stead.

123. The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors but so that the total amount of Directors (exclusive of alternate Directors) shall not at any time exceed the number fixed in accordance with these Articles. Any Director appointed in accordance with the preceding sentence shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

124. Nothing in these Articles should be taken as depriving a Director removed under any provisions of these Articles of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or derived from any power to remove a Director which may exist apart from the provisions of these Articles.

PRESUMPTION OF ASSENT

125. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Chairman or Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

SEAL

126. (a) The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors. Every instrument to which the Seal has been affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for the purpose.

(b) The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the Common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

(c) A Director or officer, representative or attorney may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

OFFICERS

127. The officers of the Company shall be the Chairman of the Board, the Chief Executive Officer, Chief Financial Officer and the Secretary and may include one or more Vice Presidents and one or more Assistant Secretaries and one or more Assistant Treasurers. Any two or more offices may be held by the same person.

128. All officers shall have such authority and perform such duties in the management of the Company as may be provided in these Articles or, to the extent not so provided, by resolution of the Board.

129. Each officer shall be appointed by the Board and shall hold office for such term as may be determined by the Board. Each officer shall hold office until his successor has been appointed and qualified or his earlier death or resignation or removal in the manner hereinafter provided. The Board may require any officer to give security for the faithful performance of his duties.

130. Any officer may resign at any time by giving written notice to the Board, the Chairman, the Chief Executive Officer or the Secretary. Such resignation shall take effect at the time specified in such notice or, if the time be not specified, upon receipt thereof by the Board, the Chairman, the Chief Executive Officer or the Secretary, as the case may be. Unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

131. All officers and agents appointed by the Board shall be subject to removal, with or without cause, at any time by the Board or by the action of the holders of record of a majority of the shares entitled to vote thereon.

132. Any vacancy occurring in any office of the Company, for any reason, shall be filled by action of the Board. Unless earlier removed pursuant to Article 131 hereof, any officer appointed by the Board to fill any such vacancy shall serve only until such time as the unexpired term of his predecessor expires unless reappointed by the Board.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

133. Subject to the Law, the Directors may from time to time declare dividends (including interim dividends) and distributions on Shares of the Company outstanding and authorise payment of the same out of the funds of the Company lawfully available therefor.

134. The Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.

135. No dividend or distribution shall be payable except out of the profits of the Company, realised or unrealised, or out of the Share Premium Account or as otherwise permitted by the Law.

136. Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of Shares they shall be declared and paid according to the amounts paid or credited as paid on the Shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purpose of this Article as paid on the Share.

137. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

138. The Board may, with the sanction of the Members in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies Law and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

139. Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of Shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in the case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or than any endorsement thereon has been forged.

140. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

141. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

142. No dividend or distribution shall bear interest against the Company.

UNTRACEABLE SHAREHOLDERS

143. (a) The Company shall be entitled to sell any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that:

(i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) the Company has not during that time or before the expiry of the three month period referred to in paragraph (iv) below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law;

(iii) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and

(iv) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers or by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided, giving notice of its intention to sell such shares, and a period of three months have elapsed since such advertisement.

The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

(b) To give effect to any sale contemplated by paragraph (a) the Company may appoint any person to execute as transferor an instrument of transfer of the said shares and such other documents as are necessary to effect the transfer, and such documents shall be as effective as if it had been executed by the registered holder of or person entitled by transmission to such shares and the title of the transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, and no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares or other securities in or of the Company or its holding company if any) or as the Board may from time to time think fit.

CAPITALISATION

144. Upon the recommendation of the Directors, the Company may by Ordinary Resolution authorise the Directors to capitalise any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible

amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalisation, with full power to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

BOOKS OF ACCOUNT

145. The Directors shall cause proper books of account to be kept with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;

(b) all sales and purchases of goods by the Company; and

(c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

146. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Law or authorised by the Directors or by the Company in general meeting.

147. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

ANNUAL RETURNS AND FILINGS

148. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Law.

AUDIT

149. The Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration. Notwithstanding the above, for so long as the ADSs of the Company are listed or quoted on Nasdaq, the Audit Committee is directly responsible for the appointment, remuneration, retension and oversight of the Company's Auditors.

150. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.

151. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company which is registered with the Registrar of Companies as an exempted company, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

NOTICES

152. Notices shall be in writing and may be given by the Company to any Member in accordance with applicable law, rules or regulations and the Nasdaq Rules.

153. In the event that no such law, rules and regulations referred to in the above Article applies, notice to any Member shall be given either personally or by sending it by post, cable, telex, fax or e-mail to him or to his address as shown in the register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent airmail.

154. (a) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted.

155. (b) Where a notice is sent by cable, telex, or fax, service of the notice shall be deemed to be effected by properly addressing, and sending such notice and shall be deemed to have been received on the same day that it was transmitted.

156. (c) Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

157. A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices which are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

158. Notice of every general meeting shall be given in any manner hereinbefore authorised to:

(a) every person shown as a Member in the register of Members on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of Members;

(b) every person upon whom the ownership of a Share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting;

(c) the Auditors;

(d) each Director and alternate Director; and

(e) Nasdaq.

No other person shall be entitled to receive notices of general meetings.

INFORMATION

159. No Member shall be entitled to require discovery of or any information in respect of any detail of the Company's trading or any which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.

160. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the register of Members and transfer books of the Company.

WINDING UP

161. Subject to Article 136, if the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Law, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of

Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

162. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

INDEMNITY

163. (a) The Company shall indemnify each Director and officer of the Company against any any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding), that such director and officer may at any time become subject to or liable for in connection with claims brought against any of them on behalf of the Company or by a third party in connection with any of their status as a director or officer of the Company or any of their service to or on behalf of the Company to the maximum extent permitted under applicable law.

(b) The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Company) by reason of the fact that the person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another Company, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith, in a manner the person reasonably believed to be in, or not opposed to, the best interests of the Company, in a manner that was not willfully or grossly negligent, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, in a manner which the person reasonably believed to be in or not opposed to the best interests of the Company, in a manner that was willfully or grossly negligent, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was unlawful.

(c) The Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another Company, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith, in a manner the person reasonably believed to be in or not opposed to the best interests of the Company and in a manner that was not willfully or grossly negligent, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(d) To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Article 163(a) or (b) above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(e) Any indemnification under Article 163(a) or (b) above (unless ordered by a court) shall be made by the Company only as authorised in the specific case upon a determination that indemnification of the present or former director, officer, employee or agent is proper in the circumstances, including whether or not the person has met the applicable standard of conduct set forth in Article 163(a) or (b) above. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the Members of the Company.

(f) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Company pursuant to this Article 163. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Company deems appropriate.

(g) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 163 shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any law, by-law, agreement, vote of Members or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(h) For purposes of this Article 163, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves service by, such director, officer, employee or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith, in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan and in a manner that was not willfully or grossly negligent shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Article 163.

(i) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article 163 shall, unless otherwise provided when authorised or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

164. The Board may, notwithstanding any interest of the Directors in such action, authorize the Company to purchase and maintain insurance on behalf of any person described in the above Article, against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of the above Article.

FINANCIAL YEAR

165. Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31st December in each year and shall begin on 1st January in each year.

PENSION AND SHARE OPTION SCHEMES

166. The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or provident or superannuation funds or (with the sanction of an ordinary resolution) employee or executive share option schemes for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependents of any such persons. The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any

such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

167. For so long as the ADSs of the Company are quoted or listed on Nasdaq, a sanction of an ordinary resolution by the shareholders shall be obtained prior to any issuance of any equity or material amendment to any equity compensation plan as required by applicable rules of the NASD Manual and Notices to Members, as amended from time to time.

AMENDMENTS OF ARTICLES

168. Subject to the Law and to any quorum, voting or procedural requirements expressly imposed by these Articles in regard to the variation of rights attached to a specific class of Shares of the Company, the Company may at any time and from time to time by Special Resolution change the name of the Company or alter or amend these Articles or the Company's Memorandum of Association, in whole or in part.

TRANSFER BY WAY OF CONTINUATION

169. If the Company is exempted as defined in the Law, it shall, subject to the provisions of the Law and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

Exhibit 4.2

SOLARFUN POWER HOLDINGS CO., LTD.
(Incorporated under the laws of the Cayman Islands)

Name of Company:
SOLARFUN POWER HOLDINGS CO., LTD.

Number:	Number	Ordinary Shares
Shares:	US$50,000 being the aggregate of (i) 400,000,000 voting Ordinary Shares with a par value of US$0.0001 each; and (ii) 100,000,000 voting convertible Preference Shares with a par value of US$0.0001 each and 100,000,000 of which shall be designated as Series A Preference Shares	
Issued to:	THIS IS TO CERTIFY THAT _____ is the registered holder of _____ Ordinary Shares in the above-named Company subject to the amended and restated memorandum and articles of association thereof.	
Dated	EXECUTED for and on behalf of the Company on _____ 2006.	
	DIRECTOR	
Transferred from:	THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. THIS SHARES EVIDENCED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY AND A SHAREHOLDERS AGREEMENT DATED AS OF JUNE, 2006, AS AMENDED FROM TIME TO TIME A COPY OF EACH OF WHICH MAY BE OBTAINED UPON REQUEST FROM THE COMPANY. NO TRANSFER OF THE SHARES EVIDENCED HEREBY ARISE SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF THE AFORESAID AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION AND SHAREHOLDERS AGREEMENT HAVE BEEN COMPLIED WITH IN FULL.	

Exhibit 4.4

EXECUTION COPY

SOLARFUN POWER HOLDINGS CO., LTD.

SERIES A CONVERTIBLE PREFERENCE SHARES

PURCHASE AGREEMENT

BY AND AMONG

SOLARFUN POWER HOLDINGS CO., LTD.

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD.

YONGHUA LU(CHINESE CHARACTERS)

CITIGROUP VENTURE CAPITAL INTERNATIONAL GROWTH PARTNERSHIP, L.P.

CITIGROUP VENTURE CAPITAL INTERNATIONAL CO-INVESTMENT, L.P.

HONY CAPITAL II L.P.

LC FUND III L.P.

MOHAMED NASSER HARAM

RASHEED YAR KHAN

AND

GOOD ENERGIES INVESTMENTS LIMITED

DATED AS OF JUNE 6, 2006

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LIST OF EXHIBITS

LIST OF SCHEDULES

SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT (this "AGREEMENT") dated as of June 6, 2006 is made by and among (i) Solarfun Power Holdings Co., Ltd., an exempted company incorporated and validly existing with limited liability under the laws of the Cayman Islands (the "COMPANY"), (ii) Yonghua Solar Power Investment Holding Ltd. (the "FOUNDER"), a company incorporated and validly existing under the laws of the British Virgin Islands which holds 77% of the outstanding ordinary shares of the Company immediately prior to the Closing, (iii) Mr. Yonghua Lu (CHINESE CHARACTERS), a citizen of the PRC who is the sole shareholder of the Founder (the "CONTROLLING SHAREHOLDER"), (iv) Citigroup Venture Capital International Growth Partnership, L.P. and Citigroup Venture Capital International Co-Investment, L.P., each a limited partnership organized under the laws of Cayman Islands (together, "CVCI"), (v) Hony Capital II L.P., ("HONY") and LC Fund III L.P. ("LC"), each a limited partnership organized under the laws of the Cayman Islands (Hony and LC together, "LEGEND"), (vi) Mohamed Nasser Haram, a Lebanese citizen (Passport No.: 2145190), (vii) Rasheed Yar Khan, an Indian citizen (Passport No.: Z1710012), (viii) Good Energies Investments Limited ("GOOD ENERGIES"), a company organized under the laws of Jersey, and (ix) any co-investors jointly approved by CVCI, Legend, and the Company and who shall become a party to the Transaction Documents, as defined below, by executing and delivering a counterpart signature page to each of the Transaction Documents (CVCI, Legend, Mohamed Nasser Haram, Rasheed Yar Khan, Good Energies, and other co-investors, if any, are collectively referred to hereinafter as the "INVESTORS" and individually a "INVESTOR").

WHEREAS:

The Company wishes to issue new Series A Convertible Preference Shares and the Investors wish to purchase from the Company the Closing Shares at the Closing (as defined below);

NOW THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the Parties contained herein, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS. The following terms shall have the following meanings for purposes of this Agreement:

"2006 AUDITED NET PROFIT" means the net profit of the Company as set forth in the 2006 Financial Statements, excluding (i) any extraordinary gains; (ii) any non-recurring gains; and (iii) any adjustments to the Company's financial results of prior years.

"2006 FINANCIAL STATEMENTS" means the consolidated financial statements of the Company prepared in accordance with US GAAP and audited by Ernst & Young for the fiscal year ended on December 31, 2006 without any qualification.

"ACTIONS OR PROCEEDINGS" means any action, suit, proceeding, arbitration or any investigation or audit by any Government Authority.

"AFFILIATE" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person (including any Subsidiary) and, for any person who is an individual, includes such individual's spouse, and each of such individual's and such individual's spouse's relatives to the third degree. "AFFILIATES" and "AFFILIATED" shall have correlative meanings. For the purpose of this definition, the term "CONTROL" (including with correlative meanings, the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"AGREEMENT" has the meaning stated in the preamble and includes the Exhibits, and the Schedules hereto and the certificates to be delivered in accordance with Section 7.20, as any of the same shall be amended from time to time.

"ARTICLES OF INCORPORATION" means the memorandum and articles of association of the Company, including the memorandum and articles of association amended and restated in accordance with this Agreement and as amended from time to time.

"ASSETS AND PROPERTIES" of any Person means assets and properties of any kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed or otherwise and wherever situated), including the goodwill related thereto, operated, owned or leased by such Person, including without limitation cash, cash equivalents, Investment Assets, accounts and notes receivable, chattel paper, documents, instruments, general intangibles, real estate, equipment, inventory, goods and Intellectual Property.

"BANKRUPTCY EVENT" means with respect to any Person (the "BANKRUPTCY PARTY"), (a) the commencement by it of a Bankruptcy Proceeding with respect to itself or the consent by it to be subject to a Bankruptcy Proceeding commenced by another Person, (b) the commencement by another Person of a Bankruptcy Proceeding with respect to the Bankruptcy Party that remains unstayed or undismissed for a period of thirty (30) consecutive days, (c) the appointment of or taking possession by a Receiver over the Bankruptcy Party or any substantial part of its property, (d) the making by the Bankruptcy Party of a general assignment for the benefit of its creditors or the admission by the Bankruptcy Party in writing of its inability to generally pay its debts as they come due,
(e) the entry by a court having jurisdiction over the Bankruptcy Party or a substantial part of its property of an Order for relief under any Bankruptcy Law which remains unstayed or undismissed for a period of thirty (30) consecutive days, (i) adjudging the Bankruptcy Party bankrupt or insolvent, (ii) approving as properly filed a petition

seeking the reorganization or other similar relief with respect to the Bankruptcy Party, (iii) appointing a Receiver over the Bankruptcy Party or any substantial part of its property or (iv) otherwise ordering the winding up and liquidation of the Bankruptcy Party or (f) the occurrence of any event similar to (a), (b), (c), (d) or (e) under any applicable Law with respect to the Bankruptcy Party.

"BANKRUPTCY LAW" means any bankruptcy, insolvency, reorganization, composition, moratorium or other similar Law.

"BANKRUPTCY PROCEEDING" means a case or proceeding under any Bankruptcy Law wherein a Person may be adjudicated bankrupt, insolvent or become subject to an Order of reorganization, arrangement, adjustment, winding up, dissolution, composition or other similar Order.

"BENEFIT ARRANGEMENT" means any employment, severance or similar contract, arrangement or policy, or any plan or arrangement (whether or not written) providing for severance benefits, insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits or annual or monthly leave, retirement benefits, deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights or other forms of incentive compensation or post-retirement insurance, compensation or benefits that (i) is not a Benefit Plan, (ii) is entered into or maintained, by the Company or any Subsidiary, and (iii) covers any Employee or former Employee of the Company or any Subsidiary.

"BENEFIT PLAN" means any Employee benefit plan (including pension and severance) which (i) is maintained, administered or contributed to by the Company or any Subsidiary or which could result in any liability for the Company or a Subsidiary and (ii) covers any Employee or former Employee of the Company or any Subsidiary.

"BOOKS AND RECORDS" means all files, documents, instruments, papers, books and records relating to the Business or Condition of the Company, including without limitation financial statements, tax returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, minute books, stock/share certificates and books, stock/share transfer ledgers, Contracts, Licenses, customer lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and plans.

"BUSINESS OR CONDITION OF THE COMPANY" means the business, condition (financial or otherwise), results of operations, Assets and Properties and prospects of the Company and its Subsidiaries taken as a whole.

"BUSINESS DAY" means a day other than Saturday, Sunday or any day on which banks located in the PRC, Hong Kong and New York are authorized or obligated to close.

"CLOSING" shall have the meaning set forth in Section 2.3 hereof.

"CLOSING DATE" means June 16, 2006 or such other date as the Parties may agree in writing.

"CLOSING SHARES" means 67,106,531 Series A Convertible Preference Shares of the Company that will be issued during the Closing, and 12,538,223 Series A Convertible Preference Shares of the Company that will be issued to the Investors during the Second Closing, if such Second Closing takes place pursuant to the terms and conditions of this Agreement.

"COMPANY" shall have the meaning set forth in the preamble hereof.

"COMPLETION OF POST-CLOSING RESTRUCTURING" means the obtaining of the documents identified in Part II of Exhibit F.

"CONFIDENTIAL INFORMATION" means (a) any information concerning the organization, business, technology, trade secrets, know-how, finance, transactions or affairs of any Party or any Party's Representatives (whether conveyed in written, oral or in any other form and whether such information has been furnished before, on or after the date of this Agreement), (b) any information or materials prepared by a Party or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information and (c) this Agreement, the transactions contemplated hereby, including their existence, the identity of the Investors and their Affiliates, the terms and conditions hereof or any discussions, correspondence or other communications among the Parties or their respective Representatives relating to this Agreement or any of the transactions contemplated hereunder.

"CONTRACT" means any agreement, lease, license, engagement, evidence of Indebtedness, mortgage, indenture, security agreement, financial instrument, purchase order, commitment, arrangement, understanding or other contract (whether written, oral or otherwise).

"EMPLOYEE STOCK OPTION PLAN" shall have the meaning set forth in Section 6.2.

"EMPLOYEE" means any officer or employee including any part-time, regular contract or fixed-term officer or employee.

"ENCUMBRANCE" means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any lease, sub-lease, occupancy agreement, easement or covenant granting a right of use or occupancy to any Person, (iii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, negotiation or refusal or transfer restriction in favor of any Person and (iv) any adverse claim as to title, possession or use.

"ENVIRONMENTAL CLAIM" means, with respect to any Person, any written or oral notice, claim, demand or other communication by any other Person alleging or asserting such Person's liability for investigatory costs, cleanup costs, Government Authority response costs,

damages to natural resources or other property, personal injuries, fines or penalties arising out of, based on or resulting from (a) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law. The term "Environmental Claim" shall include, any claim by any Government Authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence of Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

"ENVIRONMENTAL LAW" means any Law relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, Releases or threatened Releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes into the environment (including, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"EQUITY SECURITIES" means the capital stock, membership interests, partnership interests, registered capital or other ownership interest in any Person or any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital or other ownership interests (whether or not such derivative securities are issued by such Person).

"EXISTING SHAREHOLDERS" means the existing shareholders of the Company as set forth in Exhibit L attached hereto, each a company incorporated and validly existing under the laws of the British Virgin Islands.

"GOVERNMENT AUTHORITY" means, with respect to a Person, any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of any jurisdiction in which such Person conducts business or operations, any other country or territory or any province, state, county, city or other political subdivision thereof.

"HAZARDOUS MATERIAL" means (A) any petroleum or petroleum products, flammable explosives, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contain dielectric fluid containing polychlorinated biphenyls (PCBs), (B) any chemicals or other materials or substances which are now or hereafter become defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants" or words of similar import in any language and under any Environmental Law, and (C) any other chemical or other material or substance, exposure to which is now or hereafter becomes prohibited, limited or regulated by any Government Authority under any Environmental Law.

"IASB" means the International Accounting Standards Board.

"IFRS" means the body of pronouncements issued by the IASB, including International Financial Reporting Standards and Interpretations approved by the IASB, International Accounting Standards and Standing Interpretations Committee interpretations approved by the predecessor International Accounting Standards Committee.

"INDEBTEDNESS" of any Person means all obligations (contingent or otherwise) of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases and (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

"INTELLECTUAL PROPERTY" means all patents and patent rights, entity models, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, internet domain names and sub-domains, inventions, processes, formulae, copyrights and copyright rights, trade dress, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, methodologies, computer programs (including all source codes), license rights to use packaged software and related documentation, technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, entity models, trademarks, service marks, copyrights and internet domain names and sub-domains.

"INVESTMENT ASSETS" means all debentures, notes and other evidences of Indebtedness, Equity Securities, interests in joint ventures and general and limited partnerships, mortgage loans and other investment or portfolio assets owned legally or beneficially by the Company or any Subsidiary and issued by any Person other than the Company or any Subsidiary (other than trade receivables generated in the ordinary course of business of the Company and the Subsidiaries).

"INVESTOR" shall have the meaning set forth in the preamble hereof.

"INVESTOR INDEMNIFIED PARTIES" means the Investor and each of its Representatives.

"KNOWLEDGE OF THE COMPANY" or "KNOWN TO THE COMPANY" means the knowledge of the Company or any officer, director or Employee of the Company or any Subsidiary after due inquiry and investigation.

"LAW" means any law, treaty, statute, ordinance, code, rule or regulation of any Government Authority or any Order.

"LIABILITIES" means all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or become due).

"LICENSES" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Government Authority.

"LOSS" means any and all damages, fines, fees, penalties, deficiencies, losses and expenses of any kind or nature whatsoever (including interest, court costs, fees of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment).

"MATERIAL ADVERSE EFFECT" means an effect of any change, circumstance, condition, development, effect, event, occurrence or state of facts that, individually or in the aggregate, is or has been, or would reasonably be expected to be, materially adverse to (a) the Business or Condition of the Company, or (b) on the validity or enforceability of this Agreement or any other Transaction Documents or on the ability of the Company, the Founder or the Controlling Shareholder to consummate the transactions contemplated hereby and thereby.

"MOFCOM" means the Ministry of Commerce or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any government entity which is similarly competent to examine and approve such matters under the Laws of the PRC.

"OPTION" with respect to any Person means any security, right, subscription, warrant, option, "phantom" stock right or other Contract that gives the right to (i) purchase or otherwise receive or be issued any Equity Securities or (ii) receive or exercise any benefits or rights similar to any rights enjoyed by or accruing to the holder of Equity Securities of such Person, including any rights to participate in the equity or income of such Person or to participate in or direct the election of any directors or officers of such Person or the manner in which any Equity Securities of such Person are voted.

"ORDER" means any writ, judgment, decree, injunction, award or similar order of any Government Authority (in each such case whether preliminary or final).

"ORDINARY SHARES" means the Company's ordinary voting shares, par value US$0.0001 per share, including any combinations, splits or reclassifications thereof.

"OTHER CONTROLLING INDIVIDUALS" means the individuals listed on Exhibit M of this Agreement.

"OTHER EXISTING SHAREHOLDERS" means the Existing Shareholders other than Yonghua Solar Power Investment Holding Ltd.

"OUT-OF-POCKET EXPENSES" means expenses of the Investors incurred in connection with the engagement of (i) Milbank, Tweed, Hadley & McCloy LLP, Fangda Partners and Walkers in connection with the transactions contemplated hereunder and otherwise arising from, related to or in connection with the preparation, execution, delivery and performance of this Agreement and each other Transaction Document and (ii) the Hong Kong

office of Deloitte Touche & Tohmatsu for the tax-related due diligence in connection the transactions contemplated in this Agreement.

"PARTIES" means collectively the Investors, the Company, the Founder, and the Controlling Shareholder. Each of the Parties shall be referred to as "PARTY."

"PERMITTED TRANSFEREE" shall have the meaning set forth in Section 14.3(b) of this Agreement.

"PERSON" means an individual, firm, corporation, partnership, association, limited liability company, union, trust or estate or any other entity or organization whether or not having separate legal existence, including any Government Authority.

"POST-CLOSING RESTRUCTURING" means each of the transactions identified in Part II of Exhibit F hereto.

"PRC" means the People's Republic of China, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan for the sole purpose of this Agreement.

"PRE-CLOSING RESTRUCTURING" means each of the transactions identified in Part I of Exhibit F hereto.

"RELEASE" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

"REPRESENTATIVES" means with respect to any Person, such Person's directors, officers, Employees, agents, Affiliates, partners, counsel, legal and financial advisers, accountants, consultants and controlling persons.

"RESTRUCTURING" means each of the transactions identified in Exhibit F hereto, which include the Pre-Closing Restructuring and Post-Closing Restructuring.

"RMB INVESTMENT AMOUNT" means the RMB equivalent of the Investor Aggregate Purchase Price paid by each Investor at the Closing, calculated at the middle rate of exchange between RMB and U.S. Dollars published by the People's Bank of China as of the date of this Agreement and acknowledged by the Parties in the form attached hereto as Exhibit H.

"SAFE" means the State Administration of Foreign Exchange of the PRC, and any PRC governmental body that is a successor thereto.

"SAIC" means the State Administration of Industry and Commerce or, with respect to the issuance of any business license or filing or registration to be effected with or by the State Administration of Industry and Commerce, any government entity which is similarly

competent to issue such business license or accept such filing or registration under the Laws of the PRC.

"SERIES A CONVERTIBLE PREFERENCE SHARES" means the Company's series A convertible preference shares, par value US$0.0001 per share, with terms as set forth in the Articles of Incorporation in substantially the form attached hereto as Exhibit E.

"SHAREHOLDERS AGREEMENT" means the shareholders agreement to be entered into on or prior to the Closing, a form of which is attached hereto as Exhibit C.

"SHARES" means Ordinary Shares and the Series A Convertible Preference Shares.

"SOLARFUN JIANGSU" means Jiangsu Linyang Solarfun Co., Ltd. (CHINESE CHARACTERS), a limited liability company incorporated and validly existing under the Laws of the PRC and a wholly owned Subsidiary of Solar Power BVI.

"SOLAR POWER BVI" means Linyang Solar Power Investment Holding Ltd., a business company incorporated and validly existing under the Laws of the British Virgin Islands and a wholly owned Subsidiary of the Company.

"SUBSIDIARY" means any Person which the Company controls, directly or indirectly. For purposes of this definition, "control" has the meaning set forth above under the definition of "Affiliate."

"TAX" means any form of taxation (including any value added, excise, use, personal property, use and occupancy, business and occupation, mercantile, real estate, payroll, franchise or capital gains tax), estate duty, customs duty, deduction, withholding, duty, impost, levy or fee or charge levied, collected, withheld or assessed by any Government Authority and any interest, penalty, surcharge or fine in connection therewith or any other measure of tax.

"TAX RETURNS" shall have the meaning set forth in Section 3.12 hereof.

"TRANSACTION DOCUMENTS" means this Agreement, the Shareholders Agreement and each of the agreements and documents set forth in Schedule 7.9 hereto, including without limitation this Agreement and the Shareholders Agreement.

"US GAAP" means U.S. generally accepted accounting principles , consistently applied throughout the specified period and in the immediately prior comparable period.

1.2 CONSTRUCTION. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. Unless otherwise specified, words such as "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular clause or sub-clause of this Agreement, and references herein to "articles" or "clauses" refer to articles or clauses of this Agreement. Unless otherwise specified, references herein to the word "including" shall be deemed to be followed by words "without limitation" or "but not limited to," as applicable, or words of similar import. In the event that any translated version of this Agreement differs from the English version, the English version shall control. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

ARTICLE II

PURCHASE OF THE CLOSING SHARES

2.1 PURCHASE OF THE CLOSING SHARES. At the Closing, and subject to the terms and conditions of this Agreement, each Investor shall purchase from the Company and the Company shall issue to each Investor that number of Series A Convertible Preference Shares set forth opposite each Investor's name on Exhibit A attached hereto. If the purchase and sale of the Closing Shares is consummated in accordance with this Agreement, the equity percentage (the "INVESTOR INITIAL SHARE PERCENTAGE") held by each Investor in the Company on an as converted and fully-diluted basis (excluding the number of Ordinary Shares to be issued by the Company pursuant to the Employee Stock Option Plan) shall be calculated based on the following formula:

RMB Investment Amount Investor Initial Share Percentage = ---------- 8 x RMB 120 million

The Investor Initial Share Percentage upon the Closing is set forth in Exhibit A-1 hereof.

2.2 PURCHASE PRICE. At the Closing and subject to the terms and conditions of this Agreement, each Investor will pay a purchase price per Series A Convertible Preference Share (the "PURCHASE Price") representing (x) the Aggregate Purchase Price divided by (y) the number of the Closing Shares. The aggregate purchase price for the Closing Shares shall be Forty Eight Million US Dollars (US$48,000,000) (the "AGGREGATE PURCHASE PRICE") and the aggregate purchase price to be paid by each Investor (the "INVESTOR AGGREGATE PURCHASE PRICE") at the Closing for the number of Series A Convertible Preference Shares sold to such Investor and its equivalent RMB Investment Amount are set forth on Exhibit A-1 attached hereto.

2.3 CLOSING. Subject to the terms and conditions of this Agreement, the closing (the "CLOSING") shall take place on the Closing Date at the offices of Milbank, Tweed Hadley & McCloy LLP, 3007 Alexandra House, 16 Chater Road, Hong Kong, or at such other time and place as the Parties mutually agree. At Closing:

(a) The Company shall deliver or cause to be delivered to each Investor (i) a share certificate in a form attached hereto as Exhibit B representing the number of Series A Convertible Preference Shares sold to such Investor and (ii) a copy of the Company's register of members certified by an authorized officer of the Company on which such Investor shall be registered as a record owner of the number of Series A Convertible Preference Shares sold to such Investor;

(b) (i) Fifty percent (50%) of the Aggregate Purchase Price shall be paid by the Investors to the Company by wire transfer of immediately available funds to a bank account opened by the Company prior to the Closing with the Standard Chartered Bank, Shenzhen Branch; provided that prior to the Completion of Post-Closing Restructuring, any disbursement and use of funds from this account shall require co-signatures by one (1) representative designated by CVCI, one
(1) representative designated by Hony, one (1) representative designated by LC, and one (1) representative designated by the Company; and (ii) the remaining balance of the Aggregate Purchase Price shall be paid by the Investors to the Company by wire transfer of immediately available funds to an account to be designated by the Company at least five (5) Business Days prior to the Closing.

(c) Each Party shall complete or deliver, as applicable, each other item that is to be completed or delivered by it at Closing in accordance with this Agreement and applicable Law.

2.4 SECOND CLOSING.

(a) Subject to the condition set forth in Section 8.5 hereof, the Purchase Price shall be adjusted downward and the adjusted purchase price (the "ADJUSTED PURCHASE PRICE") shall be the result representing (x) Fifty Three Million US Dollars divided by (y) the number of the Closing Shares (including the number of Series A Convertible Preference Shares to be issued at the Second Closing). The Company shall issue to each of the Investors such additional number of Series A Convertible Preference Shares for no additional consideration so that the total number of Series A Convertible Preference Shares owned by each Investor will equal to the result representing (x) the Investor Aggregate Purchase Price divided by (y) the Adjusted Purchase Price. In addition, Good Energies shall purchase from the Company and the Company shall issue to Good Energies that number of Series A Preference Shares at the Adjusted Purchase Price for an aggregate purchase price of Five Million US Dollars (US$5,000,000). The number of additional Series A Convertible Preference Share issued to each Investor under this Section 2.4 is set forth in Exhibit A-2 hereto.

(b) The closing for the issuance of additional Series A Convertible Preference Shares under this Section 2.4 (the "SECOND CLOSING") shall take place as soon as practical after the condition set forth in Section 8.5 of this Agreement is satisfied and, at the Second Closing, the Company shall deliver or cause to be delivered to each Investor (i) a share certificate in a form attached hereto as Exhibit B representing the number of Series A Convertible Preference Shares issued to such Investor under this Section 2.4 and (ii) a copy of the Company's register of members certified by an authorized officer of the Company on which such Investor shall be registered as a record owner of the number of Series A Convertible Preference Shares issued to

such Investor under this Section 2.4. In the event that the Second Closing takes place in accordance with the terms and conditions of this Agreement, the Investor Initial Share Percentage, Investor Aggregate Purchase Price and the RMB Investment Amount with respect to Good Energies shall be reflected to take into account Good Energies' aggregate investment amount at both the Closing and the Second Closing. The Investor Initial Share Percentage, Investor Aggregate Purchase Price and RMB Investment Amount upon the Second Closing are also set forth in Exhibit A-2 of this Agreement.

2.5 PURCHASE PRICE ADJUSTMENTS.

(a) On the date the 2006 Financial Statements are issued (the "ADJUSTMENT DATE"), if the 2006 Audited Net Profit of the Company shall be greater than RMB120 million, the Purchase Price shall be adjusted upward and certain number of Series A Convertible Preference Shares sold to the Investors shall be redeemed for no consideration so that each Investor's adjusted share percentage (each an "INVESTOR ADJUSTED SHARE PERCENTAGE") in the Company after such adjustment shall be equal to the result calculated in accordance with the following formula:

RMB120 million A = B x ---------- RMB120 million + (2006 Audited Net Profit -- RMB120 million) / 2

For purpose of the foregoing formula, the following definition shall apply:

(i) A shall mean the Investor Adjusted Share Percentage; and

(ii) B shall mean the Investor Initial Share Percentage.

provided that, in the event that the Company completes an initial public offering prior to the Adjustment Date, each of the Investors shall transfer to the Existing Shareholders, free and clear of all Encumbrances and for no consideration, certain number of Ordinary Shares converted from the Closing Shares held by the Investors on a pro rata basis of the aggregate Closing Shares held by the Investors, so that each Investor's adjusted share percentage will be equal to the result calculated in accordance with the formula set forth in this Section 2.5(a); and provided further that, to the extent that the 2006 Audited Net Profit shall be greater than RMB158 million, the adjustment shall be made in accordance with the formula provided above as if the 2006 Audited Net Profit is equal to RMB158 million.

(b) On the Adjustment Date, if the 2006 Audited Net Profit of the Company shall be less than RMB120 million, then the Purchase Price will be adjusted downward and the Company will issue a number of the Company's Series A Convertible Preference Shares as bonus Shares to the Investor (for which the Investor shall not be required to pay) so that each Investor's adjusted share percentage in the Company after such adjustment shall be such Investor's Investor Initial Share Percentage multiplied by (x) RMB120 million divided by (y) the 2006 Audited Net Profit; provided that in the event that the Company completes an initial public offering prior to the Adjustment Date, the Company shall not be obligated to issue any additional

shares to the Investors and each of the Founder and the Other Existing Shareholders shall, and each of the Controlling Shareholder and the Other Controlling Individuals shall cause each of the Founder and the Other Existing Shareholders to, transfer to the Investors, for no consideration, certain number of Ordinary Shares of the Company held by the Founder and the Other Existing Shareholders on a pro rata basis based on the total number of Ordinary Shares held thereby, free and clear of all Encumbrances, so that each Investor's adjusted share percentage will be equal to the result calculated in accordance with the formula set forth in the first sentence of this Section 2.5(b); and provided further that, in the event that the Company completes an initial public offering prior to the Adjustment Date, to the extent that the 2006 Audited Net Profit shall be lower than RMB100 million, the adjustment shall be made in accordance with the formula provided in the first sentence of this Section 2.5(b) as if the 2006 Audited Net Profit is equal to RMB100 million.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY, THE FOUNDER AND THE CONTROLLING SHAREHOLDER

The Company, the Founder and the Controlling Shareholder hereby jointly and severally represent and warrant to the Investor as of the date hereof and as of the Closing Date (unless a representation or warranty is specified to be made as of another time, in which it shall be made at such other time) as follows:

3.1 ORGANIZATION. The Company is an exempted limited liability company duly organized, validly existing and in good standing under the laws of the Cayman Islands. The Company has the full corporate power and authority to conduct its business as and to the extent now conducted or as proposed to be conducted and to own, use and lease its Assets and Properties. The Company is duly qualified, licensed or admitted to do business in each jurisdiction in which the ownership, use or leasing of its Assets and Properties, or the conduct or nature of its business, makes such qualification, licensing or admission necessary. A true, complete and up-to-date copy of the Articles of Incorporation have been delivered to the Investors.

3.2 AUTHORITY.

(a) Each of the Company, the Founder and the Controlling Shareholder has all requisite power and authority to execute and deliver each of the Transaction Documents to which it is a party and to carry out and perform its obligations hereunder and thereunder. The execution and delivery by the Company of this Agreement and each other Transaction Document to which it is a party and the performance by the Company of each of its obligations hereunder and thereunder have been duly and validly authorized by all necessary action of the Company (including all necessary corporate action).

(b) This Agreement has been duly and validly executed and delivered by the Company, the Founder and the Controlling Shareholder and, assuming due authorization, execution and delivery by the Investors, constitutes a legal, valid and binding obligation of the Company, the Founder and the Controlling Shareholder, enforceable against the Company, the

Founder and the Controlling Shareholder in accordance with its terms. Each of the Transaction Documents other than this Agreement, when executed and delivered by the Company, the Founder and/or the Controlling Shareholder, as the case may be, will, assuming due authorization, execution and delivery by the Investors, constitute, a legal, valid and binding obligation of the Company, the Founder and/or the Controlling Shareholder, as the case may be, enforceable against the Company, the Founder and/or the Controlling Shareholder, as the case may be, in accordance with its terms.

(c) The authorization, issuance (or reservation for issuance), sale and delivery of the Closing Shares being sold hereunder (including as a result of any purchase price adjustment pursuant to Section 2.5 hereof) and the Ordinary Shares issuable upon conversion of the Closing Shares has been taken or will be taken prior to the Closing.

3.3 VALID ISSUANCE OF PREFERENCE AND ORDINARY SHARES. The Closing Shares being purchased by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable, free and clear of all Encumbrances, and free of restrictions on transfer other than restrictions on transfer under U.S. federal securities laws, and a certificate or certificates will be delivered to each Investor at the Closing (or the Second Closing as the case may be) to evidence the number of Series A Convertible Preference Shares that each Investor will own upon the Closing (or the Second Closing as the case may be). The entry of the Investors' names into the register of members of the Company will transfer to the Investors good and valid title to such Closing Shares, free and clear of all Encumbrances, except for restrictions on transfer under the Shareholders Agreement. The Ordinary Shares issuable upon conversion of the Closing Shares has been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Articles of Incorporation, will be duly and validly issued, fully paid and nonassessable, free of clear of all Encumbrances and free of restrictions on transfer other than restrictions on transfer under U.S. federal securities laws and the Shareholders Agreement.

3.4 CAPITAL STOCK.

(a) Immediately prior to the Closing, the authorized share capital of the Company consists of (a) 100,000,000 shares of preference shares, par value US$0.0001 per share, all of which have been designated Series A Convertible Preference Shares, none of which are issued and outstanding and (b) 400,000,000 Ordinary Shares, par value US$0.0001 per share, of which 100,350,000 are issued and outstanding. Each of the issued and outstanding Shares, have been duly authorized, validly issued, fully paid and nonassessable. Except as set forth in Schedule 3.4 (a) attached hereto, there are no outstanding Options, right of first refusal, preemptive rights or other rights or agreements, either directly or indirectly, to purchase or otherwise acquire or issue any Equity Securities of the Company.

(b) No stock plan, stock purchase, stock option or other agreement or understanding between the Company and any holder of any Equity Securities or rights to purchase Equity Securities provides for acceleration or other changes in the vesting provisions or other terms of such agreement or understanding as the result of any merger, consolidation, sale

of stock or assets, change in control or any other transaction(s) by the Company.

3.5 SUBSIDIARIES.

(a) Schedule 3.5(a) accurately lists the name and the jurisdiction of organization of each Subsidiary. Each Subsidiary is a corporation duly organized and validly existing under the Laws of its jurisdiction of incorporation, and has full corporate power and authority to conduct its business as and to the extent now conducted or as proposed to be conducted and to own, use and lease its Assets and Properties. Each Subsidiary is duly qualified, licensed or admitted to do business in each jurisdiction in which it currently conducts business and has all necessary licenses, franchises, concessions, consents, authorizations, approvals, orders, certificates and permits of and from, and has made all declarations and filings with, all Government Authorities to own, use and lease its Assets and Properties and to conduct business. All filings and registrations with the relevant PRC Government Authority required in respect of all Subsidiaries which are incorporated under the Laws of the PRC, including but not limited to registration with MOFCOM, SAIC and SAFE have been duly and timely completed in accordance with the relevant PRC Laws, except for such failures that would not, individually or in the aggregate, have a Material Adverse Effect. Neither the Company, the Founder nor the Controlling Shareholder has any reason to believe that any Government Authority is considering modifying, suspending or revoking any such licenses, consents, authorizations, approvals, orders, certificates or permits and the Company and each of its Subsidiaries are in compliance with the provisions of all such licenses, consents, authorizations, approvals, orders, certificates or permits in all respects. A true, complete and up-to-date copy of the articles of incorporation and/or other constitutional documents of each Subsidiary has been delivered to the Investors, and such constitutional documents have been duly adopted and approved or issued (as applicable) by the appropriate authorities and are valid and in full force and effect.

(b) Schedule 3.5(b) accurately lists for each Subsidiary, the amount of its authorized capital stock, the amount of its outstanding capital stock or its equivalent and the record owners and beneficial owners, if different from the record owners, of such outstanding capital stock or its equivalent. All of the outstanding shares of capital stock or its equivalent of each Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable, and are owned, beneficially and legally by the Company or Subsidiaries wholly owned by the Company free and clear of all Encumbrances. There are no outstanding Options or other rights, agreements, arrangements or commitments to which any Subsidiary is a party or by which any Subsidiary is bound relating to the issued or unissued shares of capital stock or its equivalent or any security of any kind convertible into or exchangeable for any shares of capital stock of any Subsidiary.

(c) Except in respect of any interest held in any Subsidiaries, none of the Company or any Subsidiaries owns or controls, directly or indirectly, any interest in any other Person. Except as set forth in Schedule 3.5(c), none of the Company or any Subsidiary maintains any offices or any branches. The Company does not have any Assets or Properties other than its equity interest in the Subsidiaries. In respect of any ownership interest held in a Subsidiary by the Company or another Subsidiary, (i) the Company or such other Subsidiary holds good and valid title to such ownership interest free and clear of all restrictions on transfer

or other encumbrances, other than those restrictions on transfer or other encumbrances created by the Transaction Documents, (ii) such ownership interest was acquired in compliance with all applicable Laws, including those promulgated by SAFE and those regulating the offer, sale or issuance of securities generally, and (iii) there are no outstanding Options or rights for the purchase or acquisition from the Company or such other Subsidiary of such ownership interest.

(d) The Subsidiaries are not prohibited, directly or indirectly, from making any payments, dividends or other distributions to the Company or from making any other distribution on the Subsidiaries' equity interest or from transferring any of the Subsidiaries' property or assets to the Company. All dividends and other distributions declared and payable upon the equity interest in the Subsidiaries to the Company may be converted into foreign currency that may be freely transferred out of the PRC.

3.6 NO CONFLICTS. The execution and delivery by the Company, the Founder and the Controlling Shareholder of this Agreement and each other Transaction Document to which it is a party does not, and the performance by the Company, the Founder and the Controlling Shareholder of each of their respective obligations under this Agreement and such other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, including without limitation the Restructuring, will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the formation and/or constitutional documents of the Company or any Subsidiary;

(b) conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to the Company, any Subsidiary, the Founder or the Controlling Shareholder, or any of their respective Assets and Properties; or

(c) except as disclosed in Schedule 3.6 hereto, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require the Company, any Subsidiary, the Founder or the Controlling Shareholder to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (v) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under, or (vi) result in the creation or imposition of any Encumbrance upon the Company, any Subsidiary, the Founder or the Controlling Shareholder or any of their respective Assets and Properties under, any Contract or License to which the Company, any Subsidiary, the Founder or the Controlling Shareholder is a party or under which any of their respective Assets and Properties is bound.

3.7 GOVERNMENTAL APPROVALS AND FILINGS. Except as disclosed in Schedule 3.7 hereto, no consent, approval, order, license, authorization or action of, or registration, qualification, designation, declaration or filing with, or notice to any Government Authority on the part of the Company, any Subsidiary, the Founder or the Controlling Shareholder is required in connection with the execution, delivery and performance of this Agreement or any other Transaction Document to which any of them is a party or the consummation of the transactions contemplated hereby or thereby, including without limitation the Restructuring, or for the normal business operations of the Company or any Subsidiary.

3.8 BOOKS AND RECORDS. The minute books and other similar records of the Company and the Subsidiaries as made available to the Investors prior to the execution of this Agreement contain a true and complete record of all action taken at all meetings and by all written consents in lieu of meetings of the shareholders, the boards of directors and any committees of the boards of directors of the Company and each of the Subsidiaries. The stock transfer ledgers and other similar records of the Company and each of the Subsidiaries as made available to the Investors prior to the execution of this Agreement accurately reflect all record transfers prior to the execution of this Agreement in the Shares of the Company and the Subsidiaries. Neither the Company nor any Subsidiary has any of its Books and Records recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of the Company or such Subsidiary.

3.9 FINANCIAL STATEMENTS. Prior to the execution of this Agreement, the Company has delivered to the Investors true and complete copies of the consolidated financial statements of Solarfun Jiangsu audited by Ernst & Young for the fiscal years ended on December 31, 2004 and December 31, 2005, including notes thereto, and unaudited consolidated financial statements of Solarfun Jiangsu as of and for the three-month period ended on March 31, 2006 (such audited and unaudited financial statements collectively the "FINANCIAL STATEMENTS"). Except as set forth in the notes thereto, the Financial Statements
(i) were prepared in accordance with IFRS, (ii) fairly present the financial condition and results of operations of each Subsidiary of the Company as of the date thereof and for the period covered thereby, and (iii) were compiled from the Books and Records of the Subsidiaries of the Company regularly maintained by management and used to prepare the financial statements of the Subsidiaries of the Company in accordance with the principles stated therein. The Subsidiaries have maintained their respective Books and Records in a manner sufficient to permit the preparation of financial statements in accordance with IFRS. Except for those Subsidiaries listed in Schedule 3.9, the financial condition and results of operations of each Subsidiary are, and for all periods referred to in this Section 3.9 have been, consolidated with those of Solarfun Jiangsu.

3.10 ABSENCE OF CHANGES. Except for the execution and delivery of this Agreement and the transactions to take place pursuant hereto on or prior to the Closing Date, since December 31, 2005 there has not been any material adverse change, or any event or development which, individually or together with other such events, could reasonably be expected to result in a material adverse change, in the Business or Condition of the Company or its Subsidiaries. Without limiting the foregoing, except as disclosed in Schedule 3.10, there has not occurred since December 31, 2005:

(a) any declaration, setting aside or payment of any dividend or other distribution in respect of the Equity Securities of the Company or any Subsidiary, or any direct or indirect redemption, purchase or other acquisition by the Company or any Subsidiary of any such Equity Securities of or any Option with respect to the Company or any Subsidiary;

(b) any authorization, issuance, sale or other disposition by the Company or any Subsidiary of any Equity Securities of or Option with respect to the Company or any Subsidiary, or any modification or amendment of any right of any holder of any outstanding Equity Securities of or Option with respect to the Company or any Subsidiary;

(c) (x) any increase in the salary, wages or other compensation of any officer, Employee or consultant of the Company or any Subsidiary, (y) any establishment or modification of (A) target, goals, pools or similar provisions in respect of any fiscal year under any Benefit Plan, employment related Contract or other Employee compensation arrangement or (B) salary ranges, increase guidelines or similar provisions in respect of any Benefit Plan, employment related Contract or other Employee compensation arrangement, or (z) any adoption, entering into or becoming bound by any Benefit Plan, employment related Contract or collective bargaining agreement, or amendment, modification or termination (partial or complete) of any Benefit Plan, employment related Contract or collective bargaining agreement;

(d) (A) incurrence by the Company or any Subsidiary of Indebtedness other than in the ordinary course of business or (B) any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled payment date with respect to, or waiver of any right of the Company or any Subsidiary under, any Indebtedness of or owing to the Company or any Subsidiary other than in the ordinary course of business;

(e) any physical damage, destruction or other casualty loss (whether or not covered by insurance) materially affecting any of the plant, real or personal property or equipment of the Company or any Subsidiary;

(f) any material change in (x) any pricing, investment, accounting, financial reporting, inventory, credit, allowance or Tax practice or policy of the Company or any Subsidiary, or (y) any method of calculating any bad debt, contingency or other reserve of the Company or any Subsidiary for accounting, financial reporting or Tax purposes, or any change in the fiscal year of the Company or any Subsidiary;

(g) any write off or write down of or any determination to write off or write down any of the Assets and Properties of the Company or any Subsidiary;

(h) any acquisition or disposition of, or incurrence of an Encumbrance on, any Assets and Properties of the Company or any Subsidiary exceeding RMB10 million;

(i) any (w) amendment of the Articles of Incorporation or the articles of incorporation or other constitutional documents of any Subsidiary, (x) recapitalization, reorganization, composition, liquidation or dissolution of the Company or any Subsidiary, (y) merger or other business combination involving the Company or any Subsidiary with any other Person or (z) any Bankruptcy Event with respect to the Company or any Subsidiary;

(j) any material amendment, material modification, or termination (partial or complete) or any material waiver under or material consent with respect to (A) any Contract which is required (or had it been in effect on the date hereof would have been required) to be disclosed in Schedule 3.18(a) or (B) any License held by the Company or any Subsidiary;

(k) capital expenditure or commitments for additions to property, plant or equipment of the Company and the Subsidiaries constituting capital assets;

(l) any commencement or termination by the Company or any Subsidiary of any line of business;

(m) any transaction by the Company or any Subsidiary with any Existing Shareholder or any Representative of any Existing Shareholder;

(n) any change in the accounting methods or practices followed by the Company or any Subsidiary;

(o) any entering into of a Contract to do or engage in any of the foregoing after the date hereof; or

(p) any other transaction involving or development affecting the Company or any Subsidiary outside the ordinary course of business consistent with past practice.

3.11 NO UNDISCLOSED LIABILITIES. Except as reflected or reserved against in the balance sheets included in the Financial Statements or in the notes thereto, there are no Liabilities against, relating to or affecting the Company or any Subsidiary or any of their respective Assets and Properties, other than Liabilities which, individually or in the aggregate, are not material to the Business or Condition of the Company or any Subsidiary.

3.12 TAXES.

(a) The Company and each Subsidiary has filed all Tax returns, statements, reports and forms (including estimated Tax returns and reports and information returns and reports) ("TAX RETURNS") that it was required to file in accordance with all applicable Laws. All such Tax Returns were true, correct and complete. All Taxes which have become due and payable by the Company and each Subsidiary (whether or not shown on any Tax Return) have

been fully paid. Neither the Company nor any Subsidiary is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has been made by a Government Authority in a jurisdiction where the Company or any Subsidiary does not file Tax returns that the Company or any Subsidiary is or may be subject to Taxation by that jurisdiction. There are no security interests on any of the Assets and Properties of the Company or any Subsidiary that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) The Company and each Subsidiary has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any Employee, creditor, independent contractor, or other third party in accordance with applicable Law and procedure.

(c) Neither the Company nor any Subsidiary is aware of any statement of deficiency, assessment of additional Taxes or any claim or dispute regarding the Tax liability of the Company or any Subsidiary for any period for which Tax Returns have been filed. Each Subsidiary of the Company has delivered to the Investors correct and complete copies of all Tax Returns for the past two (2) complete fiscal years and all examination reports, and statements of deficiencies assessed against or agreed to by the Company or any Subsidiary.

(d) Neither the Company nor any Subsidiary has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

3.13 LEGAL PROCEEDINGS. Except as disclosed in Schedule 3.13:

(a) there are no Actions or Proceedings pending or, to the Knowledge of the Company, the Founder or the Controlling Shareholder, threatened against, relating to or affecting any of the Existing Shareholders, the Company or any Subsidiary or any of their respective Assets and Properties which (i) could reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document, including without limitation the Restructuring, or otherwise result in a material diminution of the benefits contemplated by this Agreement or any other Transaction Document to the Investors, or (ii) if determined adversely to any Existing Shareholder, the Company or a Subsidiary, could reasonably be expected to result in (x) any injunction or other equitable relief against the Company or any Subsidiary that would interfere in any material respect with its business or operations or (y) Losses by the Company or any Subsidiary, individually or in the aggregate in respect of other such Actions or Proceedings, exceeding RMB100,000;

(b) there are no Orders outstanding against the Company, any Subsidiary, the Founder or the Controlling Shareholder.

Prior to the execution of this Agreement, the Company has delivered to the Investors all responses of counsel for the Company and the Subsidiaries to auditors' requests for information delivered in connection with the Financial Statements (together with any updates provided by

such counsel) regarding Actions or Proceedings pending or threatened against, relating to or affecting the Company or any Subsidiary.

3.14 COMPLIANCE WITH LAWS AND ORDERS. Except as disclosed in Schedule 3.14, neither the Company nor any Subsidiary is or has at any time within the last three years been, or has received any notice that it is or has at any time within the last three years been, in violation of or in default under any Law or Order applicable to the Company or any Subsidiary or any of their respective Assets and Properties, except for such violations or defaults that, individually or in the aggregate, would not have a Material Adverse Effect.

3.15 REAL PROPERTY.

(a) Schedule 3.15(a)-1 hereto lists all real properties owned by the Company or any of its Subsidiaries. Except as disclosed in Schedule 3.15(a)-2, each of the Company and the Subsidiaries has good and marketable title to each parcel of real property owned by it, free and clear of all Encumbrances. Each of the Company and the Subsidiaries is in possession of each parcel of real property owned by it, together with all buildings, structures, facilities, fixtures and other improvements thereon. The Company and the Subsidiaries have adequate rights of ingress and egress with respect to the real property owned or leased by each of them and all buildings, structures, facilities, fixtures and other improvements thereon. None of such real property, buildings, structures, facilities, fixtures or other improvements, or the use thereof, contravenes or violates any building, zoning, administrative, occupational safety and health or other applicable Law in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance).

(b) Schedule 3.15(b) hereto lists all real properties leased by the Company or any of its Subsidiaries. Each of the Company and the Subsidiaries has a valid and subsisting leasehold estate in and the right to quiet enjoyment of the real properties leased by it for the full term of the lease thereof. Each lease under which the Company or a Subsidiary leases real property is a legal, valid and binding agreement, enforceable in accordance with its terms, of the Company or such Subsidiary and of each other Person that is a party thereto.

(c) The improvements on the real property owned or leased by the Company and/or its Subsidiaries are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, there are no condemnation or appropriation proceedings pending or to the Knowledge of the Company, the Founder or the Controlling Shareholder threatened against any of such real property or the improvements thereon.

3.16 TANGIBLE PERSONAL PROPERTY; INVESTMENT ASSETS.

(a) Each of the Company and the Subsidiaries is in possession of and has good title to, or has valid leasehold interests in or valid rights under Contract to use, all machinery, equipment, furniture, fixtures, vehicles and other properties and assets used in or reasonably necessary for the conduct of its business, including all such property reflected on the balance sheets included in the Financial Statements and such property acquired since December

31, 2005 other than property disposed of since such date in the ordinary course of business consistent with past practice. All such property is free and clear of all Encumbrances and is in good working order and condition, ordinary wear and tear excepted, and its use complies with all applicable Laws. All requisite formalities in respect of the importation of machinery, equipment, parts, tools and materials by each of the Company and the Subsidiaries have been complied with in accordance with applicable laws and regulations.

(b) Schedule 3.16 describes each Investment Asset owned by the Company or any Subsidiary on the date hereof valued in excess of RMB1,000,000. All such Investment Assets are owned by the Company or its Subsidiary free and clear of all Encumbrances.

3.17 INTELLECTUAL PROPERTY RIGHTS. Schedule 3.17(a) hereto lists all Intellectual Property used by the Company and its Subsidiaries in the conduct of their respective businesses. The Company or a Subsidiary has all rights, titles and interests in or valid and binding rights under Contract to use the Intellectual Property used by it in the conduct of its business. Except as disclosed in Schedule 3.17(b), (i) the Company or a Subsidiary has the exclusive right to use the Intellectual Property utilized in the conduct of its business, (ii) all registrations with and applications to any Government Authority in respect of such Intellectual Property are valid and in full force and effect and are not subject to the payment of any Taxes or maintenance fees or the taking of any other actions by the Company or a Subsidiary to maintain their validity or effectiveness, (iii) there are no restrictions on the direct or indirect transfer of any Contract, or any interest therein, held by the Company or any Subsidiary in respect of such Intellectual Property, (iv) the Company has delivered to the Investors prior to the execution of this Agreement documentation with respect to any invention, process, design, computer program or other know-how or trade secret included in such Intellectual Property, which documentation is accurate in all respects and sufficient in detail and content to identify and explain such invention, process, design, computer program or other know-how or trade secret and to facilitate its full and proper use without reliance on the special knowledge or memory of any Person, (v) the Company and the Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of their trade secrets, (vi) neither the Company nor any Subsidiary is, or has received any notice that it is, in default (or with the giving of notice or lapse of time or both, would be in default) under any Contract to use such Intellectual Property and (vii) to the Knowledge of the Company, the Founder or the Controlling Shareholder, no such Intellectual Property is being infringed by any other Person. None of the Existing Shareholders, the Company or any Subsidiary has received notice that the Company or any Subsidiary is infringing any Intellectual Property of any other Person, and no claim is pending or, to the Knowledge of the Company, the Founder or the Controlling Shareholder, has been made to such effect that has not been resolved and, to the Knowledge of the Company, the Founder or the Controlling Shareholder, neither the Company nor any Subsidiary is infringing any Intellectual Property of any other Person.

3.18 CONTRACTS AND PRODUCT CERTIFICATIONS.

(a) Schedule 3.18(a) contains a true and complete list of each of the following Contracts or other material arrangements (true and complete copies or, if none, reasonably complete and accurate written descriptions of which, together with all amendments and

supplements thereto and all waivers of any terms thereof, have been delivered to the Investors prior to the execution of this Agreement), to which the Company or any Subsidiary is a party or by which any of their respective Assets and Properties is bound, including, but not limited to the following:

(i) (A) all Contracts providing for a commitment of employment or consultation services or otherwise relating to employment or the termination of employment which exceeds the amount of RMB200,000 per annum; and (B) any written or unwritten representations, commitments, promises, communications or courses of conduct, other than with respect to salary or incentive compensation payments in the ordinary course of business, to any management or executive level Employee;

(ii) all Contracts with any Person containing any provision or covenant prohibiting or limiting the ability of the Company or any Subsidiary to engage in any business activity or compete with any Person or prohibiting or limiting the ability of any Person to compete with the Company or any Subsidiary;

(iii) all partnership, joint venture, shareholders or other similar Contracts with any Person;

(iv) all Contracts relating to Indebtedness of the Company or any Subsidiary exceeding RMB30 million or to any preferred stock issued by the Company or any Subsidiary;

(v) all warranties, guaranties or similar undertakings with respect to contractual performance extended by the Company or any Subsidiary other than in the ordinary course of business;

(vi) all Contracts with distributors, dealers, manufacturers representatives, sales agencies or franchisees exceeding RMB5 million in value;

(vii) all Contracts relating to (A) the future disposition or acquisition of any Assets and Properties with a value exceeding RMB10 million and (B) any merger or other business combination;

(viii) all Contracts between or among the Company and any Subsidiary relating to Indebtedness or the provision of services between such entities;

(ix) all Contracts that (A) limit or contain restrictions on the ability of the Company or any Subsidiary to declare or pay dividends on, to make any other distribution in respect of or to issue or purchase, redeem or otherwise acquire its Equity Securities, to incur Indebtedness, to incur or suffer to exist any Encumbrance, to purchase or sell any Assets and Properties, to change the lines of business in which it participates or engages or to engage in any business combination, (B) require the Company or any Subsidiary to maintain specified financial ratios or levels of net worth or other indicia of financial condition or (C) limit or contain restrictions on the powers and voting rights of the shareholders of any Subsidiary;

(x) all Contracts requiring the Company or any Subsidiary to make future capital contribution to any entity;

(xi) all management, service, consulting or any other similar type of Contracts requiring payment of fees in excess of RMB500,000 per annum;

(xii) all collective bargaining agreements with any labor union or other representative of employees;

(xiii) all Contracts that require a consent to or otherwise contains a provision relating to a "change of control," or all Contracts that would prohibit or delay the consummation of the transactions contemplated by this Agreement or the other Transaction Documents to which the Company or any Subsidiary is a party or that would trigger, give rise to, accelerate or augment any liabilities or terminate or modify any rights of the Company or any Subsidiary as a result of the consummation of the transactions contemplated hereby and thereby;

(xiv) all other Contracts that (A) involve the payment or potential payment, pursuant to the terms of such Contract, by or to the Company or any Subsidiary of more than RMB500,000 annually and (B) cannot be terminated within thirty (30) days after giving notice of termination without resulting in material cost or penalty to the Company or any Subsidiary;

(xv) any other Contract material to the Business and Condition or Assets and Properties of the Company or any of its Subsidiaries; or

(xvi) any amendment, modification or supplement in respect of any of the foregoing made other than in the ordinary course of business consistent with past practice.

(b) Each Contract required to be disclosed in Schedule 3.18(a) hereto, including without limitation the Purchase Agreement (CHINESE CHARACTERS) dated as of May 12, 2006 between Jiangsu Linyang Solarfun Co., Ltd. (CHINESE CHARACTERS) and Jiangxi Saiwei LDK Solar Energy High Technology Co., Ltd. (CHINESE CHARACTERS) and the Cooperation Agreement (CHINESE CHARACTERS) dated as of May 15, 2006 between Jiangsu Linyang Solarfun Co., Ltd. (CHINESE CHARACTERS) and Jinzhou Yangguang Energy Co., Ltd. (CHINESE CHARACTERS), is in full force and effect and constitutes a legal, valid and binding agreement, enforceable in accordance with its terms, of each party thereto; and except as disclosed in Schedule 3.18(b) hereto neither the Company nor any Subsidiary is, or has received notice that it is, in violation or breach of or default under any such Contract (or with notice or lapse of time or both, would be in violation or breach of or default under any such Contract) or has any Knowledge that any other party to any such Contract is in violation or breach of or default in any respect under any such Contract (or with notice or lapse of time or both, would be in violation of or default under any such Contract).

(c) Schedule 3.18(c) hereto provides a complete list of all product certifications that have been obtained by the Company and its Subsidiaries. The Company and

its Subsidiaries have all product certifications necessary to permit the Company and its Subsidiaries to perform their respective obligations under any Contract or otherwise to engage in the business of the Company and its Subsidiaries as currently conducted or proposed to be conducted and such product certifications shall be in full force and effect.

3.19 LICENSES. Schedule 3.19 hereto contains a true and complete list of all Licenses used in and material, individually or in the aggregate, to the business or operations of the Company or any Subsidiary (and all pending applications for any such Licenses), setting forth the grantor, the grantee, the function and the expiration and renewal date of each. Prior to the execution of this Agreement, the Company has delivered to the Investors true and complete copies of all such Licenses. Except as disclosed in Schedule 3.19:

(i) the Company and each Subsidiary owns or validly holds all Licenses that are material, individually or in the aggregate, to its business or operations;

(ii) each License listed in Schedule 3.19 is valid, binding and in full force and effect; and

(iii) neither the Company nor any Subsidiary is, or has received any notice that it is, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License.

3.20 INSURANCE. Schedule 3.20 hereto provides a complete list of all insurance policies to which the Company or any Subsidiary is a party. The Company and each Subsidiary maintain suitable and customary insurance coverage for their business as presently conducted and such insurance coverage will not terminate or lapse by reason of the transactions contemplated by this Agreement. Each insurance policy to which the Company or any Subsidiary is a party is valid and binding and in full force and effect, no premiums due thereunder have not been paid and neither the Company, any Subsidiary nor any other Person to whom such policy has been issued has received any notice of cancellation or termination in respect of any such policy or is in default thereunder. The insurance policies to which the Company or any Subsidiary is a party are placed with financially sound and reputable insurers and, in light of the respective business, operations and Assets and Properties of the Company and the Subsidiaries, are in amounts and have coverages that are reasonable and customary for Persons engaged in such businesses and operations and having such Assets and Properties. Neither the Company, any Subsidiary nor the Person to whom such policy has been issued has received notice that any insurer under any policy referred to in this Section is denying liability with respect to a claim thereunder or defending under a reservation of rights clause.

3.21 RELATED PARTY TRANSACTIONS. Except as disclosed in Schedule 3.21(a) hereto, no employee, officer, director or shareholder of the Company or any Subsidiary or any Affiliate of any of them (a "RELATED PARTY") or member of such Related Party's immediately family, or any corporation, partnership or other entity in which such Related Party is an officer, director or partner, or in which such Related Party has significant ownership interests or otherwise controls, is indebted to the Company, or any Subsidiary, nor is the Company or any Subsidiary indebted (or committed to make loans or extend or guarantee credit) to any of them other than (a) for payment of salary for services rendered not exceeding amounts equal to one month's salary, (b) reimbursement for reasonable expenses incurred on behalf of the Company or the Subsidiary, and
(c) for other standard employee benefits made generally available to all employees, which indebtedness described in clauses (a)-(c) is incurred in the ordinary course of business consistent with past practice. Except as disclosed in Schedule 3.21(b), none of such persons has any direct or indirect ownership interest in any firm or corporation with which the Company or any Subsidiary is affiliated or with which the Company or any Subsidiary has a business relationship, or any firm or corporation that competes with the Company or any Subsidiary, except that employees, officers, or directors of the Company and its Subsidiaries and members of such Related Party's immediately families may own shares in publicly traded companies that may compete with the Company or any Subsidiary. No Related Party or member of their immediate family is directly or indirectly interested in any material contract with the Company or any Subsidiary.

3.22 EMPLOYEES; LABOR RELATIONS.

(a) Except as disclosed in Schedule 3.22(a) hereto, neither the Company nor any of its Subsidiaries is bound by or subject to any contract, commitment or arrangement with any labor union and no labor union has requested, sought or attempted to represent any employees, representatives or agents of the Company or any of its Subsidiaries. Except as disclosed in Schedule 3.22(a), there is no strike or other labor dispute involving the Company or any of its Subsidiaries pending nor, to the Knowledge of the Company, the Founder or the Controlling Shareholder, threatened. Except as set forth in Schedule 3.22(a) hereto, neither the Company, the Founder nor the Controlling Shareholder is aware of the existence of any labor union or any labor union activities involving its employees and neither the Company, the Founder nor the Controlling Shareholder is aware of any existing or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers, customers and contractors. To the Knowledge of the Company, the Founder and the Controlling Shareholder, none of the members of the senior management and the key technical personnel of the Company or its Subsidiaries, including but not limited Hanfei Wang (CHINESE CHARACTERS), Yuting Wang (CHINESE CHARACTERS) and Rongqiang Cui (CHINESE CHARACTERS), is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement, or other contract or agreement relating to the relationship of any such person with the Company or its Subsidiaries. Except as disclosed in Schedule 3.22(a), neither the Company nor any of its Subsidiaries is a party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan, profit sharing plan, retirement agreement, or other employee compensation agreement. Neither the Company, the Founder nor the Controlling Shareholder is aware that any officer or key employee, or any group of key employees, intends to terminate their employment

with the Company or any of its Subsidiaries, as applicable, nor does the Company nor any of its Subsidiaries have a present intention to terminate the employment of any of the foregoing.

(b) Except as disclosed in Schedule 3.22(b) hereto, each of the Subsidiaries has complied with all applicable Laws relating to the employment of labor, including provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution and collective bargaining and none of the Subsidiaries is subject to any investigation or examination by any applicable Government Authority regarding the employment of labor, including but not limited to matters relating to social welfare, employee safety, housing funds and social insurance contribution.

3.23 EMPLOYEE BENEFITS.

(a) Except as disclosed in Schedule 3.23(a) hereto, there is no Benefit Plan or Benefit Arrangement of the Company or of any Subsidiary.

(b) Neither the Company nor any Subsidiary has any current or projected liability in respect of post-employment or post-retirement health or medical or life insurance benefits for retired or former Employees of the Company or any Subsidiary.

3.24 ENVIRONMENTAL MATTERS. The Company and each Subsidiary has obtained all Licenses which are required under applicable Environmental Laws in connection with the conduct of the business or operations of the Company or such Subsidiary. Each of such Licenses is in full force and effect and the Company and each of the Subsidiaries is in compliance with the terms and conditions of all such Licenses and with any applicable Environmental Law. In addition, except as set forth in Schedule 3.24 hereto:

(a) No Order has been issued, no Environmental Claim has been filed, no penalty has been assessed and no investigation or review is pending or, to the Knowledge of the Company, the Founder or the Controlling Shareholder, threatened by any Government Authority with respect to any alleged failure by the Company or any Subsidiary to have any License required under applicable Environmental Laws in connection with the conduct of the business or operations of the Company or any of the Subsidiaries or with respect to any generation, treatment, storage, recycling, transportation, discharge, disposal or Release of any Hazardous Material generated by the Company or any Subsidiary, and to the Knowledge of the Company or the Controlling Shareholder, there are no facts or circumstances in existence which could reasonably be expected to form the basis for any such Order, Environmental Claim, penalty or investigation.

(b) Neither the Company nor any Subsidiary owns, operates or leases a treatment, storage or disposal facility in violation of any Environmental Law, and, without limiting the foregoing, (i) no polychlorinated biphenyl is or has been present, (ii) no asbestos or asbestos-containing material is or has been present, (iii) there are no underground storage tanks or surface impoundments for Hazardous Materials, active or abandoned, and (iv) no Hazardous Material has been Released in violation of any Environmental Law or otherwise Released, in the cases of clauses (i) through (iv), at, on or under any site or facility now or previously owned,

operated or leased by the Company or any Subsidiary. Neither the Company nor any Subsidiary has transported or arranged for the transportation of any Hazardous Material to any location that may lead to Environmental Claims against the Company or any Subsidiary.

(c) No Hazardous Material generated by the Company or any Subsidiary has been recycled, treated, stored, disposed of or Released by the Company or any Subsidiary at any location in violation of any Environmental Law.

(d) No Encumbrances have arisen under or pursuant to any Environmental Law on any site or facility owned, operated or leased by the Company or any Subsidiary, and no Government Authority action has been taken or, to the Knowledge of the Company, the Founder or the Controlling Shareholder, is in process that could subject any such site or facility to such Encumbrances, and neither the Company nor any Subsidiary would be required to place any notice or restriction relating to the presence of Hazardous Materials at any site or facility owned by it in any deed to the real property on which such site or facility is located.

(e) There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by, or that are in the possession of, the Company or any Subsidiary in relation to any site or facility now or previously owned, operated or leased by the Company or any Subsidiary which have not been delivered to the Investors prior to the execution of this Agreement.

(f) Each party that has contracted with the Company or any Subsidiary with respect to treatment, storage, recycling, transportation or disposal of any Hazardous Material generated by the Company or any Subsidiary has obtained all Licenses which are required under applicable Environmental Laws in connection with the conduct of its business or operations. Each of such Licenses is in full force and effect and such party is in compliance with the terms and conditions of all such Licenses and with any applicable Environmental Law.

3.25 SUBSTANTIAL CUSTOMERS AND SUPPLIERS. Schedule 3.25(a) hereto lists the ten (10) largest customers of the Company and the Subsidiaries, on the basis of revenues for goods sold or services provided for the most recently-completed fiscal year. Schedule 3.25(b) hereto lists the ten (10) largest suppliers of the Company and the Subsidiaries, on the basis of cost of goods or services purchased for the most recently-completed fiscal year. Except as disclosed in Schedule 3.25(c) hereto, no such customer or supplier has ceased or materially reduced its purchases from, use of the services of, or sales or provision of services to the Company and the Subsidiaries since December 31, 2005, or to the Knowledge of the Company, the Founder or the Controlling Shareholder, has threatened to cease or materially reduce such purchases, use, sales or provision of services after the date hereof. Neither the Company, the Founder, nor the Controlling Shareholder is aware that any of such customer or supplier is subject to a Bankruptcy Event.

3.26 [INTENTIONALLY DELETED].

3.27 ACCOUNTS RECEIVABLE. Except as set forth on Schedule 3.27, each of the accounts and notes receivable of the Company and the Subsidiaries reflected on the balance sheets included in the Financial Statements, and all accounts and notes receivable arising subsequent to December 31, 2005, (i) arose from bona fide sales transactions in the ordinary course of business and are payable on ordinary trade terms, (ii) are legal, valid and binding obligations of the respective debtors enforceable in accordance with their terms, (iii) are not subject to any valid set-off or counterclaim, (iv) do not represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement, (v) are collectible in the ordinary course of business consistent with past practice in the aggregate recorded amounts thereof, net of any applicable reserve reflected in the balance sheets included in the Financial Statements, and (vi) are not the subject of any Actions or Proceedings brought by or on behalf of the Company or any Subsidiary. All steps necessary to render all such security arrangements legal, valid, binding and enforceable, and to give and maintain for the Company or a Subsidiary, as the case may be, a perfected security interest in the related collateral, have been taken.

3.28 INVENTORY. All inventory of the Company and the Subsidiaries reflected on the balance sheets included in the Financial Statements consisted, and all such inventory acquired since December 31, 2005 consists, of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, subject to normal and customary allowances in the industry for spoilage, damage and outdated items. All items included in the inventory of the Company and the Subsidiaries are the property of the Company and the Subsidiaries, free and clear of any Encumbrances, have not been pledged as collateral, are not held by the Company or any Subsidiary on consignment from others and conform to all standards applicable to such inventory or its use or sale imposed by Government Authorities.

3.29 DERIVATIVE INSTRUMENTS. Neither the Company nor any of its Subsidiaries is a party to any swaps, caps, floors, futures, forward contracts, option agreements, and any other derivative financial instruments, contracts or arrangements.

3.30 BROKERS. All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Company directly with the Investors without the intervention of any Person on behalf of the Company in such manner as to give rise to any valid claim by any Person against the Investors, the Company or any Subsidiary for a finder's fee, brokerage commission or similar payment.

3.31 ETHICAL PRACTICES. Each of the Existing Shareholders, the Company, any of its Subsidiaries, their respective Affiliates and any other Person acting on behalf of any of them has not, whether in connection with the proposed transactions contemplated under the Transaction Documents or otherwise, (i) knowingly acted in violation of any Laws and Orders applicable to them, or (ii) made any improper payments to public officials in order to secure a business advantage.

3.32 PRIOR REGISTRATION RIGHTS. Except as to be provided in the Shareholders Agreement, neither the Company nor any of its Subsidiaries is under any contractual obligation to register under the United States Securities Act of 1933, as amended, any of its presently outstanding securities or any of its securities that may subsequently be issued.

3.33 NO STATE ASSETS. None of the assets of the Company or any Subsidiary constitute state-owned assets or are required to undergo any form of valuation under applicable Laws of the PRC governing the transfer of state-owned assets prior to the consummation of the transactions contemplated herein or in any of the other Transaction Documents.

3.34 DISCLOSURE. The Company and its Subsidiaries have provided the Investors with all the information necessary for the Investors to decide whether to subscribe to the Closing Shares. There is no fact known to the Company or any Subsidiary or the Founder or the Controlling Shareholder that has not been disclosed herein or in any other agreement, document or written statement furnished by the Company to the Investors in connection with the transactions contemplated hereby which materially adversely affects, or is reasonably likely to materially adversely affect the business of the Company or of any Subsidiary. No representation or warranty contained in this Agreement, and no statement contained in any Exhibit or Schedule hereto or in any certificate, list or other writing furnished to the Investors pursuant to any provision of this Agreement or in the course of the due diligence conducted in connection with the transactions contemplated hereby (including without limitation the Financial Statements) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE INVESTORS

Each Investor hereby represents and warrants to the Company, severally and not jointly, as of the date hereof and as of the Closing Date as follows:

4.1 ORGANIZATION. The Investor is a corporation duly organized and validly existing under the Laws of the jurisdiction of its incorporation. The Investor has full corporate power and authority to execute and deliver this Agreement and each other Transaction Document to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

4.2 AUTHORITY. The execution and delivery by the Investor of this Agreement and each other Transaction Document to which it is a party, and the performance by the Investor of its obligations hereunder and thereunder, have been duly and validly authorized by all necessary action on the part of the Investor. This Agreement has been duly and validly executed and delivered by the Investor and constitutes, and upon the execution and delivery by the Investor of each other Transaction Document to which it is a party, such Transaction Documents will constitute, a legal, valid and binding obligation of the Investor enforceable against it in accordance with each of their terms.

4.3 BROKERS. Except for the Canadian Imperial Bank of Commerce, whose fees, commissions and expenses will be paid by CVCI, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Investor and its Affiliates directly with the Company without the intervention of any Person on behalf of the Investor in such manner as to give rise to any valid claim by any Person against the Company for a finder's fee, brokerage commission or similar payment.

4.4 PURCHASE ENTIRELY FOR OWN ACCOUNT. Each Investor represents that the Series A Convertible Preference Shares to be purchased by such Investor hereunder and the Ordinary Shares issuable upon conversion thereof will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. Each Investor represents that such Investor does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Closing Shares or any Ordinary Shares issuable upon conversion thereof.

4.5 RELIANCE UPON INVESTORS' REPRESENTATIONS. Each Investor understands that the Closing Shares, and, if issued, the Ordinary Shares issuable upon conversion, are not registered under the United States Securities Act of 1933, as amended, on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act, and that the Company's reliance on any such exemption is predicated on the Investors' representations set forth herein.

4.6 RECEIPT OF INFORMATION. Each Investor believes that such Investor has received all the information such Investor considers necessary or appropriate for deciding whether to purchase the Shares. Each Investor further represents that such Investor has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Closing Shares and the business, properties, prospects, and financial condition of the Company and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to such Investor or to which such Investor had access. The foregoing, however, does not limit or modify the representations and warranties of the Company in Article III of this Agreement or the right of the Investors to rely thereon.

4.7 INVESTMENT EXPERIENCE. Each Investor represents that such Investor is experienced in evaluating and investing in private placement transactions of securities of companies in a similar stage of development and acknowledges that such Investor can bear the economic risk of such Investor's investment for an indefinite period of time, and has such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of the investment in the Shares. If other than an individual, such Investor also represents it has not been organized for the purpose of acquiring the Closing Shares.

4.8 ACCREDITED INVESTOR. Each Investor represents that such Investor is an "Accredited Investor", as that term is defined in Rule 501 of Regulation D promulgated under the United States Securities Act of 1933, as amended.

4.9 RESTRICTED SECURITIES. Each Investor understands that the Closing Shares (or the Ordinary Shares issuable upon conversion thereof) may not be sold, transferred, or otherwise disposed of without registration under the United States Securities Act of 1933, as amended, or an exemption therefrom, and that in the absence of an effective registration statement covering the Closing Shares (or the Ordinary Shares issuable upon conversion thereof) or an available exemption from registration under the United States Securities Act of 1933, as amended, the Closing Shares (and the Ordinary Shares issuable upon conversion thereof) must be held indefinitely. In particular, each Investor is aware that the Closing Shares (and the Ordinary Shares issuable upon conversion thereof) may not be sold pursuant to Rule 144 promulgated under the United States Securities Act of 1933, as amended, unless all of the conditions of that Rule are met. Among the conditions for use of Rule 144 may be the availability of current information to the public about the Company. Each Investor understands that such information is not now available.

4.10 FURTHER REPRESENTATION BY FOREIGN INVESTORS. With respect to each Investor, if neither the Investor nor any beneficiary of any trust or any investment client for whose account the Investor is purchasing the Series A Convertible Preference Shares is a citizen or resident of the United States or any state, territory or possession thereof, including but not limited to any estate of any such person, or any corporation, partnership, trust or other entity created or existing under the laws thereof, or any entity controlled or owned by any of the foregoing (a "U.S. PERSON"), such Investor hereby represents that such Investor is satisfied as to the full observance of the laws of such Investor's jurisdiction in connection with any invitation to subscribe for the Series A Convertible Preference Shares or any use of this Agreement, including
(i) the legal requirements with such Investor's jurisdiction for the purchase of the Series A Convertible Preference Shares, (ii) any foreign exchange restrictions applicable to such purchase, (iii) any governmental or other consents that may need to be obtained, and (iv) the income tax and other tax consequences, if any, which may be relevant to the purchase, holding, redemption, sale, or transfer of the Series A Convertible Preference Shares. Such Investor's subscription and payment for, and such Investor's continued beneficial ownership of, the Series A Convertible Preference Shares will not violate any applicable securities or other laws of such Investor's jurisdiction.

ARTICLE V

PRE-CLOSING COVENANTS

5.1 CONDUCT OF BUSINESS. The Company and each Subsidiary shall, and the Founder and the Controlling Shareholder shall cause the Company and each Subsidiary to, conduct its business only in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, between the date of this Agreement and the Closing, the Company shall, and the Founder and the Controlling Shareholder shall cause the Company to:

(a) Use and the Company shall cause each Subsidiary to use its best efforts to (i) preserve intact the present business organization and reputation of the Company and the Subsidiaries, (ii) keep available (subject to dismissals and retirements in the ordinary course of business consistent with past practice) the services of the present officers, Employees and consultants of the Company and the Subsidiaries, (iii) maintain the Assets and Properties of the Company and the Subsidiaries in good working order and condition, ordinary wear and tear excepted, (iv) maintain the good will of customers, suppliers, lenders and other Persons to whom the Company or any Subsidiary sells goods or provides services or with whom the Company or any Subsidiary otherwise has significant business relationships and (v) continue all current sales, marketing and promotional activities relating to the business and operations of the Company and the Subsidiaries;

(b) (i) maintain and the Company shall cause each Subsidiary to maintain the Books and Records in the usual, regular and ordinary manner, (ii) not make or permit to be made any material change in (A) any pricing, investment, accounting, financial reporting, inventory, credit, allowance or Tax practice or policy of the Company or any Subsidiary, or (B) any method of calculating any bad debt, contingency or other reserve of the Company or any Subsidiary for accounting, financial reporting or Tax purposes and (iii) not make or permit to be made any change in the fiscal year of the Company or any Subsidiary;

(c) (i) use and the Company shall cause each Subsidiary to use its best efforts to maintain in full force and effect until the Closing substantially the same levels of coverage as the insurance afforded under the Contracts listed in Schedule 3.20 hereto, (ii) use its best efforts to cause such insurance coverage held by any Person (other than the Company or any Subsidiary) for the benefit of the Company or any Subsidiary to continue to be provided at the expense of the Company and the Subsidiaries after the Closing on substantially the same terms and conditions as provided on the date of this Agreement and (iii) cause any and all benefits under such Contracts paid or payable (whether before or after the date of this Agreement) with respect to the business, operations, Employees or Assets and Properties of the Company and the Subsidiaries to be paid to the Company and the Subsidiaries; and

(d) comply with and the Company shall cause each Subsidiary to comply with all Laws and Orders applicable to the business and operations of the Company and the Subsidiaries, and promptly following receipt thereof to give the Investors copies of any notice received from any Government Authority or other Person alleging any violation of any such Law or Order.

5.2 CERTAIN RESTRICTIONS. Except for the transactions contemplated by the Transaction Documents, between the date of this Agreement and the Closing, the Company shall, the Company shall cause each Subsidiary to, and the Founder and the Controlling Shareholder shall cause the Company and each Subsidiary to, not take any of the following actions unless unanimous written approval of CVCI, Legend and Good Energies is obtained:

(a) the issuance of any kind of equity or equity-linked securities or equivalent arrangements, including creation of new or additional employee stock option plans or changes to existing stock option plan; provided that with respect to the Employee Stock Option Plan as

provided in Section 6.2 hereof, CVCI, Legend and Good Energies shall respond to the Company's proposal within ten (10) Business Days following the date that the Company has delivered such proposal to each of CVCI, Legend and Good Energies pursuant to Section 14.5 hereof, and in the event any of CVCI, Legend and Good Energies disapproves of any aspects of the Company's proposal, it shall give the Company reasonable explanations for its disapproval. The Company may revise its proposal and resubmit it to CVCI, Legend and Good Energies for their approval pursuant to the same procedure described above;

(b) any stock split, or stock combination, or redemption or repurchase of any securities;

(c) any change to the terms and conditions of any existing securities;

(d) the issuance of any debt or debt instruments in excess of RMB50 million in any one transaction or RMB100 million in any consecutive twelve month period;

(e) any non-operational transactions, loans, guarantees, mortgages or charges with Affiliates, executives or any party;

(f) engagement of any business other than photovoltaic business and change of nature or scope of business of the Company or any Subsidiary;

(g) any acquisition or disposal of assets, businesses or assumption of any debt in connection of such acquisition exceeding RMB10 million in any one transaction or RMB20 million in any consecutive twelve month period;

(h) any unbudgeted acquisition of fixed assets in an amount exceeding RMB2 million;

(i) any unbudgeted expense exceeding RMB1,500,000 and any unbudgeted monthly expense exceeding 10% of average monthly expenses for the twelve (12) months immediately preceding the incurrence of such expense;

(j) any transfer or disposal of material intangible property, including without limitation transfer and licensing of any existing and future patents and trademarks;

(k) any capital expenditures;

(l) any joint ventures, strategic alliances, partnerships or similar arrangement with any third party;

(m) any loan exceeding RMB30 million in any one transaction, or any net debt to equity ratio in excess of a ratio of 1.5:1 (net debt is defined as interest bearing debt less cash and cash equivalent);

(n) any related party transaction with any shareholder, director, officers or Affiliates of the Company or its Subsidiaries and their respective Affiliates exceeding RMB100,000 in one transaction;

(o) any guarantee or similar obligation by the Company or any Subsidiary relating to Indebtedness of any Person;

(p) any liquidation, dissolution or winding up of the Company or any Subsidiary;

(q) any recapitalization, merger, asset swap, sale or transfer of substantially all of the rights to intellectual properties or assets, or other extraordinary transaction;

(r) conclusion or amendment of any contract or other contractual arrangement with a value exceeding RMB30 million;

(s) adoption, amendment, or approval of any strategic plan, annual business plan, the annual budget, mid-year budget and year-end accounting;

(t) any appointment and change of the Chief Executive Officer, the Chief Financial Officer and Chief Operating Officer of the Company and any change in their rights and obligations;

(u) declaration of dividends and other distributions;

(v) change in the number of directors, removal of director, representative director or auditor;

(w) material changes of compensation and incentive policies;

(x) any incurrence or creation of pledge, lien, mortgage or any other types of securities interest on the building, plant, office facilities or other fixed assets or equipment of the Company or any Subsidiary exceeding RMB10 million;

(y) amendment to the Articles of Incorporation or any other constitutional documents, including without limitation increase and decrease in the capitalization of the Company or any Subsidiary;

(z) changes of external auditor or any material change in accounting policies;

(aa) an initial public offering (the "IPO") and IPO related matters, except that with respect to the currently proposed IPO of the Company, unanimous written consent of the Investors will not be required for any matters that do not affect the Investors' rights and obligations hereunder or the transactions contemplated by this Agreement and other Transaction Documents, and that if at an appropriate time prior to the road show by the Company in connection with the currently proposed IPO the board of directors of the Company establishes a

steering committee, which shall include at least one director to be nominated by CVCI and one director to be nominated by Legend, in each case in accordance with the Shareholders Agreement, to be in charge of matters relating to the proposed IPO and whose resolution will require the affirmative vote of a majority of the members of the committee, including at least the director designated by CVCI and the director designated by Legend, unanimous written consent of the Investors will no longer be required for such IPO-related matters;

(bb) initiation and settlement of any litigation with a claim that exceeds US$1,000,000;

(cc) any waiver of a material right or of a material debt;

(dd) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or any Subsidiary, except in the ordinary course of business and that is not material to the assets, properties, financial conditions, operating results or business of the Company and the Subsidiaries as currently conducted and proposed to be conducted; and

(ee) entry into any agreement or understanding to do any of the foregoing.

5.3 REGULATORY AND OTHER APPROVALS. The Company shall, the Company shall cause each Subsidiary to, and the Founder and the Controlling Shareholder shall cause the Company and each Subsidiary to, as promptly as practicable (a) take all steps necessary or desirable to obtain all consents, approvals or actions of, make all filings with and give all notices to Government Authorities or any other Person required of the Company or any Subsidiary to consummate the transactions contemplated hereby and by each other Transaction Document, including those described in Schedule 3.7 and (b) provide such other information and communications to such Government Authorities or other Persons as Investors or such Government Authorities or other Persons may reasonably request in connection therewith. The Company shall provide prompt notification to the Investors when any such consent, approval, action, filing or notice referred to in clause (a) above is obtained, taken, made or given, as applicable, and will advise the Investors of any communications (and, unless precluded by Law, provide copies of any such communications that are in writing) with any Government Authority or other Person regarding any of the transactions contemplated by this Agreement or any other Transaction Document.

5.4 ACCESS. Between the date of this Agreement and the Closing, upon at least two (2) days' prior notice to the Company, the Company shall, and shall cause its Subsidiaries and their respective Representatives to (and the Founder and the Controlling Shareholder shall cause the Company, its Subsidiaries, and their respective Representatives to) (a) afford the Representatives of the Investors and their Affiliates designated by the Investors, during normal business hours, reasonable access at all reasonable times to its officers, employees, auditors, legal counsel, properties, offices, plants and other facilities and to all books and records, (b) furnish the Investors and such Affiliates with all financial, operating and other data and information as the Investors or such Affiliate, through their respective Representative, may from time to time reasonably request and (c) afford the Investors and such Affiliates the opportunity to discuss the affairs, finances and accounts of the Company and its Subsidiaries with the officers of the Company and its Subsidiaries from time to time as the Investors or such Affiliate may reasonably request, and to make proposals, recommendations and suggestions to the Company or its Subsidiaries relating to the business and affairs of the Company or its Subsidiaries. The Company and/or such Subsidiary shall, and the Founder and the Controlling Shareholder shall cause the Company and/or the Subsidiaries to, consider in good faith all legitimate proposals, recommendations and suggestions made by the Investors or such Affiliate pursuant to this Section 4.04.

5.5 ALTERNATIVE TRANSACTIONS. Except for the transactions contemplated by the Transaction Documents, between the date of this Agreement and the Closing, the Company, its Subsidiaries, the Founder and the Controlling Shareholder and their respective officers and directors will not, and each of the Company, its Subsidiaries, the Founder and the Controlling Shareholder will cause its other Representatives not to, directly or indirectly, (i) solicit or initiate any proposal (a "PROPOSAL") relating to (A) direct or indirect acquisition or purchase of any securities of the Company or any Subsidiary, (B) a merger, amalgamation, share exchange or consolidation, (C) a sale of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole, or (D) any other transaction that may have a material adverse effect on the transactions contemplated hereunder; (ii) participate in any discussions or negotiations regarding or furnish to any Person any information or otherwise facilitate any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any Proposal (other than a modified Proposal of the Investors, if any); or (iii) authorize or enter into any agreement or understanding with respect to any Proposal. The Company, the Subsidiaries, the Founder and the Controlling Shareholder will immediately advise the Investors of, and inform the Investors of the terms of, and the identity of the Person making any Proposal that the Company, any of its Subsidiaries, the Founder, the Controlling Shareholder or any of their Representatives may receive during the period from the date of this Agreement to the Closing.

5.6 FULFILLMENT OF CONDITIONS. Each of the Company, the Founder, the Controlling Shareholder and the Investors shall execute and deliver at the Closing each document that it is required hereby to execute and deliver as a condition to the Closing, shall take all steps necessary or desirable and proceed diligently and in good faith to satisfy each other condition to the obligations of the Investors or of the Company, as applicable, contained in this Agreement and shall not, and the Company shall not permit any Subsidiary to, take or fail to take any action that could reasonably be expected to result in the nonfulfillment of any such condition.

ARTICLE VI

POST-CLOSING COVENANTS

6.1 USE OF PROCEEDS. The Company is committed to invest (a) US$23 million to build 4 solar cells production lines, 2 solar module production lines, and a 5,000 m(2) super-clean workshop and its auxiliary facilities; (b) US$15 million in upstream silicon plants to be approved by the Investors; (c) US$15 million to purchase necessary raw materials; and (d) US$3 million to establish a R&D center or a joint research lab. All proceeds from the sale of the Closing Shares shall be deposited in a designated account of the Company and be used for the purposes specified above and may not be used for non-operating expenses or operating expenses unrelated to the Company's photovoltaic business. If the amount required to complete the projects specified above exceeds the amount of proceeds from the sale of the Closing Share, the Company shall be responsible for obtaining any additional financings that may be required. Any material change to the uses of the proceeds from the sale of the Closing Shares shall be made only with the written consent of the Investors.

6.2 EMPLOYEE STOCK OPTION PLAN. The Company shall implement an employee stock option plan (the "EMPLOYEE STOCK OPTION PLAN") with terms and conditions to be approved by the board of directors and the Investors in accordance with this Agreement and the Shareholders Agreement. The employee stock option plan shall consist of no more than 6% of total outstanding shares on an as-converted and fully diluted basis, including the Closing Shares, and the option shall vest in a period of no less than five (5) years and no more than 20% on each anniversary of its grant.

6.3 APPOINTMENT OF CHIEF FINANCIAL OFFICER. Within three (3) months following the Closing Date, the Company shall, and the Founder and the Controlling Shareholder shall take, or cause to be taken, all actions and shall do, or cause to be done, all things that are necessary, desirable or appropriate to cause the Company to, appoint a Chief Financial Officer of the Company, who is of international and professional standard and mutually acceptable to the Company and the Investors.

6.4 MAINTENANCE OF LICENSES. The Company shall, the Company shall cause its Subsidiaries to, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to, procure that all Licenses of or granted to or obtained by the Company and its Subsidiaries are, and will remain, in full force and effect at all times following the Closing Date.

6.5 RESERVATION OF CONVERSION SHARES. At all times following the Closing Date, the Company shall, and the Founder and the Controlling Shareholder shall cause the Company to, at all times reserve and keep available for issuance such number of its authorized but unissued Ordinary Shares as shall be sufficient to permit the issuance of all of the Ordinary Shares issuable upon conversion of the Closing Shares at the then effective conversion price.

6.6 FURTHER ASSURANCES. At any time or from time to time after the Closing, the Company, the Founder and the Controlling Shareholder shall execute and deliver to the Investors such other documents and instruments, provide such other materials and information and take such other actions as the Investors may reasonably request to more effectively vest title to the Closing Shares in the Investors, and otherwise to fulfill each of its obligations under this Agreement and each other Transaction Document to which it is a party.

6.7 RELATED PARTY TRANSACTION. The Company shall, the Company shall cause its Subsidiaries to, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to, procure that (i) the total purchase by the Company and its Subsidiaries of silicon ingot and wafer from a Related Party other than the Investors and their Affiliates in any fiscal year following the Closing Date shall not be more than five percent (5%) of their total purchase of silicon ingot and wafer for such fiscal year and (ii) the value of other transactions with a Related Party other than the Investors and their Affiliates in any fiscal year shall not exceed RMB1 million in the aggregate. The terms and conditions in connection with any transaction with a Related Party shall be no less favorable to the Company or its Subsidiaries than the terms and conditions negotiated on an arm's length basis. The Company shall, the Company shall cause its Subsidiaries to, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to, procure that none of the Company and the Subsidiaries will be a party to any transaction with a Related Party other than the Investors and their Affiliates immediately prior to the IPO.

6.8 LABOR LAW COMPLIANCE. The Company shall, the Company shall cause its Subsidiaries to, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to, procure that at all times following the Closing Date the Subsidiaries will comply with all applicable Laws of the PRC relating to employment of labor and will enter into employment agreement in the form attached hereto as Exhibit G with their employees and duly perform their respective legal obligations to make social insurance and housing fund contribution for their employees in full and on time.

6.9 PRODUCT CERTIFICATIONS. The Company shall, the Company shall cause its Subsidiaries to, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to, procure that all product certifications obtained by the Company and its Subsidiaries are, and will remain, in full force and effect at all times following the Closing Date and that all product certifications necessary to permit the Company and its Subsidiaries to sell its solar cells or solar module will be obtained prior to sale of such products.

6.10 PRODUCT WARRANTY. The Company shall, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to maintain reasonably sufficient reservation on its balance sheet for product warranties undertaken by the Company or its Subsidiaries in its sale contracts as is generally maintained by responsible companies in the same industry.

6.11 ENVIRONMENTAL COMPLIANCE. The Company shall, the Company shall cause its Subsidiaries, and the Founder and the Controlling Shareholder shall cause the Company and its Subsidiaries to, obtain and maintain in full force and effect all Licenses which are required under applicable Environmental Laws in connection with the conduct of the business or operations of the Company or such Subsidiary and to comply with the terms and conditions of all such Licenses and with any applicable Environmental Law, including but not limited to the re-registration of environmental impact in the event that the scale of solar cell module production line of Solarfun Jiangsu increases.

6.12 POST-CLOSING RESTRUCTURING. The Company, the Founder and the Controlling Shareholder shall cause the Post-Closing Restructuring to be duly completed within three (3) months after the Closing in accordance with applicable Laws and relevant transaction documents. The Company, the Founder and the Controlling Shareholder shall be responsible for obtaining such financing as required to complete the Restructuring and may not use any proceeds from the sale of the Closing Shares for the purposes of the Restructuring in any way.

6.13 2006 FINANCIAL STATEMENTS. The Company, the Founder and the Controlling Shareholder shall use their reasonable efforts to cause the 2006 Financial Statements to be completed by March 31, 2007, and in any event before April 30, 2007.

6.14 GOOD ENERGIES DIRECTOR. The Parties hereby agree to take the steps necessary to elect a representative to be designated by Good Energies to the board of directors of the Company as soon as reasonably possibly after such director is named by Good Energies.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF THE INVESTORS

The obligation of the Investors to proceed with the Closing is subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by the Investors in their sole discretion):

7.1 REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by the Company, the Founder and the Controlling Shareholder in this Agreement shall be true and correct on in all material respects and as of the Closing Date as though such representation or warranty was made on and as of the Closing Date, except that any such representations and warranties shall be true and correct in all respects where such representation and warranty is qualified with respect to materiality.

7.2 PERFORMANCE. Each of the Company, the Founder and the Controlling Shareholder shall have performed and complied with each agreement, covenant and obligation required by this Agreement and each other Transaction Document to be so performed or complied with by it at or before the Closing.

7.3 ORDERS AND LAWS. There shall not be in effect on the Closing Date any Order or Law restraining, enjoining or otherwise prohibiting or making illegal
(i) the consummation of any of the transactions contemplated by this Agreement or any other Transaction Document or (ii) which could reasonably be expected to otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement or any other Transaction Document to the Investors, and there shall not be pending or, to the knowledge of the Company, the Founder and the Controlling Shareholder, threatened on the Closing Date any Action or Proceeding in, before or by any Government Authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to the Investors, the Company, any Subsidiary, the Founder, the Controlling Shareholder or the transactions contemplated by this Agreement or any other Transaction Document of any such Law.

7.4 REGULATORY CONSENTS AND APPROVALS. All consents, approvals and actions of, filings with and notices to any Government Authority necessary to permit each of the Parties to perform its obligations under this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby and thereby, including those listed on Schedule 3.7 hereto, (a) shall have been duly obtained, made or given, (b) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (c) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Government Authority necessary for the consummation of the transactions contemplated by this Agreement and each other Transaction Document shall have occurred.

7.5 THIRD PARTY CONSENTS. All consents (or in lieu thereof waivers) to the performance by each Party of each of its obligations under this Agreement and each other Transaction Document to which it is a party or to the consummation of the transactions contemplated hereby and thereby, including without limitation the Restructuring, as are required under any Contract to which any Party is a party or by which any of their respective Assets and Properties are bound, including those listed on Schedule 3.6 hereto, (a) shall have been duly obtained, (b) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (c) shall be in full force and effect.

7.6 OPINION OF COUNSEL. The Investors shall have received the opinion of Shearman & Sterling LLP, special New York counsel to the Company, Maples and Calder, special Cayman Islands counsel to the Company, and Grandall Legal Group, special PRC counsel to the Company, each dated the Closing Date, in the forms attached hereto as Exhibits D-1, D-2 and D-3.

7.7 FINANCIAL STATEMENTS. The Investors shall have received the Financial Statements audited by Ernst & Young and prepared in accordance with IFRS without any qualification and the Investors shall have been satisfied in its sole discretion with the Financial Statements.

7.8 DUE DILIGENCE. The Investors shall have been satisfied in their good faith with the results of its business, environmental, health and safety, operational, technical, legal, financial and accounting due diligence review and management review of the Company.

7.9 TRANSACTION DOCUMENTS. Each party to each Transaction Document shall have executed and delivered each of the Transaction Documents to which it is a party in the forms attached hereto.

7.10 ARTICLES OF INCORPORATION. The Articles of Incorporation shall have been amended and restated in substantially the form attached as Exhibit E to this Agreement and filed with the Cayman Islands Registrar of Companies.

7.11 DIRECTORS. The directors nominated by the CVCI and Legend, the names of whom are set forth on Schedule 7.11, shall have been duly elected to the board of directors of the Company with terms of office effective as of the Closing.

7.12 OFFICERS AND KEY EMPLOYEES. Each of the officers and key employees of the Company and its Subsidiaries listed in Schedule 7.12 shall have delivered to the Company an executed employment agreement in the form attached as Exhibit I hereto, and such employment agreements shall be in full force and effect as of the Closing Date.

7.13 PROCEEDINGS. All necessary corporate action to be taken on the part of the Company, the Founder and each Subsidiary in connection with the transactions contemplated by the Agreement and other Transaction Documents, including without limitation the Restructuring, shall have been taken, and the Investors shall have received copies of all such documents and other evidences as the Investors may reasonably request in order to establish the taking of all necessary corporation action by the Company, the Founder and each Subsidiaries in connection therewith.

7.14 INVESTMENT COMMITTEE APPROVAL. The investment committee of each Investor shall have approved the entry by such Investor into this Agreement and each other Transaction Document to which such Investor is party.

7.15 PRE-CLOSING RESTRUCTURING. The Pre-Closing Restructuring shall have been duly completed to the satisfaction of the Investors in their sole discretion and that no Government Authority objects to any aspect of the Restructuring.

7.16 NO MATERIAL ADVERSE CHANGE. Prior to and on the Closing Date, there shall have been, in the sole discretion of the Investors, (i) no material adverse change in the business or prospects of the Company and its Subsidiaries, and (ii) no material adverse change in the PRC and the United States, including its financial markets and regulatory environment.

7.17 FEES AND EXPENSES. On the Closing Date, the Company shall have paid all Out-of-Pocket Expenses incurred by and on behalf of the Investors in accordance with Section 14.10(b) hereof.

7.18 ENVIRONMENTAL COMPLIANCE. A Pollutant Emission Permit that allows Solarfun Jiangsu to discharge exhaust gas and wastewater produced during its manufacturing process shall have been duly obtained from relevant environmental authority of the PRC and the Investors shall have received a copy of such permit. In addition, the re-registration of environmental impact in respect of change of location of Solarfun Jiangsu shall have been duly completed and the Investors shall have received a copy of such registration or other evidence to establish the completion of the re-registration.

7.19 ANNUAL INSPECTION. Solarfun Jiangsu shall have duly completed 2005 annual inspection and the Investors shall have received a copy of Solarfun Jiangsu's business license evidencing the completion of the 2005 annual inspection.

7.20 COMPLIANCE CERTIFICATE. A certificate dated as of the Closing, signed on behalf of the Company, the Founder and the Controlling Shareholder, certifying that the conditions set forth in Sections 7.1, 7.2, 7.3, 7.4 and 7.15 have been satisfied, shall have been delivered to the Investors.

7.21 SHARE CHARGE. The Controlling Shareholder and the Founder shall have entered into a Charge and Assignment of Shares, a form of which is attached hereto as Exhibit J, for the benefit of the Investors to pledge the Founder's shares in the Company to the Investors to guarantee the Company's obligation to redeem the Series A Convertible Preference Shares held by the Investors as set forth in the Articles of Incorporation.

7.22 CALL OPTION AGREEMENT. The Controlling Shareholder and his Affiliate Qidong City Huahong Electronics Co. Ltd. (CHINESE CHARACTERS) ("HUAHONG") shall have entered into a Call Option Agreement, a form of which is attached hereto as Exhibit K, for the benefit of the Investors, pursuant to which the Investors shall have the right to acquire Huahong's equity interest in Jiangsu Linyang Electronics Co., Ltd. (CHINESE CHARACTERS), a limited liability company organized under the laws of the PRC ("LINYANG ELECTRONICS"), in the event that the Company fails to perform its redemption obligations with respect to the Series A Convertible Preference Shares held by the Investors as set forth in the Articles of Incorporation, and shall have obtained all consents, including without limitation consents by shareholders of Linyang Electronics, and governmental approvals and registration necessary or required for such option agreement. To the extent that the Company's obligation to redeem the Series A Convertible Preference Shares held by the Investors are satisfied through the Investors' exercise of their rights under the Call Option Agreement, the Company shall be relieved of such obligation.

ARTICLE VIII

CONDITIONS TO OBLIGATIONS OF THE COMPANY

The obligation of the Company to proceed with the Closing is subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by the Company in its sole discretion) set forth in Sections 8.1 to 8.4. The obligation of the Company to proceed with the Second Closing is subject to the fulfillment, at or before the Second Closing, of the condition set forth in Section 8.5.

8.1 REPRESENTATIONS AND WARRANTIES. Each of the representations and warranties made by each Investor in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though such representation or warranty was made on and as of the Closing Date.

8.2 PERFORMANCE. Each Investor shall have performed and complied with, in all material respects, each agreement, covenant and obligation required by this Agreement to be so performed or complied with by such Investor at or before the Closing.

8.3 ORDERS AND LAWS. There shall not be in effect on the Closing Date any Order or Law that became effective after the date of this Agreement restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or of any other Transaction Document.

8.4 TRANSACTION DOCUMENTS. Each party to each Transaction Document shall have executed and delivered each of the Transaction Documents to which it is a party in the forms attached hereto.

8.5 GOOD ENERGIES' SECOND CLOSING. Good Energies shall have, within three
(3) months from Closing, (i) used reasonable endeavors to assist the Company with procuring supplies of silicon or solar wafers at market terms; and/or (ii) used reasonable endeavors to effect introductions of parties (including but not limited to REC ASA) who may be able to procure supplies of silicon or solar wafers at market terms to the Company; and/or (iii) contributed to the long-term growth of the Company, in each or more than one of the cases (as the case maybe), to the sole satisfaction of the Controlling Shareholder.

ARTICLE IX

SURVIVAL OF REPRESENTATIONS AND WARRANTIES

9.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. Notwithstanding any right of the Investors (whether or not exercised) to investigate the affairs of the Company and the Subsidiaries, the Investors shall have the right to rely fully upon the representations, warranties, covenants and agreements of the Company, the Founder and the Controlling Shareholder contained in this Agreement. Each of the representations and warranties contained in this Agreement shall survive the Closing for a period of three (3) years.

ARTICLE X

INDEMNIFICATION AND CONTRIBUTION

10.1 INDEMNIFICATION.

(a) The Company, the Founder and the Controlling Shareholder shall jointly and severally indemnify the Investor Indemnified Parties and hold the Investor Indemnified Parties harmless from and against any Losses (including any diminution in the value of any Shares then held by the Investor Indemnified Parties due to any breach of the representations, warranties or covenants or agreement by the Company, the Founder or the Controlling Shareholder contained in this Agreement) that the Investor Indemnified Parties may incur or suffer as a result of, arising out of or in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby, including, without limitation, (i) any breach of any representation or warranty of the Company, the Founder and the Controlling Shareholder contained in this Agreement, (ii) the non-fulfillment of or failure to perform any covenant or agreement on the part of the Company, the Founder and the Controlling Shareholder in this Agreement, (iii) any liabilities of the Company or any Subsidiary arising from, relating to or in connection with all periods prior to the Closing Date, to the extent that such liabilities are not provided for in the Financial Statements of the Company and its Subsidiaries provided to the Investors in connection hereof, and such liabilities shall include but not limited to (1) any Taxes assessed against the Company or any Subsidiary, (2) any claim relating to noncompliance by the Company or any Subsidiary of applicable Laws relating to the employment, including but not limited to provisions thereof relating to wages, hours, housing funds, social welfare, social insurance contribution, (3) any Environmental Claim against the Company or any Subsidiary, and (4) any claim for breach of Contract by the Company or any Subsidiary, and (iv) the enforcement of this indemnity, and agree to reimburse each such Investor Indemnified Party, as incurred, for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Loss; provided that the Investor Indemnified Parties will not have the right to be indemnified pursuant to this Section 10.1(a) unless and until, with respect to any single claim, the Investor Indemnified Parties shall have suffered, incurred, sustained or become subject to Losses when aggregated exceeding US$50,000, or with respect to any claims, the Investor Indemnified Parties shall have suffered, incurred, sustained or become subject to Losses when aggregated exceeding US$150,000, after

which the Investor Indemnified Parties shall be entitled to indemnity under this Section 10.1(a) for all Losses without regard to the US$50,000 or US$150,000 basket, as applicable.

(b) The maximum liability of the Company, the Founder and the Controlling Shareholder, collectively, under this Agreement shall be an amount equal to the Aggregate Purchase Price paid by the Investors at the Closing hereunder and the aggregate purchase price paid by Good Energies at the Second Closing, if the Second Closing takes place on the terms and conditions hereof.

10.2 CONTRIBUTION. Subject to Section 10.1(b), in the event that the indemnity provided in Section 10.1 hereof is unavailable to or insufficient to hold harmless an Investor Indemnified Party for any reason, the Company and the Controlling Shareholder agree, jointly and severally, to make the maximum contribution permissible under applicable Laws to the payment and satisfaction of any Losses (including any diminution in the value of any Shares then held by the Investor Indemnified Parties) incurred or suffered as a result of, arising out of or in connection with the execution, delivery and performance of this Agreement or any other Transaction Document or the consummation of the transactions contemplated hereby or thereby and to any legal or other expenses reasonably incurred in connection with investigating or defending any such Losses.

10.3 NO PREJUDICE. The right of the Investors under this Articles X shall not prejudice any additional rights such Investors have under applicable Law.

ARTICLE XI

TERMINATION

11.1 PRE-CLOSING TERMINATION. Prior to the Closing, this Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) by mutual written agreement of the Parties;

(b) by the Investors, in the event of a breach hereof by the Company, the Founder and/or the Controlling Shareholder which has a Material Adverse Effect and is not cured within ten (10) days following notification thereof by the Investors;

(c) by the Investors or the Company, if there shall be any Law that makes consummation of the transactions contemplated by this Agreement or any other Transaction Document illegal or otherwise prohibited or if consummation of the transactions contemplated by this Agreement or any other Transaction Document would violate any Order;

(d) by the Investors, if the Company, the Founder and/or the Controlling Shareholder has become subject to a Bankruptcy Event;

(e) at any time after December 31, 2006, by the Investors upon notification to the Company if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the Investors; or

(f) at any time after the first anniversary of the date of this Agreement, by the Company upon notification to the Investors if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the Company, the Founder or the Controlling Shareholder.

11.2 EFFECT OF TERMINATION AND SURVIVAL. If this Agreement is validly terminated pursuant to Section 11.1, this Agreement shall forthwith become null and void, and there shall be no further liability or obligation on the part of the Company or the Investors (or any of their respective Representatives); provided, that any right, provision or obligation of this Agreement that by its nature should survive thereafter shall survive following any such termination, including without limitation the Company's obligations to pay 50% of the Investors' Out-of-Pocket Expenses under Section 14.10(a) hereof; provided that such termination is not the result of the Investors' breach of this Agreement. Notwithstanding any other provision in this Agreement to the contrary, upon any termination of this Agreement pursuant to Section 11.1, the Company shall remain liable to the Investors for any breach of this Agreement by the Company existing at the time of such termination, and the Investors may seek such remedies in accordance with Article XIII with respect to any such breach as are provided in this Agreement or as are otherwise available at Law or in equity.

ARTICLE XII

COVENANTS RELATED TO CONFIDENTIALITY

12.1 CONFIDENTIALITY. Each Party who has received Confidential Information from another Party (such other Party, the "DISCLOSING PARTY") undertakes that neither it or any of its Representatives nor any Representative of any of its Affiliates shall reveal to any other Person such Confidential Information without the prior written consent of the Disclosing Party, provided that, such undertaking shall not apply to:

(a) disclosures of Confidential Information that is or has become generally available to the public other than as a result of disclosure by or at the direction of a Party or a Party's Representatives or the Representatives of any Affiliate of any Party in violation of this Agreement;

(b) disclosures of Confidential Information by a Party to its Representatives to whom it is necessary or helpful for such Confidential Information to be disclosed;

(c) disclosures of Confidential Information to the extent necessary or required under any applicable Law or the rules of any stock exchange or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement or any other Transaction Document, after giving prior written notice to the other Parties to the

extent practicable under the circumstances, and subject to having undertaken any reasonably available arrangements to protect confidentiality;

(d) disclosure of Confidential Information to the Permitted Transferees and any partner or investors in the Permitted Transferee; provided that, each of such Permitted Transferee agrees to keep such information that is not publicly available strictly confidential; or

(e) disclosure of Confidential Information to legal counsels, accountants and other professionals subject to confidentiality obligations retained by the Parties for the purposes of an IPO.

The obligations under this Section 12.1 shall survive the Closing or the termination of this Agreement.

12.2 RESTRICTION ON ANNOUNCEMENTS. Each Party shall, and shall cause each of its Representatives and each Representative of each of its Affiliates, not to make any public announcement about the subject matter of this Agreement or regarding the Company or any of its business and operating plans from time to time, whether in the form of a press release or otherwise, without first consulting with the other Parties and obtaining the other Parties' written consent to make such announcement, save as required by applicable Law or the rules of any stock exchange on which such Party or any Affiliate of such Party is listed or registered. If disclosure is so required, the other Parties shall be given a reasonable opportunity to review and comment on any such required disclosure.

ARTICLE XIII

GOVERNING LAW AND RESOLUTION OF DISPUTES

13.1 GOVERNING LAW. This Agreement and any disputes, claims or controversies arising from, related to or in connection with this Agreement shall be construed in accordance with the Laws of the State of New York.

13.2 DISPUTE RESOLUTION FORUM.
(a) If there is any dispute, claim or controversy arising from, related to or in connection with this Agreement, or the breach, termination or invalidity hereof, the Parties shall first attempt to resolve such dispute, controversy or claim through friendly consultations. If the dispute, claim or controversy is not resolved through friendly consultations within thirty (30) days after a Party has delivered a written notice to another Party requesting the commencement of consultation, then the dispute, claim or controversy shall be finally settled by arbitration conducted by the International Chamber of Commerce (the "ICC") in accordance with the Arbitration Rules of the ICC then in effect and as may be amended by the rest of this Section 13.2 (the "RULES"). There shall be three (3) arbitrators of whom the Investors shall nominate one
(1) arbitrator, and the Company, the Founder and the Controlling Shareholder shall jointly nominate one (1) arbitrator, in accordance with the Rules. The two
(2) named arbitrators shall nominate the third arbitrator within thirty (30) days of the nomination of the second arbitrator. If any arbitrator has not been named within the time limits specified in the Rules,

such appointment shall be made by the International Court of Arbitration of the ICC upon the written request of either Party within thirty (30) days of such request. The arbitration shall be held and the award shall be rendered in Singapore. The arbitration proceeding shall be conducted and the award shall be rendered in the English language. Each Party shall cooperate in good faith to expedite (to the maximum extent practicable) the conduct of any arbitral proceedings commenced under this Agreement.

(b) The award shall be final and binding upon the Parties, and shall be the exclusive remedy between the Parties regarding any claims, counterclaims, issues, or accountings presented to the arbitral tribunal. To the fullest extent allowed by applicable Law, each Party hereby waives any right to appeal such award. Judgment upon the award may be entered in any court having jurisdiction thereof, and for purposes of enforcing any arbitral award made hereunder, each Party irrevocably submits to the jurisdiction of any court sitting where any of such Party's material assets may be found. Any arbitration proceedings, decisions or awards rendered hereunder shall be governed by the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958, as amended, and the Parties agree that any award rendered hereunder shall not be deemed a domestic arbitration under the laws of any jurisdiction.

(c) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of arbitration proceedings and the enforcement of any award.

(d) The costs of the arbitration, as defined in the Rules, shall be allocated between the Parties by the arbitrators and shall be set forth in the arbitral award. Any amounts subject to the dispute, controversy or claim that are ultimately awarded to a Party under this Section 13.2 shall bear interest at the rate of six percent per annum from the earlier of (i) the date of the request for arbitration and (ii) the date such amount would have become due and owing but for the dispute, controversy or claim until the date the arbitral award is paid in full.

13.3 SPECIFIC PERFORMANCE. Each Party hereby acknowledges that the remedies at law of the other Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any Party, without posting any bond, and in addition to all other remedies that may be available, shall be entitled in accordance with Section 13.2(c) to seek equitable relief in the form of specific performance, injunctions or any other equitable remedy.

13.4 WAIVER OF IMMUNITIES. Each Party irrevocably waives any right that it has or may hereafter acquire, in any jurisdiction, to claim for itself or its revenues, assets or properties, immunity from service of process, suit, the jurisdiction of any court, an interlocutory order or injunction or the enforcement of the same against its property in such court, attachment prior to judgment, attachment in aid of execution of an arbitral award or judgment (interlocutory or final) or any other legal process.

13.5 PERFORMANCE PENDING DISPUTE RESOLUTION. Unless otherwise terminated in accordance with the terms hereof, this Agreement and the rights and obligations of the Parties hereunder shall remain in full force and effect during the pendency of any proceeding under Section 13.2.

13.6 SURVIVAL. Unless otherwise terminated in accordance with the terms hereof, this Article XIII shall survive the termination or expiration of this Agreement.

ARTICLE XIV

MISCELLANEOUS

14.1 ENTIRE AGREEMENT. This Agreement (together with the other Transaction Documents) constitutes the whole agreement among the parties hereto and thereto relating to the subject matter hereof and thereof and supersedes all prior agreements or understandings both oral and written among all of the parties hereto and thereto relating to the subject matter hereof and thereof.

14.2 BINDING EFFECT; BENEFIT. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, successors, legal representatives and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

14.3 ASSIGNMENT.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns permitted hereby; provided that neither the Company, the Founder nor the Controlling Shareholder may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Investors (and any attempted assignment or transfer by the Company without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Without prejudice to the foregoing clause (a), each Investor shall be entitled in its absolute discretion to transfer any or all of its rights hereunder to or for the benefit of (i) any Affiliates of such Investor; (ii) any fund, collective investment scheme, trust, partnership (including any co-investment partnership), special purpose or other vehicle or any subsidiary or Affiliate of any of the foregoing, in which any Affiliate of such Investor is a general or limited partner, shareholder, investment manager or advisor, member of a management or investment committee, nominee, custodian, trustee or unit holder; and (iii) in the case of any entity included in clause (ii), any partners, members, directors, officers, employees or investors (either directly or indirectly through any investment partnerships of entities of such

entity) who are distributees of investments held by such entity pursuant to bona fide liquidation of such entity in which securities held by such entity are distributed to such distributees (all of the above in clause (i), (ii) and (iii) in this paragraph are together referred to as the "PERMITTED TRANSFEREES").

(c) Each Investor shall effect a transfer pursuant to this Section 14.3 by delivering a written notice of the transfer to the Company. Such written notice shall specify the name and address of the transferee, the consideration for the transfer, if applicable, and the effective date of the transfer.

14.4 AMENDMENT; WAIVER.

(a) This Agreement may not be amended, modified or supplemented except by a written instrument executed by each of the Parties.

(b) No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Without limiting the foregoing, no waiver by a Party of any breach by any other Party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

14.5 NOTICES. Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant Party at its address or fax number set out below (or such other address or fax number as the addressee has by five days' prior written notice specified to the other Parties). Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered (a) if delivered in person or by messenger, when proof of delivery is obtained by the delivering Party; (b) if sent by post within the same country, on the third day following posting, and if sent by post to another country, on the fifth day following posting, and (c) if given or made by fax, upon dispatch and the receipt of a transmission report confirming dispatch. The initial address and facsimile for the Parties for the purposes of this Agreement are:

If to the Investors, to:

Citigroup Venture Capital International Growth Partnership, L.P.

c/o Citigroup Venture Capital International Asia Pacific Limited 26/F, Two Exchange Square
Connaught Road, Central
Hong Kong
Facsimile No.: (852) 2868-6667
Attn: Timothy Chang and Anthony Lam

Citigroup Venture Capital International Co-Investment, L.P.

c/o Citigroup Venture Capital International Asia Pacific Limited 26/F, Two Exchange Square
Connaught Road, Central
Hong Kong
Facsimile No.: (852) 2868-6667
Attn: Timothy Chang and Anthony Lam

Hony Capital II L.P.

7F, Tower A, Raycom Info Tech Park
No. 2 Kexueyuan Nanlu
Haidian District
Beijing, PRC 100080
Facsimile No.: (8610) 6250-9181
Attn: Ms. Deng Xihong

LC Fund III L.P.

c/o Legend Capital Limited,
10th Floor, Tower A
Raycom Info. Tech Center
No. 2 Ke Yue Yuan Nan Lu
Zhong Guan Cun Haidian District
Beijing 100080, China
Facsimile No.: (8610) 6250-9100
Attn: Mr. Zhu Linan

Mohamed Nasser Haram
Rasheed Yar Khan

SEDCO

7th Floor, National Commercial Bank Building Khalidiya Branch
OPP Saudia City
P O Box 4384
Jeddah 21491
Kingdom of Saudi Arabia
Facsimile No.: _____

with a courtesy copy to:

Milbank, Tweed, Hadley & McCloy LLP 3007 Alxandra House
16 Chater Road

Central, Hong Kong
Facsimile No.: +852-2840-0792
Attn: Edward Sun, Esq.

If to Good Energies, to:

Good Energies Investments Limited

9 Hope Street, St. Helier
Jersey, Channel Islands
JE2 3NS
Facsimile No.: 44 1534 754 510
Attn: John Hammill

with a courtesy copy to:

Linklaters
Unit 29
Level 25 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing, PRC
Facsimile No.: +86 (10) 6505-8582
Attn: Paul Chow and Mathew Lewis

If to the Founder, to:

Yonghua Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Yonghua Lu (CHINESE CHARACTERS)

If to the Controlling Shareholder, to:

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Yonghua Lu (CHINESE CHARACTERS)

If to the Company, to:

Solarfun Power Holdings Co., Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Min Cao (CHINESE CHARACTERS)

with a courtesy copy to:

Shearman & Sterling LLP
2318 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing, PRC 100004
Facsimile No.: +86 (10) 6505-1818
Attn: Alan Seem, Esq.

If to the Other Existing Shareholders, to:

Forever-brightness Investments Limited

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Min Cao (CHINESE CHARACTERS)

WHF Investment Co., Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Hanfei Wang (CHINESE CHARACTERS)

Yongqiang Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Rongqiang Cui (CHINESE CHARACTERS)

Yongliang Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province

PRC

Facsimile No.: +86 (21) 6309-0999
Attn: Yongliang Gu (CHINESE CHARACTERS)

Yongfa Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Haijuan Yu (CHINESE CHARACTERS)

Yongxing Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Xingxue Tong (CHINESE CHARACTERS)

Yongguan Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Yuting Wang (CHINESE CHARACTERS)

If to the Other Controlling Individuals, to:

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Min Cao (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Hanfei Wang (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999

Attn: Rongqiang Cui (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Yongliang Gu (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Haijuan Yu (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Xingxue Tong (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Yuting Wang (CHINESE CHARACTERS)

14.6 COUNTERPARTS. This Agreement may be signed in any number of counterparts including counterparts transmitted by facsimile, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

14.7 SEVERABILITY. If any provision contained in this Agreement shall for any reason be determined to be partially or wholly invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be of no force and effect to the extent so determined, but the invalidity, illegality or unenforceability of such provision shall have no effect upon and shall not impair the validity, legality or enforceability of any other provision of this Agreement.

14.8 OTHER ENGAGEMENTS AND ACTIVITIES. The investments in the Company being made by the Investors pursuant to this Agreement, and any subsequent investments in the Company by the Investors or their respective Affiliates after the date hereof, are being made notwithstanding any engagement, prior to or subsequent to the date hereof by the Company of the Investors or any of its Affiliates as financial advisor, agent or underwriter to the Company. Notwithstanding anything in this Agreement or the other Transaction Documents to the contrary, neither the Investors nor any of its Affiliates shall be restricted in any way from engaging in any brokerage, investment advisory, financial advisory, anti-raid advisory, financing, asset management, trading, market making, arbitrage and other similar activities conducted in the ordinary course of its or their business.

14.9 COSTS AND EXPENSES.

(a) In the event that this Agreement is terminated for any reason before the Closing, the Company agrees to reimburse the Investors for 50% of the Out-of-Pocket Expenses incurred by or on behalf of the Investors prior to the date of such termination.

(b) In the event that the Closing takes place pursuant to the terms and conditions of this Agreement, all Out-of-Pocket Expenses incurred by or on behalf of the Investors shall be paid or reimbursed by the Company at the Closing.

14.10 FURTHER ASSURANCES. Each Party shall give such further assurance, provide such further information, take such further actions and execute and deliver such further documents and instruments as are, in each case, within its power to give, provide and take so as to give full effect to the provisions of this Agreement.

14.11 SEPARATE OBLIGATIONS. Each Investor's obligations under this Agreement are several and not joint.

[Signatures follow on the next page.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

COMPANY

SOLARFUN POWER HOLDINGS CO., LTD.

By: /s/ Yonghua Lu

Name:
Title:

FOUNDER

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yonghua Lu

Name: Yonghua Lu (CHINESE CHARACTERS)
Title: Director

CONTROLLING SHAREHOLDER

By: /s/: Yonghua Lu

Yonghua Lu (CHINESE CHARACTERS)

INVESTORS:

CITIGROUP VENTURE CAPITAL INTERNATIONAL GROWTH PARTNERSHIP, L.P.

BY: CITIGROUP VENTURE CAPITAL **INTERNATIONAL PARTNERSHIP G.P. LIMITED, AS GENERAL PARTNER**

By: /s/: Michael Robinson
Name: Michael Robinson
Title: Director

CITIGROUP VENTURE CAPITAL INTERNATIONAL CO-INVESTMENT, L.P.

BY: CITIGROUP VENTURE CAPITAL **INTERNATIONAL PARTNERSHIP G.P. LIMITED, AS GENERAL PARTNER**

By: /s/: Michale Robinson
Name: Michael Robinson
Title: Director

HONY CAPITAL II, L.P.

By: /s/ Xihong Deng
Name:
Title:

LC FUND III L.P.

By: /s/ Linan Zhu
Name:
Title:

By: /s/: Mohamed Nasser Haram

Name: Mohamed Nasser Haram

By: /s/: Rasheed Yar Khan

Name: Rasheed Yar Khan

GOOD ENERGIES INVESTMENTS LIMITED

By: /s/ John Hammill

Name:
Title: Director

By: /s/ Paul Bradshaw

Name:
Title: Director

SECTION 2.5 OF THIS AGREEMENT IS HEREBY AGREED AND ACKNOWLEDGED BY:

OTHER EXISTING SHAREHOLDERS:

FOREVER-BRIGHTNESS INVESTMENTS LIMITED

By: /s/: Min Cao
Name: Min Cao (CHINESE CHARACTERS)
Title: Director

WHF INVESTMENT CO., LTD.

By: /s/: Hanfei Wang
Name: Hanfei Wang (CHINESE CHARACTERS)
Title: Director

YONGFA SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Haijuan Yu
Name: Haijuan Yu (CHINESE CHARACTERS)
Title: Director

YONGGUAN SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yuting Wang
Name: Yuting Wang (CHINESE CHARACTERS)
Title: Director

YONGLIANG SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yongliang Gu
Name: Yongliang Gu (CHINESE CHARACTERS)
Title: Director

YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Rongqiang Cui
Name: Rongqiang Cui (CHINESE CHARACTERS)
Title: Director

YONGXING SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Xingxue Tong
Name: Xingxue Tong (CHINESE CHARACTERS)
Title: Director

OTHER CONTROLLING INDIVIDUALS:

By: /s/: Min Cao
Name: Min Cao (CHINESE CHARACTERS)

By: /s/: Hanfei Wang
Name: Hanfei Wang (CHINESE CHARACTERS)

By: /s/: Haijuan Yu
Name: Haijuan Yu (CHINESE CHARACTERS)

By: /s/: Yuting Wang
Name: Yuting Wang (CHINESE CHARACTERS)

By: /s/: Yongliang Gu
Name: Yongliang Gu (CHINESE CHARACTERS)

By: /s/: Rongqiang Cui
Name: Rongqiang Cui (CHINESE CHARACTERS)

By: /s/: Xingxue Tong
Name: Xingxue Tong (CHINESE CHARACTERS)

Exhibit 4.5

EXECUTION COPY

SHAREHOLDERS AGREEMENT

AMONG

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD.

WHF INVESTMENT CO., LTD.

YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD.

YONGLIANG SOLAR POWER INVESTMENT HOLDING LTD.

YONGFA SOLAR POWER INVESTMENT HOLDING LTD.

YONGXING SOLAR POWER INVESTMENT HOLDING LTD.

YONGGUAN SOLAR POWER INVESTMENT HOLDING LTD.

FOREVER-BRIGHTNESS INVESTMENTS LIMITED

YONGHUA LU (CHINESE CHARACTERS), HANFEI WANG (CHINESE CHARACTERS), RONGQIANG CUI (CHINESE CHARACTERS), YONGLIANG (CHINESE CHARACTERS), HAIJUAN YU (CHINESE CHARACTERS), XINGXUE TONG (CHINESE CHARACTERS), YUTING WANG (CHINESE CHARACTERS), MIN CAO (CHINESE CHARACTERS)

CITIGROUP VENTURE CAPITAL INTERNATIONAL GROWTH PARTNERSHIP, L.P.

CITIGROUP VENTURE CAPITAL INTERNATIONAL CO-INVESTMENT, L.P.

HONY CAPITAL II L.P.

LC FUND III L.P.

MOHAMED NASSER HARAM

RASHEED YAR KHAN

GOOD ENERGIES INVESTMENTS LIMITED

AND

SOLARFUN POWER HOLDINGS CO., LTD.

DATED AS OF JUNE 27, 2006

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LIST OF EXHIBITS

EXHIBIT A-1: NUMBER AND PERCENTAGE OF SHARES HELD AFTER THE CLOSING EXHIBIT A-2: NUMBER AND PERCENTAGE OF SHARES HELD AFTER THE SECOND CLOSING EXHIBIT B: FORM OF REGISTRATION RIGHTS AGREEMENT

SHAREHOLDERS AGREEMENT

This SHAREHOLDERS AGREEMENT (this "AGREEMENT") dated as of June 27, 2006 is made by and among (i) Yonghua Solar Power Investment Holding Ltd. ("LU BVI"), WHF Investment Co., Ltd. ("WANG HANFEI BVI"), Yongqiang Solar Power Investment Holding Ltd. ("CUI BVI"), Yongliang Solar Power Investment Holding Ltd. ("GU BVI"), Yongfa Solar Power Investment Holding Ltd. ("YU BVI"), Yongxing Solar Power Investment Holding Ltd. ("TONG BVI"), Yongguan Solar Power Investment Holding Ltd. ("WANG YUTING BVI"), and Forever-brightness Investments Limited ("CAO BVI"), each a company incorporated and validly existing under the laws of the British Virgin Islands (collectively, the "EXISTING SHAREHOLDERS"), (ii) Yonghua Lu (CHINESE CHARACTERS), Hanfei Wang (CHINESE CHARACTERS), Rongqiang Cui
(CHINESE CHARACTERS), YONGLIANG GU (CHINESE CHARACTERS), Haijuan Yu (CHINESE CHARACTERS), Xingxu Tong (CHINESE CHARACTERS), Yuting Wang (CHINESE CHARACTERS) and Min Cao (CHINESE CHARACTERS) (collectively, the "CONTROLLING INDIVIDUALS"),
(iii) Citigroup Venture Capital International Growth Partnership, L.P., and Citigroup Venture Capital International Co-Investment, L.P., each a limited partnership organized under the laws of the Cayman Islands (together "CVCI")
(iv) Hony Capital II L.P. ("HONY") and LC Fund III L.P. ("LC"), each a limited partnership organized under the laws of the Cayman Islands (LC and Hony together "LEGEND"), (v) Mohamed Nasser Haram, a Lebanese citizen (Passport No.: 2145190)
(vi) Rasheed Yar Khan, an Indian citizen (Passport No.: Z1710012), (vii) Good Energies Investments Limited, a company organized under the laws of Jersey ("GOOD ENERGIES"), (viii) any co-investors jointly approved by CVCI, Legend, and the Company and who shall become a party to this Agreement by executing and delivering a counterpart signature page to this Agreement (CVCI, Legend, Mohamed Nasser Haram, Rasheed Yar Khan, Good Energies, and other co-investors, if any, are collectively referred to hereinafter as the "INVESTORS" and individually an "INVESTOR"), and (ix) Solarfun Power Holdings Co., Ltd., an exempted company incorporated and validly existing with limited liability under the laws of the Cayman Islands (the "COMPANY").

WHEREAS:

(A) The Investors, certain Existing Shareholder and the Company have entered into a Series A Convertible Preference Shares Purchase Agreement dated June 6, 2006 (the "PURCHASE AGREEMENT") pursuant to which, (i) upon the Closing (as defined in the Purchase Agreement), the Existing Shareholders and the Investors will hold the number and percentage of Shares of the Company set forth next to each such Party's name on EXHIBIT A-1, and (ii) upon the Second Closing (as defined in the Purchase Agreement), if applicable, the Existing Shareholders and the Investors will hold the number and percentage of Shares of the Company set forth next to each such Party's name on EXHIBIT A-2;

(B) (a) Yonghua Lu (CHINESE CHARACTERS) holds all of the outstanding share capital of Lu BVI, (b) Hanfei Wang (CHINESE CHARACTERS) holds all of the outstanding share capital of Wang Hanfei BVI, (c) Rongqiang Cui (CHINESE CHARACTERS) holds all of the outstanding share capital of Cui BVI, (d) Yongliang Gu (CHINESE CHARACTERS) holds all of the outstanding share capital of Gu BVI, (e) Haijuan Yu (CHINESE CHARACTERS) holds all of the outstanding share capital of Yu BVI, (f) Xingxue Tong (CHINESE CHARACTERS) holds all of the outstanding share capital of Tong BVI, (g) Yuting Wang (CHINESE CHARACTERS) holds all of the outstanding share capital of Wang Yuting BVI and (h) Min Cao (CHINESE CHARACTERS) holds all of the outstanding share capital of Cao BVI;

(C) The Parties wish to provide for certain of their rights and obligations regarding the management of the Company, the transfer of the Shares of the Company and certain other rights and obligations of the Parties as set forth herein; and

(D) It is a condition to the Closing under the Purchase Agreement that the Parties shall have executed this agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the Parties contained herein, the Parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 DEFINITIONS. The following terms shall have the following meanings for purposes of this Agreement:

"AFFILIATE" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person (including any Subsidiary) and "AFFILIATES" and "AFFILIATED" shall have correlative meanings. For the purpose of this definition, the term "CONTROL" (including with correlative meanings, the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise. Without prejudice to the foregoing, any fund, collective investment scheme, trust, partnership, including without limitation, any co-investment partnership, special purpose or other vehicle or any subsidiary or affiliate of any of the foregoing, which is controlled by Citigroup Inc. or any of its direct or indirect subsidiaries as well as any or all of Citigroup Venture Capital International Growth Partnership, L.P. and Citigroup Venture Capital International Partnership G.P., shall be deemed to be an "Affiliate" of CVCI.

"ARTICLES OF INCORPORATION" means the memorandum and articles of association of the Company, including the memorandum and articles of association amended and restated in accordance with the Purchase Agreement and as amended from time to time.

"BANKRUPTCY EVENT" means with respect to any Person (the "BANKRUPTCY PARTY"), (a) the commencement by it of a Bankruptcy Proceeding with respect to itself or the consent by it to be subject to a Bankruptcy Proceeding commenced by another Person, (b) the commencement by another Person of a Bankruptcy Proceeding with respect to the Bankruptcy Party that remains unstayed or undismissed for a period of thirty (30) consecutive days, (c) the appointment of or taking possession by a Receiver over the Bankruptcy Party or any substantial part of its property, (d) the making by the Bankruptcy Party of a general assignment for the benefit of its creditors or the admission by the Bankruptcy Party in writing of its inability to generally pay its debts as they become due,
(e) the entry by a court having jurisdiction over the Bankruptcy Party or a substantial part of its property of an Order for relief under any Bankruptcy Law which remains unstayed or undismissed for a period of thirty (30) consecutive days, (i) adjudging the Bankruptcy Party bankrupt or insolvent, (ii) approving as properly filed a petition seeking the reorganization or other similar relief with

respect to the Bankruptcy Party, (iii) appointing a Receiver over the Bankruptcy Party or any substantial part of its property or (iv) otherwise ordering the winding up and liquidation of the Bankruptcy Party or (f) the occurrence of any event similar to (a), (b), (c), (d) or (e) under any applicable Law with respect to the Bankruptcy Party.

"BANKRUPTCY LAW" means any bankruptcy, insolvency, reorganization, composition, moratorium or other similar Law.

"BANKRUPTCY PROCEEDING" means a case or proceeding under any Bankruptcy Law wherein a Person may be adjudicated bankrupt, insolvent or become subject to an Order of reorganization, arrangement, adjustment, winding up, dissolution, composition or other similar Order.

"BOARD" means the board of directors of the Company.

"BUSINESS DAY" means a day other than Saturday, Sunday or any day on which banks located in New York, Hong Kong or PRC are authorized or obligated to close.

"CONFIDENTIAL INFORMATION" means (a) any information concerning the organization, business, technology, trade secrets, know-how, finance, transactions or affairs of any Party or any Party's Representatives (whether conveyed in written, oral or in any other form and whether such information has been furnished before, on or after the date of this Agreement), (b) any information or materials prepared by a Party or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information,
(c) the Transaction Documents, the transactions contemplated thereby, including their existence, the identity of the Investors and their Affiliates, the terms and conditions thereof or any discussions, correspondence or other communications among the parties to any Transaction Document or their respective Representatives relating to the Transaction Documents or any of the transactions contemplated thereunder and (d) any documents or information concerning any Party or any Party's Representatives furnished to any other Party in connection with such Party's due diligence review, if any, conducted in evaluating the transactions contemplated by the Transaction Documents.

"DIRECTOR" means a director of the Company (including any duly appointed alternate director).

"ENCUMBRANCE" means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any lease, sub-lease, occupancy agreement, easement or covenant granting a right of use or occupancy to any Person, (iii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, negotiation or refusal or Transfer restriction in favor of any Person and (iv) any adverse claim as to title, possession or use.

"EQUITY SECURITIES" means the capital stock, membership interests, partnership interests, registered capital or other ownership interest in any Person or any options, warrants or other securities that are directly or indirectly convertible into, or

exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital or other ownership interests (whether or not such derivative securities are issued by such Person) and includes the Shares.

"EXISTING SHAREHOLDERS" has the meaning stated in the preamble and shall include any Permitted Transferee who is an Affiliate of an Existing Shareholder. Each of the Existing Shareholders shall be referred to as an "EXISTING SHAREHOLDER."

"GOVERNMENT AUTHORITY" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, the PRC and the Cayman Island, any other country or territory or any province, state, country, city or other political subdivision of the United States, the PRC and the Cayman Islands or any other country or territory.

"INITIAL PUBLIC OFFERING" means the first Public Offering of Equity Securities of a Person upon the consummation of which such securities are listed on an internationally recognized securities exchange.

"INVESTORS" has the meaning stated in the preamble and shall include any Permitted Transferee who is an Affiliate of an Investor. Each of the Investors shall be referred to as an "INVESTOR."

"LAW" means any law, treaty, statute, ordinance, code, rule or regulation of any Government Authority or any Order.

"ORDER" means any writ, judgement, decree, injunction, award or similar order of any Government Authority (in each case whether preliminary or final).

"ORDINARY SHARES" means ordinary shares in the Company with voting rights, par value U.S.$0.0001 per share, including any subdivisions, combinations, splits or reclassifications thereof.

"PARTIES" means collectively the Investors, the Existing Shareholders, the Controlling Individuals, the Company and any Person who becomes a party to this Agreement under Clause 5.1(a). Each of the Parties shall be referred to as a "PARTY."

"PERCENTAGE OWNERSHIP" means, with respect to any Shareholder, a percentage represented by the fraction, the numerator of which is the number of Shares then registered in the name of such Shareholder in the Company's register of members and the denominator of which is the total number of Shares then issued and outstanding.

"PERMITTED TRANSFEREE" means with respect to any Person, (i) such Person's Affiliates, (ii) any investment funds managed by such Person's Affiliates or any Subsidiary of such Person or, (iii) any Affiliate or Subsidiary of such Person's parent entity.

"PERSON" means an individual, firm, corporation, partnership, association, limited liability company, trust or estate or any other entity or organization whether or not having separate legal existence, including any Government Authority.

"PRC" or "CHINA" each means the People's Republic of China.

"PREFERENCE SHARES" means the Series A Convertible Preference Shares in the Company, par value U.S.$0.0001 per share.

"PUBLIC OFFERING" means, in the case of an offering in the United States, an underwritten public offering of Equity Securities of a Person pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, and, in the case of an offering in any other jurisdiction, a widely distributed underwritten offering of Equity Securities of a Person in which both retail and institutional investors are eligible to buy in accordance with the securities laws of such jurisdiction.

"PUBLIC TRANSFEREE" means any Person to whom Shares are Transferred on a public market in or following an Initial Public Offering of the Company; provided, that such Transfer has not been directed to a particular Person with whom a Shareholder has an understanding, agreement or arrangement (written or otherwise) regarding such Transfer.

"REPRESENTATIVES" means with respect to any Person, such Person's directors, officers, employees, agents, Affiliates, partners, legal and financial advisers, accountants, consultants and controlling persons.

"RECEIVER" means any receiver, liquidator, trustee, administrator, sequestrator or other similar official.

"SHAREHOLDER" means each Person who is registered as a shareholder of the Company in the Company's register of members that is a Party whether in connection with the execution and delivery of the Agreement as of the date hereof or in accordance with Clause 5.1(a).

"SHARES" means the Ordinary Shares and the Preference Shares.

"SUBSIDIARY" means, with respect to any Person, any entity which such Person controls, directly or indirectly. For purposes of this definition, "control" has the meaning set forth above under the definition of "Affiliate."

"THIRD PARTY" means a bona fide prospective purchaser, who is unrelated and unaffiliated with the Company or any Subsidiary of the Company or any Shareholders of the Company, of Shares in an arm's-length transaction from a Shareholder where such purchaser is not a Party or a Permitted Transferee of such Shareholder.

"TRANSACTION DOCUMENTS" each of the agreements and documents set forth in schedule 7.9 of the Purchase Agreement, including but not limited to this Agreement and the Purchase Agreement.

"TRANSFER" means to sell, exchange, assign, pledge, charge, grant a security interest, make a hypothecation, gift or other encumbrance, or enter into any contract therefor, or into any voting trust or other agreement or arrangement with respect to the transfer of voting rights or any other legal or beneficial interest in any of the Shares, create any other claim thereto or make any other transfer or disposition whatsoever, whether voluntary or involuntary, affecting the right, title, interest or possession in, to or of such Shares, and "TRANSFER", "TRANSFERS" and "TRANSFERRED" shall have correlative meanings.

1.2 ADDITIONAL DEFINITIONS. The following terms shall have the meanings defined in the indicated Clause for purposes of this Agreement:

DEFINED TERM	CLAUSE REFERENCE
"Acceptance Notice"	5.4(b)
"Agreement"	Preamble
"Cause"	3.5(c)
"CEO"	3.7(b)
"CFO"	3.11
"Closing"	Recital (A)
"Company"	Preamble
"Disclosing Party"	8.1
"Existing Shareholder Director"	3.3
"Events of Default"	10.1
"ICC"	11.2(a)
"Indemnified Person"	12.2(a)
"Investor Director"	3.3
"Investor Indemnitee"	12.2(b)
"Losses"	3.14
"New Issuance"	4.1
"Offered Shares"	5.4(b)
"Offeree"	5.4(a)
"Parties"	Preamble
"Proposal"	7.8
"Purchase Agreement"	Recital (A)
"Qualifying IPO"	6.1
"Right of First Refusal"	5.4(a)
"Right of First Refusal Notice Period"	5.4(b)
"Right of First Refusal Notice"	5.4(a)
"Rights Issuance Portion"	4.1
"Rights Offering Notice"	4.2
"Rights Offering Period"	4.2
"Rules"	11.2(a)
"Second Closing"	Recital (A)
"Shareholders Meeting"	3.1
"Tag Along Acceptance Notice"	5.5(b)
"Tag Along Completion Date"	5.5(a)
"Tag Along Notice"	5.5(a)
"Tag Along Portion"	5.5(c)
"Tag Along Purchaser"	5.5(a)
"Tag Along Right"	5.5(b)
"Transferor"	5.4(a)

1.3 CONSTRUCTION. Whenever used in this Agreement, except as otherwise expressly provided or unless the context otherwise requires, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. Unless otherwise specified, words such as "herein," "hereof," "hereby," "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular clause or sub-

clause of this Agreement, and references herein to "articles" or "clauses" refer to articles or clauses of this Agreement. Unless otherwise specified, references herein to the word "including" shall be deemed to be followed by words "without limitation" or "but not limited to," as applicable, or words of similar import. The word "or" shall not be interpreted to be exclusive. If any translated version of this Agreement differs from the English version, the English version shall control. The table of contents and headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 REPRESENTATIONS AND WARRANTIES OF THE PARTIES. Each Party represents and warrants, severally and not jointly, to each other Party that as of the date of this Agreement:

(a) such Party has the full power and authority to enter into, execute and deliver this Agreement and to perform the transactions contemplated hereby and, if such Party is not a natural Person, such Party is duly incorporated or organized and existing and in good standing under the laws of the jurisdiction of its incorporation or organization;

(b) the execution and delivery by such Party of this Agreement and the performance by such Party of the transactions contemplated hereby have been duly authorized by all necessary corporate or other action of such Party;

(c) assuming the due authorization, execution and delivery hereof by each of the other Parties, this Agreement constitutes the legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as such enforceability may be limited by applicable Bankruptcy Laws affecting creditors' rights generally;

(d) the execution, delivery and performance of this Agreement by such Party and the consummation of the transactions contemplated hereby will not (i) violate any provision of the organizational or governance documents of such Party; (ii) require such Party to obtain any consent, approval or action of, or make any filing with or give any notice to, any Government Authority in such Party's country of organization or any other Person pursuant to any instrument, contract or other agreement to which such Party is a party or by which such Party is bound, other than any such consent, approval, action or filing that has already been duly obtained or made; (iii) conflict with or result in any material breach or violation of any of the terms and conditions of, or constitute (or with notice or lapse of time or both would constitute) a default under any instrument, contract or other agreement to which such Party is a party or by which such Party is bound; (iv) violate any Order against, or binding upon, such Party or upon its respective securities, properties or businesses; or
(v) violate any Law of such Party's country of organization or any other country in which it maintains its principal office; and

(e) such Party, such Party's assets and such Party's business and record keeping practices are not in violation of any Law, the violation of which would, at any time

(including after the Closing) have a material adverse effect upon (i) such Party, (ii) such Party's ability to perform its obligations hereunder or (iii) any of the other Party's hereto.

ARTICLE III

CORPORATE GOVERNANCE

3.1 GENERAL. From and after the date hereof, each Shareholder shall vote its Shares at any regular or special meeting of shareholders of the Company (a "SHAREHOLDERS MEETING"), and shall take, subject to applicable law, all other actions necessary or required to give effect to the provisions of this Agreement and each of the other Transaction Documents, including ensuring that the Articles of Incorporation (and any such organizational documents of any Subsidiary of the Company) do not at any time conflict with any provision of this Agreement or any other Transaction Document. Without limiting the previous sentence, each Shareholder shall procure, subject to applicable law, that each Director nominated by such Shareholder shall vote and take all other action necessary or required to implement the provisions of this Agreement and each of the other Transaction Documents. In all other respects, each Shareholder shall be entitled to vote in such Shareholder's own best interests.

3.2 AUTHORITY OF THE BOARD OF DIRECTORS. Subject only to the provisions of this Agreement and applicable Law:

(a) the Board shall have ultimate responsibility for management and control of the Company; and

(b) the Board shall be required to make all major decisions of the Company (including all decisions with respect to matters set forth in Clause 3.13), and each Shareholder shall procure, subject to applicable law, that the Company and each Director or officer nominated by such shareholder refrain from taking and the Company shall refrain from taking such actions without prior approval of the Board.

3.3 COMPOSITION OF THE BOARD OF DIRECTORS. The number of Directors constituting the Board shall be at least twelve (12). Each Shareholder shall vote its Shares at any Shareholders Meeting called for the purpose of electing Directors or in any written consent of Shareholders executed for such purpose to elect, and shall take all other actions necessary or required to ensure the election to the Board of, (i) five (5) nominees of the Investors (each, an "INVESTOR DIRECTOR"), including two (2) to be nominated by CVCI (each a "CVCI DIRECTOR"), two (2) to be nominated by Legend (each a "LEGEND DIRECTOR") and one (1) to be nominated by Good Energies (the "GOOD ENERGIES DIRECTOR"); (ii) seven (7) nominees of the Existing Shareholders (each, an "EXISTING SHAREHOLDER DIRECTOR"); and (iii) certain number of independent directors to be jointly nominated by the Investors and the Existing Shareholders. The Chairman of the Board shall be selected by the Board from among the Existing Shareholder Directors. Each Director shall have the right to appoint an observer to assist with the Directors' work.

3.4 COMMITTEES OF THE BOARD. The Board may establish such committees with such powers as may be permitted by applicable Law and the Articles of Incorporation; provided, that any such committees shall be subject to the direction of and any policies adopted by the Board. Without limiting the foregoing, the Board shall establish a compensation committee (the "COMPENSATION COMMITTEE"), whose scope of responsibilities

shall include making recommendations to the Board on matters of compensation and benefits for senior executives, including establishment of any employee stock option plans, and an audit committee (the "AUDIT COMMITTEE"), whose responsibilities shall include making recommendation to the Board on matters relating to accounting policies and treatment, internal control and budget. Each such committee established by the Board, including without limitation the Compensation Committee and the Audit Committee, shall consist of five (5) members, three (3) of which shall be appointed by the Existing Shareholders and one (1) of which shall be appointed from the CVCI Directors and one (1) from the Legend Directors; provided that, it shall be a right but not an obligation for CVCI or Legend to appoint any of its Directors to each such committee. All meetings of a committee shall require a quorum of at least a majority of the members of such committee, including the CVCI Director and the Legend Director appointed to such committee hereunder. In the event that CVCI or Legend notifies the Company in writing that it will not appoint any of its Directors to any committee, the committee shall have the power to take all actions within its scope of responsibilities without the participation of such Investor Director. If CVCI or Legend elects not to appoint its Directors to any committee, the right of CVCI and Legend to appoint their Directors to such committee in the future shall not be affected in any way.

3.5 REMOVAL AND REPLACEMENT OF DIRECTORS.

(a) Each Shareholder shall have the absolute right to remove any director nominated by it at any time at its sole discretion, and each of the Shareholders shall vote its Shares at any Shareholders Meeting or in any written consent of Shareholders so as to effectuate such right. Except as provided in the previous sentence, no Shareholder shall vote for the removal of an Investor Director or an Existing Shareholder Director unless there is Cause (as defined in (c) below).

(b) If, as a result of death, resignation, removal (with or without Cause) or otherwise, there shall exist or occur any vacancy on the Board, the Shareholder entitled under Clause 3.3 to nominate the Director whose death, resignation, removal or other departure resulted in such vacancy shall nominate another individual to serve in place of such Director and the Shareholders shall elect such individual to the Board as soon as practicable thereafter. If it is an Investor Director whose death, resignation, removal or other departure has resulted in the vacancy, neither the Shareholders nor the Board shall transact any business of the Company until the Investor entitled under Clause 3.3 to nominate the Director whose death, resignation, removal or other departure resulted in such vacancy has elected the replacement for such Director, unless such Investor shall have failed to nominate a replacement Director within ten
(10) Business Days after such death, resignation, removal or other departure.

(c) "CAUSE" means (a) a Director's or officer's willful or continued failure to substantially perform his or her duties, (b) such Director's or officer's conviction or under formal investigation in a criminal proceeding (other than traffic violations or other minor infractions), (c) such Director's or other officer's being censured or subject to equivalent action by any internationally recognized securities exchange, or (d) such Director or officer being subject to a Bankruptcy Event.

3.6 DIRECTORS' ACCESS TO INFORMATION. Each Director shall be entitled to examine the books and accounts of the Company or any Subsidiary of the Company and shall have free access, at all reasonable times and upon reasonable prior notice, to any and all

properties and facilities of the Company or any Subsidiary of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company or any Subsidiary of the Company as any Director may require. Any Director may provide such information to his or her nominating Shareholder.

3.7 BOARD MEETINGS.

(a) Frequency and Location. Meetings of the Board shall take place at least once in every fiscal quarter of the Company unless otherwise determined by the Board. Board meetings shall be held in Shanghai, PRC or Hong Kong or any other location agreed by at least one CVCI Director, one Legend Director, the Good Energies Director and one Existing Shareholder Director; provided, that if the Directors cannot agree on a location for any particular Board meeting, the meeting shall be held in Shanghai, PRC.

(b) Notice. A meeting of the Board may be called by the Chairman of the Board, or any two Directors giving notice in writing to the Chief Executive Officer of the Company (the "CEO") specifying the date, time, location and agenda for such meeting. The CEO shall, promptly following receipt of such notice, deliver a copy of such notice to each Director and each Shareholder, accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting. Not less than fourteen (14) days prior written notice shall be given to each Director and Shareholder; provided, that such notice period (i) shall not apply in the case of an adjourned meeting pursuant to Clause 3.8(a), (ii) may be reduced with the unanimous written consent of the Directors, and (iii) may be waived by any Director who fails to receive the notice of the meeting but chooses to attend the meeting.

(c) Telephone Participation. To the extent permitted by applicable law, Directors may participate in Board meetings by telephone or video conferencing or any other means of contemporaneous communication; provided, that each Director taking part in the meeting is able to hear each other Director taking part and; provided, further, that each Director must acknowledge his or her presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. Such participation shall constitute presence for purposes of the quorum provisions of Clause 3.8(a). A Director may not leave the meeting by disconnecting his or her telephone or other means of communication unless he or she has previously obtained the express consent of the Chairman of the Board and a Director shall conclusively be presumed to have been present and formed part of the quorum at all times during the meeting unless he or she has previously obtained the express consent of the Chairman of the Board to leave the meeting as aforesaid.

(d) Written Resolutions. Any action that may be taken by the Directors at a Board meeting may alternatively be taken by a written resolution signed by all of the Directors. The expressions "written" and "signed" include writings or signatures transmitted by facsimile.

(e) Language; Preparation of Minutes. All meetings of the Board shall be conducted in Chinese or English, and written minutes of all meetings of the Board shall be prepared in English and provided by the Company to each Director and each Shareholder within ten (10) Business Days after each meeting of the Board.

3.8 ACTION BY THE BOARD.

(a) Quorum. All meetings of the Board shall require a quorum of at least a majority of the Directors which shall include at least one CVCI Director, one Legend Director and the Good Energies Director. If such a quorum is not present within sixty (60) minutes after the time appointed for the meeting, the meeting shall be adjourned, the Parties shall reschedule the meeting within fifteen (15) days in good faith and the Directors shall be obliged to participate in such rescheduled meeting in good faith. If a quorum is still not present at such rescheduled meeting, the Directors then present shall be deemed to constitute a quorum and may transact the business specified for the adjourned meeting.

(b) Ordinary Actions. At any Board meeting, each Director may exercise one vote. Any Director may, by written notice to the Chairman of the Board, (i) authorize another Director to attend and vote by proxy for such Director at any Board meeting or (ii) appoint an alternate Director to attend and vote for such Director at any Board Meeting. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board. Any Director may put forth a resolution for vote at a Board Meeting; provided, that the Board shall not adopt any resolution covering any matter that is not specified on the agenda for such meeting unless at least one CVCI Director, one Legend Director and the Good Energies Director are present at such meeting and vote in favor of such resolution.

3.9 REMUNERATION OF DIRECTORS. No Director shall be entitled to any remuneration for serving in such capacity except for: (a) reimbursement of reasonable out-of-pocket expenses in connection with the performance of his or her duties as Director, (b) if such Director is otherwise an employee of or consultant to the Company, remuneration received in such capacity or (c) benefit under any share option scheme or plan of the Company or its Subsidiaries.

3.10 APPOINTMENT OF EXTERNAL AUDITORS. Each Shareholder agrees to vote its Shares, and each Shareholder who has nominated a Director pursuant to Clause 3.3 agrees to procure that its nominated Directors shall vote to cause the Board to appoint as the Company's auditors an internationally recognized accounting firm; provided that such accounting firm, as of the date hereof, shall be one of the affiliates of KPMG, PricewaterhouseCoopers, Ernst & Young or Deloitte Touche Tohmatsu.

3.11 APPOINTMENT OF EXECUTIVE OFFICERS. The Existing Shareholders and CVCI, Legend and Good Energies shall jointly appoint the CEO of the Company, the Chief Financial Officer of the Company (the "CFO") and Chief Operating Officer of the Company (the "COO"), except that the CEO of the Company immediately after the date hereof shall be Hanfei Wang (Io(0)(0)o E). Only the Party or Parties who have the right to appoint such officer may remove such officer or fill any vacancy that may arise upon the death, resignation, removal or other departure of such officer, provided that, the Board shall have the right to remove any officer for Cause (as defined in Clause 3.5(c) above). The CEO shall report to the Board and manage the day-to-day affairs of the Company subject to the directions and policies of the Board adopted from time to time. The CFO shall report to the CEO and shall be responsible for the financial and accounting aspects of the Company. All other executive officers and members of the senior management of the Company shall be appointed and their scope of their duties determined by the CEO in consultation with the Board, subject to the right of CVCI, Legend and Good Energies to approve the appointment or change of CEO,

CFO, and COO and any change in their rights and obligations pursuant to Section 3.13(t) hereof.

3.12 SUBSIDIARIES. Except as otherwise agreed by the Shareholders, each Subsidiary of the Company shall be governed and managed in accordance with the same procedures (including the procedures related to nominating and removing directors and officers) applicable to the Company as set forth in this Article III.

3.13 INVESTORS' CONSENT RIGHTS. Commencing from the date of the Closing until the termination of this Agreement in accordance with Clause 9.1 hereof, subject to any additional requirements imposed by applicable Law, the Shareholders agree that none of the Company, any Subsidiary, any shareholder (other than the Investors), director, officer, committee, committee member, employee, or agent of the Company or any Subsidiary or any of their respective delegates shall be entitled to, without the unanimous affirmative consent or approval of CVC, Legend and Good Energies, take any of the following actions:

(a) the issuance of any kind of equity or equity-linked securities or equivalent arrangements, including creation of new or additional employee stock option plans or changes to existing stock option plan; provided that with respect to the Employee Stock Option Plan as provided in Section 6.2 of the Purchase Agreement, CVCI, Legend and Good Energies shall respond to the Company's proposal within ten (10) Business Days following the date that the Company has delivered such proposal to each of CVCI, Legend and Good Energies pursuant to Section 12.7 hereof, and in the event any of CVCI, Legend and Good Energies disapproves of any aspects of the Company's proposal, it shall give the Company reasonable explanations for its disapproval. The Company may revise its proposal and resubmit it to CVCI, Legend and Good Energies for their approval pursuant to the same procedure described above. For avoidance of doubt, this Section 3.13(a) shall not apply to the issuance of Preference Shares contemplated by Section 4.1(v) hereof;

(b) any stock split, or stock combination, or redemption or repurchase of any securities;

(c) any change to the terms and conditions of any existing securities;

(d) the issuance of any debt or debt instruments in excess of RMB50 million in any one transaction or RMB100 million in any consecutive twelve month period;

(e) any non-operational transactions, loans, guarantees, mortgages or charges with Affiliates, executives or any party;

(f) engagement of any business other than photovoltaic business and change of nature or scope of business of the Company or any Subsidiary;

(g) any acquisition or disposal of assets, businesses or assumption of any debt in connection of such acquisition exceeding RMB10 million in any one transaction or RMB20 million in any consecutive twelve month period;

(h) any unbudgeted acquisition of fixed assets in an amount exceeding RMB2 million;

(i) any unbudgeted expense exceeding RMB1,500,000 and any unbudgeted monthly expense exceeding 10% of average monthly expenses for the twelve (12) months immediately preceding the incurrence of such expense;

(j) any transfer or disposal of material intangible property, including without limitation transfer and licensing of any existing and future patents and trademarks;

(k) any capital expenditures;

(l) any joint ventures, strategic alliances, partnerships or similar arrangement with any third party;

(m) any loan exceeding RMB30 million in any one transaction, or any net debt to equity ratio in excess of a ratio of 1.5:1 (net debt is defined as interest bearing debt less cash and cash equivalent);

(n) any related party transaction with any shareholder, director, officers or Affiliates of the Company or its Subsidiaries and their respective Affiliates exceeding RMB100,000 in one transaction;

(o) any guarantee or similar obligation by the Company or any Subsidiary relating to Indebtedness of any Person;

(p) any liquidation, dissolution or winding up of the Company or any Subsidiary;

(q) any recapitalization, merger, asset swap, sale or transfer of substantially all of the rights to intellectual properties or assets, or other extraordinary transaction;

(r) conclusion or amendment of any contract or other contractual arrangement with a value exceeding RMB30 million;

(s) adoption, amendment, or approval of any strategic plan, annual business plan, the annual budget, mid-year budget and year-end accounting;

(t) any appointment and change of the chief executive officer, the chief financial officer and the chief operating officer of the Company and of its Subsidiaries, and any change in their rights and obligations;

(u) declaration of dividends and other distributions;

(v) change in the number of directors or change of auditor;

(w) material changes of compensation and incentive policies;

(x) any incurrence or creation of pledge, lien, mortgage or any other types of securities interest on the building, plant, office facilities or other fixed assets or equipment of the Company or any Subsidiary exceeding RMB10 million;

(y) amendment to the Articles of Incorporation or any other constitutional documents, including without limitation increase and decrease in the capitalization of the Company or any Subsidiary;

(z) changes of external auditor or any material change in accounting policies;

(aa) an initial public offering (the "IPO") and IPO related matters, except that with respect to the currently proposed IPO of the Company, unanimous written consent of CVCI, Legend and Good Energies will not be required for any matters that do not affect the Investors' rights and obligations hereunder or the transactions contemplated by this Agreement and other Transaction Documents, and that if at an appropriate time prior to the road show by the Company in connection with the currently proposed IPO the Board establishes a steering committee, which shall include at least one CVCI Director and one Legend Director in accordance with Clause 3.4 hereof, to be in charge of matters relating to the proposed IPO and whose resolution will require the affirmative vote of a majority of the members of the committee, including at least the CVCI Director and the Legend Director, unanimous written consent of CVCI, Legend and Good Energies will no longer be required for such IPO-related matters;

(bb) initiation and settlement of any litigation with a claim that exceeds US$1,000,000;

(cc) any waiver of a material right or of a material debt;

(dd) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or any Subsidiary, except in the ordinary course of business and that is not material to the assets, properties, financial conditions, operating results or business of the Company and the Subsidiaries as currently conducted and proposed to be conducted; and

(ee) entry into any agreement or understanding to do any of the foregoing.

3.14 LIMIT ON SHAREHOLDER ACTION. No Shareholder, acting solely in its capacity as a Shareholder, shall act as an agent of the Company or have any authority to act for or to bind the Company, except as authorized by the Board. Any Shareholder that takes any action or binds the Company in violation of this Clause shall be solely responsible for, and shall indemnify the Company and each other Shareholder against, any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding) (collectively, "LOSSES") that the Company or such other Shareholders, as the case may be, may at any time become subject to or liable for by reason of such violation.

ARTICLE IV

PRE-EMPTIVE RIGHTS OF THE SHAREHOLDERS

4.1 SHAREHOLDERS PRE-EMPTIVE RIGHTS. The Company shall not conduct

any new issuance of Equity Securities or creation of equity or equity-linked securities or equivalent arrangements other than in (i) a Qualifying IPO, (ii) Ordinary Shares issued upon conversion of the Preference Shares, (iii) securities issued as a dividend, (iv) Ordinary Shares issued or issuable to officers, directors, and employees of, and consultants to, the Company pursuant to options or awards under the stock option plans adopted by the Board and approved by CVCI, Legend and Good Energies in accordance with Clause 3.13(a) hereof, (v) Preference Shares issued pursuant to Section 2.4 or 2.5(b) of the Purchase Agreement, (vi) securities or share capital issued to all Shareholders pro rata without consideration pursuant to a share dividend, share subdivision, or similar transaction (a "NEW ISSUANCE"), unless the New Issuance has been approved as required by this Agreement and the Company has offered to each of the Investors the right to participate in such New Issuance in proportion to such Investor's Percentage Ownership as of the date of the Rights Offering Notice (as defined below) (a "RIGHTS ISSUANCE PORTION") on the same terms and conditions.

4.2 NOTICE OF NEW ISSUANCES. Each time that the Company proposes to conduct a New Issuance, it shall give each Investor a written notice (the "RIGHTS OFFERING NOTICE") of its intention, describing the type, price and terms (including the proposed date upon which such New Issuance is to be completed) of the New Issuance. Each Investor shall have thirty (30) days from the date of the Rights Offering Notice (the "RIGHTS OFFERING PERIOD") to confirm its intention to purchase a portion of the New Issuance up to its Rights Issuance Portion for the price and upon the terms specified in the Rights Offering Notice by giving written notice to the Company stating the portion of the New Issuance that it agrees to purchase. Failure to respond to the Rights Offering Notice by an Investor within the Rights Offering Period shall be deemed to be such Investor's irrevocable rejection of its right to participate in such New Issuance. The Company shall have 120 days from the date of the Rights Offering Notice to complete the New Issuance, failing which, such New Issuance shall again be subject to this Clause.

4.3 ADDITIONAL ALLOCATION PROCEDURES. If an Investor fails to respond to the Rights Offering Notice within the Rights Offering Period or if an Investor responds to the Rights Offering Notice within the Rights Offering Period but agrees to purchase a portion of the New Issuance less than its Rights Issuance Portion, each other Investor participating in the New Issuance shall have the right to acquire a portion of the New Issuance declined by such Investor in proportion to such Investor's Rights Issuance Portion.

4.4 BINDING EFFECT OF THIS AGREEMENT. The Company shall not issue any Shares to any Person unless such Person has agreed in writing to be bound by the terms and conditions of this Agreement by signing a copy of this Agreement in which case such Person shall be considered a Shareholder and a Party to this Agreement; provided, that this Clause 4.4 shall not apply to any Person who is already a Party to this Agreement.

ARTICLE V

RESTRICTIONS ON THE TRANSFER OF SHARES

5.1 GENERAL. Except as permitted under Clause 5.2 hereof, no Shareholder shall, directly or indirectly, Transfer any Shares or any right, title or interest therein or thereto unless (a) the transferee has agreed in writing to be bound by the terms and conditions of this Agreement by signing a copy of this Agreement in which case such transferee shall be considered a Shareholder and a Party to this Agreement except when such transferee is already a Party to this Agreement, (b) the Transfer complies in all respects with

the terms of this Agreement and (c) the Transfer complies in all respects with applicable securities Laws. Any Transfer of Shares by any Shareholder in violation of the preceding sentence shall be null and void, and the Company shall not register and the Shareholders shall procure that no transfer agent registers such Transfer.

5.2 PERMITTED TRANSFERS.

(a) The restrictions on Transfer set forth in Clauses 5.1, 5.4 and 5.5 shall not apply to any Transfer to a Public Transferee.

(b) The restrictions on Transfer set forth in Clauses 5.4 and 5.5 shall not apply to any Transfer to a Permitted Transferee; provided, that:

(i) the Shareholder transferring Shares shall remain jointly and severally liable with such Permitted Transferee; and

(ii) if any Permitted Transferee holding Shares Transferred to it by a Shareholder pursuant to this Clause 5.2(b) shall no longer qualify as a Permitted Transferee of such Shareholder, the ownership of such Shares shall be deemed to have automatically reverted to such Shareholder and such Permitted Transferee shall return the Shares to such Shareholder or to another Permitted Transferee of such Shareholder in accordance with such Shareholder's instruction.

(c) The restrictions on Transfer set forth in Clauses 5.1, 5.4 and 5.5 shall not apply to any Transfer of Shares by the Existing Shareholders to the Investors in accordance with Section 2.5(b) of the Purchase Agreement to the extent that any such Transfer is necessary.

(d) Lu BVI shall have the right to Transfer an aggregate of no more than two percent (2%) of the number of the total outstanding Shares of the Company as of the date of this Agreement to any Third Party, either in one Transfer or several Transfers. The restrictions on Transfer set forth in Clauses 5.4 and 5.5 shall not apply to the Transfer(s) under this Clause 5.2(d).

5.3 LEGEND ON SHARE CERTIFICATES.

(a) In addition to any other legend that may be required under applicable Law, each certificate for Shares shall bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED. THE SHARES ARE SUBJECT TO RESTRICTIONS ON TRANSFER AS SET FORTH IN THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY AND A SHAREHOLDERS AGREEMENT DATED AS OF JUNE ___, 2006, AS AMENDED FROM TIME TO TIME, A COPY OF EACH OF WHICH MAY BE OBTAINED UPON REQUEST FROM THE COMPANY. NO TRANSFER OF THESE SHARES SHALL BE EFFECTIVE UNLESS AND UNTIL THE TERMS AND CONDITIONS OF THE AFORESAID AMENDED AND

(b) If any Shares cease to be subject to any restrictions on Transfer set forth in this Agreement, the Company shall, upon the written request of the holder thereof, issue to such holder a new certificate evidencing such shares without the legend required by Clause 5.3(a).

5.4 RIGHT OF FIRST REFUSAL.

(a) Each Investor shall have a right of first refusal (the "RIGHT OF FIRST REFUSAL") with respect to any proposed Transfer of Shares (other than a Transfer to a Permitted Transferee or a Public Transferee) by an Existing Shareholder. In the event that an Existing Shareholder (or group of Existing Shareholders) (the "TRANSFEROR") receives an offer from a bona fide Third Party (the "THIRD PARTY PURCHASER") to purchase any Shares, the Transferor shall be required to send each Investor (each an "OFFEREE" and collectively the "OFFEREES") a written notice (the "RIGHT OF FIRST REFUSAL NOTICE") prior to the consummation of the such Transfer of Shares to the Third Party Purchaser. The Right of First Refusal Notice shall set forth the number of Shares that the Transferor proposes to Transfer, the price per share to be received for the Shares and any other proposed terms and conditions relating to such Transfer and the identity (including name and address) of the Third Party Purchaser. The Right of First Refusal Notice shall certify that the Transferor has received a firm offer from the Third Party Purchaser and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Right of First Refusal Notice. The Right of First Refusal Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

(b) The delivery of a Right of First Refusal Notice shall constitute an offer, which shall be irrevocable for thirty (30) days from the date of the Right of First Refusal Notice (the "RIGHT OF FIRST REFUSAL NOTICE PERIOD"), by the Transferor to Transfer to each Offeree the Shares subject to the Right of First Refusal Notice (the "OFFERED SHARES") on the terms and conditions set forth therein. Each Offeree shall have the right, but not the obligation, to accept such offer to purchase all or part of the Offered Shares free of Encumbrances by giving a written notice of its acceptance of such offer (an "ACCEPTANCE NOTICE") to the Transferor prior to the expiration of the Right of First Refusal Notice Period. Subject to Clause 5.4(c), delivery of an Acceptance Notice by an Offeree to the Transferor shall constitute a contract between such Offeree and the Transferor for the Transfer of the Offered Shares on the terms and conditions set forth therein. The failure of an Offeree to give an Acceptance Notice within the Right of First Refusal Notice Period shall be deemed a rejection of its Right of First Refusal with respect to the subject Transfer.

(c) In the event more than one Offeree shall deliver an Acceptance Notice to the Transferor within the Right of First Refusal Notice Period, the number of Offered Shares subject to each such contract shall be proportionate to the relative Percentage Ownership of each Offeree delivering an Acceptance Notice, or on such other basis as such Offerees shall agree.

(d) The closing of any Transfer of Shares between a Transferor and any Offerees pursuant to this Clause 5.4 shall take place within thirty (30) days from the last day

of the Right of First Refusal Notice Period; provided, that if such Transfer is subject to any prior approval or other consent required by applicable Law or stock exchange rule, the time period during which the closing of such Transfer may occur shall be extended until the expiration of ten (10) days after all such approvals and consents shall have been granted but in no case later than ninety (90) days from the last day of the Right of First Refusal Notice Period. Each Party to such Transfer shall use commercially reasonable efforts to obtain all such approvals and consents.

5.5 TAG-ALONG RIGHTS.

(a) If any of the Offered Shares is not purchased pursuant to Clause 5.4 above and thereafter is to be sold to a Third Party (the "TAG ALONG PURCHASER"), the Transferor shall deliver to each Offeree a written notice (the "TAG-ALONG NOTICE") no later than fourteen (14) days after the Right of First Refusal Notice Period, setting forth (A) the information set forth in the Right of First Refusal Notice which shall be the same as set forth therein, plus (B) the expected date of consummation of the proposed Transfer (the "TAG ALONG COMPLETION DATE"), which shall be within thirty (30) days after the last day of the Right of First Refusal Notice Period, (C) a representation that the Tag Along Purchaser has been informed of the Tag-Along Rights provided for in this Clause 5.5 and has agreed to purchase all Shares required to be purchased in accordance with the terms of this Clause 5.5 and (D) a representation that no consideration, tangible or intangible, is being provided to the Transferor that is not reflected in the price to be paid to the Offerees exercising their Tag-Along Rights hereunder.

(b) Each Offeree shall have the right (the "TAG ALONG RIGHT") to require the Tag Along Purchaser to purchase its Tag Along Portion (as defined below) on terms and conditions at least as favorable as those given to the Transferor, such right to be exercised by an Offeree delivering a written notice to the Transferor specifying the number of Shares constituting its Tag Along Portion (the "TAG ALONG ACCEPTANCE NOTICE") within fourteen (14) days from the date of the Tag Along Notice. A Tag Along Acceptance Notice shall constitute a binding agreement by the Offeree to Transfer its Tag Along Portion free of Encumbrances to the Tag Along Purchaser on the Tag Along Completion Date.

(c) With respect to each Offeree who has timely delivered a Tag Along Acceptance Notice, the Transferor shall procure that the Tag Along Purchaser purchase on the Tag Along Completion Date each such Offeree's Tag Along Portion:
(i) in addition to the number of Shares proposed to be sold in the Transfer or
(ii) in lieu of such number of the Transferor's Shares equal to the number of Shares constituting such Offeree's Tag Along Portion and (iii) in either case, at a price per share and upon terms and conditions at least as favorable to such Offeree as those stated in the Tag Along Notice. "TAG-ALONG PORTION" means, with respect to any Offeree, the number of Shares proposed to be sold in the Transfer proportionate to such Offeree's relative Percentage Ownership.

(d) The closing of any Transfer in which Offerees are exercising Tag Along Rights shall take place on the Tag Along Completion Date; provided, that if the Transfer is subject to any prior regulatory approval or consent, the Tag Along Completion Date may be extended until the expiration of ten (10) days after all such approvals and consents shall have been granted but in no case later than ninety (90) days after the last day of the Right of First Refusal Notice Period. Each Party to such Transfer shall use commercially reasonable efforts to obtain all such approvals and consents.

(e) If no Offeree delivers a Tag Along Acceptance Notice, the Transferor shall have the right to complete the Transfer to the Tag Along Purchaser on the Tag Along Completion Date for a price per share no greater than the per share price set forth in the Tag Along Notice and otherwise on terms and conditions not more favorable to the Transferor than those set forth in the Tag Along Notice. If the Transferor does not consummate the Transfer on the Tag Along Completion Date, it may not thereafter Transfer the Offered Shares except in compliance in full with all the provisions of Clause 5.4 and this Clause 5.5. For the avoidance of doubt, if any Offeree has properly elected to exercise its Tag-Along Right and the Tag Along Purchaser fails to purchase such Offeree's Tag Along Portion within the time limitations set forth in Clause 5.5 (d), the Transferor shall not make the Transfer, and if purported to be made, such Transfer shall be void.

5.6 NO CIRCUMVENTION OF SHARE TRANSFER RESTRICTIONS. Each Party agrees that the Transfer restrictions in this Agreement may not be avoided by the holding of Shares directly or indirectly through a Person that can itself be sold in order to dispose of an interest in Shares free of such restrictions. Any Transfer of any shares (or other interest) held by an Controlling Individual in an Existing Shareholder shall be treated as being a Transfer of the Shares held by that Existing Shareholder, and the provisions of this Agreement that apply in respect of the Transfer of Shares shall thereupon apply in respect of the Shares so held by that Existing Shareholder; provided that this Clause 5.6 shall not apply in respect of any Transfer to a Permitted Transferee.

5.7 TRANSFER BY INVESTORS. An Investor may not Transfer any Shares owned by such Investor unless with the prior written consent of CVCI, Legend and Good Energies; provided that no such prior written consent will be required in a Transfer by any Investor to its Permitted Transferee.

ARTICLE VI

INITIAL PUBLIC OFFERING

6.1 OBLIGATION TO CONDUCT A QUALIFYING IPO.

(a) The Company agrees to use its best efforts to complete an Initial Public Offering of the Company within thirty-six (36) months after the Closing and such Initial Public Offering shall incorporate the following features: (i) an underwritten Initial Public Offering on the main board of one or more of the following internationally recognized exchanges: the New York Stock Exchange, the NASDAQ National Market, the Hong Kong Stock Exchange, the Frankfurt Stock Exchange and the London Stock Exchange; (ii) the public float following such an offering shall equal or exceed 20% of the proposed market capitalization of the Company; (iii) Ordinary Shares of the Company shall be widely distributed and meet all requirements of the relevant exchanges; and (iv) the offering size of the Initial Public Offering is at least US$150 million (a "QUALIFYING IPO"). Each Party agrees to cooperate in good faith and take any and all measures reasonably required to effect such a Qualifying IPO, including voting its Shares and procuring its nominated Directors and officers of the Company to take all other necessary action at the reasonably appropriate time such as (if necessary or required) causing the Company to restructure, reclassify its shares, amend its articles of incorporation, amend its financing and/or operating arrangements and/or obtain any necessary or required consents from third parties. CVCI, Legend and Good

Energies shall have the right to veto the Initial Public Offering other than the currently proposed IPO of the Company if such Investors determine in their sole discretion that the conditions for a Qualifying IPO are unlikely to be met. CVCI, Legend and Good Energies shall be consulted in connection with the Qualifying IPO and CVCI, Legend and the Company will jointly select and appoint one or more underwriter (s) for the offering. The Investors shall have priority over other Shareholders of the Company to sell its Shares in an Initial Public Offering; provided that the Existing Shareholders may sell up to twenty percent (20%) of the number of Shares available to all the selling Shareholders of the Company for sale in such Initial Public Offering.

(b) In the event that a Qualifying IPO is not completed within twenty four
(24) months after the Closing, so long as all conditions for a public offering of the Company's shares are satisfied in the sole judgment of the Investors, CVCI, Legend and Good Energies shall have the right to request the Company to complete a Qualifying IPO and the Company shall, and the Existing Shareholders shall cause the Company to, complete such a Qualifying IPO. For avoidance of doubt, such Investors' exercise of their right hereunder shall not be counted as one exercise of their demand registration rights under the Registration Rights Agreement.

6.2 REGISTRATION RIGHTS. The Company shall enter into a registration rights agreement with the Shareholders in the form attached to this Agreement as EXHIBIT B (the "REGISTRATION RIGHTS AGREEMENT").

6.3 LOCK-UP PERIOD. Subject to Clauses 5.2(c) and (d) and Clause 6.1(a) hereof with respect to sale by the Existing Shareholders in an Initial Public Offering, no Existing Shareholder may Transfer any Shares to any Third Party from the date of closing of a Qualifying IPO until twelve (12) months thereafter, unless otherwise approved by CVCI, Legend and Good Energies in writing.

6.4 PROPORTIONAL SALE IN AN INITIAL PUBLIC OFFERING. The Parties hereto agree that in connection with an Initial Public Offering of the Company's Shares the number of Shares held by the Investors that will be included in such offering shall be allocated among the Investors on a pro rata basis based on the total number of Shares held by the Investors.

ARTICLE VII

CERTAIN COVENANTS OF THE COMPANY AND THE CONTROLLING INDIVIDUALS

7.1 FINANCIAL INFORMATION. Commencing on the date hereof and ending on the date this Agreement is terminated pursuant to Clause 9.1 hereof, the executive officers of the Company shall submit to the Board, and obtain their approval of, prior to the start of each fiscal year of the Company, a business plan setting forth the annual budget and operating plan of the Company for such fiscal year, and the Company shall provide the Investors with the following financial and business information relating to the Company and its Subsidiaries:

(a) no later than forty (40) days after the end of each month, monthly financial/business reporting package in the format to be proposed by Investors;

(b) unaudited half-year and quarterly financial statements (including income statement, balance sheet, and cash flow statements), certified by the CFO of the Company within 30 days from the end of each half-year or quarterly period for the Company in the format to be proposed by Investors (on a consolidated basis);

(c) unaudited half-year and quarterly financial statements (including income statement, balance sheet, and cash flow statements), certified by the CFO of the Company within 45 days from the end of each half-year or quarterly period for each of the Company's Subsidiaries in the format to be proposed by Investors;

(d) Annual unaudited consolidated financial statements of the Company within 60 days of the financial year end, and annual audited consolidated financial statements of the Company within three (3) months of the financial year end, audited by the External Auditors of the Company appointed in accordance with Clause 3.10 hereof;

(e) annual Company revenue and capital budgets not less than 60 days prior to the commencement of each financial year; and

(f) other information that may reasonably requested by the Investors from time to time.

7.2 MAINTENANCE OF BOOKS AND RECORDS. The Company and each of its Subsidiaries shall keep proper, complete and accurate books of account in each case in accordance with United States GAAP and such accounts shall be audited annually in accordance with such standards by the auditors selected in accordance with Clause 3.10. The Company and each of its Subsidiaries shall also keep such other books of account to the extent required by and in accordance with applicable Law.

7.3 ACCESS TO BOOKS AND RECORDS. The Company shall permit each Shareholder and its authorized representatives the right during normal business hours and upon at least two (2) days' prior notice to the Company in writing to inspect its books and accounting records and those of each of its Subsidiaries, if any, to make extracts and copies therefrom at its own expense and during normal business hour and at reasonable times to have full access to all of the Company's and each of any of its Subsidiary's property and assets and executive officers and directors.

7.4 AUDIT RIGHTS. CVCI, Legend and Good Energies shall each at its cost have the right to cause a financial audit to be conducted on the Company and each of its Subsidiaries, if any, not more than once per year by an auditor designated by the Investor requesting the audit. In connection with any such audit, the Company (and its Subsidiaries, if applicable) shall furnish to the Shareholders and the auditors conducting such audit such financial and other information relating to the business of the Company and/or any of its Subsidiaries as they may reasonably require.

7.5 SECURITIES FILINGS. The Company and each of its Subsidiaries, if any, shall provide to each of the Investors, promptly after the filing thereof, copies of any registration statement, preliminary prospectus, final prospectus, application for listing or other document filed with any securities regulatory authority or securities exchange in any jurisdiction.

7.6 INSURANCE. The Company shall maintain all proper insurance

policies on its behalf and on behalf of each of its directors, officers and, if any, Subsidiaries, at all times in a sufficient amount and with such coverage as is generally maintained by responsible companies in the same industry. If the Company fails to subscribe for such insurance or to pay the insurance premiums or other fees necessary to maintain such insurance, any Investor may (but shall not be obliged to) cause the properties of the Company and each of its Subsidiaries, if any, to be insured or pay the insurance premiums or fees referred to above, and the Company shall reimburse such Shareholder for all expenses it has incurred in connection with this sentence following the Company's receipt of written notice of such expenditures.

7.7 INTELLECTUAL PROPERTY PROTECTION. The Company and each of its Subsidiaries shall take all necessary steps to protect any and all of their respective intellectual property rights, including registering all their respective trademarks, brand names and copyrights and wherever prudent applying for patents on their respective technology.

7.8 NOTIFICATION OF SOLICITATION. The Company and each Existing Shareholder agree that upon receipt of any inquiry, proposal or offer (a "PROPOSAL") with respect to a merger, consolidation or other business combination involving the Company or any of its Subsidiaries or any acquisition or similar transaction (including without limitation a tender or exchange offer) involving the purchase
(or indirect purchase through the purchase of capital stock of any Subsidiaries) of (i) all or any portion of the assets of the Company or its Subsidiaries or
(ii) any share of capital stock of the Company or any of its Subsidiaries, the Company or such Existing Shareholder shall promptly, and in no case later than three (3) Business Days after receipt of such Proposal, cause a written notice to be delivered to each Investor that set forth to the fullest extent possible the details of such Proposal.

7.9 OPERATIONAL AND STRATEGIC SUGGESTIONS. The Company shall afford the Investors the opportunity to make proposals, recommendations and suggestions to the officers of the Company or its Subsidiaries relating to the business and affairs of the Company or its Subsidiaries.

7.10 CONTROLLING INDIVIDUALS' UNDERTAKING. Each Controlling Individual hereby undertakes to cause the Company and the Existing Shareholder owned by such Controlling Individual to comply with the terms and conditions of this Agreement.

7.11 UNDERTAKINGS BY MR. YONGHUA LU. Mr. Yonghua Lu (CHINESE CHARACTERS) shall, indirectly through his holding in Lu BVI, remain as the single largest shareholder of the Company at any time before the Company completes a Qualifying IPO and for three (3) years thereafter. In addition, Mr. Yonghua Lu agrees to devote at least half of his time to the business and affairs of the Company and its Subsidiaries.

ARTICLE VIII

COVENANTS RELATED TO CONFIDENTIALITY AND NON-COMPETITION

8.1 CONFIDENTIALITY. Each Party who has received Confidential Information from another Party (such other Party, the "DISCLOSING PARTY") undertakes that none of it, any of its Representatives or any Representative of any of its Affiliates shall reveal to any other Person such Confidential Information without the prior written consent of the Disclosing Party; provided, that such undertaking shall not apply to:

(a) disclosure of Confidential Information that is or has become generally available to the public other than as a result of disclosure by or at the direction of a Party or a Party's Representatives or the Representatives of any Affiliate of any Party in violation of this Agreement;

(b) disclosures of Confidential Information by a Party to its Representatives or the Representatives of any of its Affiliates to whom it is necessary or helpful in connection with this Agreement or any other Transaction Document for such Confidential Information to be disclosed;

(c) disclosures of Confidential Information to the extent necessary or required under any applicable Law or the rules of any stock exchange or in connection with any judicial process regarding any legal action, suit or proceeding arising out of or relating to this Agreement or any other Transaction Document, after giving prior written notice to the other Parties to the extent practicable under the circumstances, and subject to having undertaken any reasonably available arrangements to protect confidentiality;

(d) disclosures of Confidential Information by any Shareholder that are reasonably necessary to permit a Person to evaluate the business of the Company upon such Shareholder entering into negotiations with any Person with a view to Transferring any Shares to such Person; provided, that such Person has executed a confidentiality agreement in such form as may be reasonably required by the Board;

(e) disclosure of information by the Investors to any person to whom its Shares may be transferred pursuant to Clause 5.2(b) and to any investor or prospective investor in any such Person; or

(f) disclosure of Confidential Information to legal counsels, accountants and other professionals subject to confidentiality obligations retained by the Parties for the purposes of an IPO.

The restrictions contained in the foregoing Clause 8.1 shall not apply to the disclosure of information by any Investor to whom its Shares may be Transferred pursuant to Clause 5.2(b) or to any investor or prospective investor in such person. The obligations under this Clause 8.1 shall survive the termination of this Agreement.

8.2 RESTRICTION ON ANNOUNCEMENTS. Each Party shall, and shall cause each of its Representatives and each Representative of each of its Affiliates, not to make any public announcement about the subject matter of this Agreement or regarding the Company or any of its business and operating plans from time to time, whether in the form of a press release or otherwise, without first consulting with the other Parties and obtaining the other Parties' prior written consent to make such announcement, except as required by applicable Law or the rules of any stock exchange on which such Party or any Affiliate of such Party is listed or registered. If disclosure is so required, the other Parties shall be given a reasonable opportunity to review and comment on any such required disclosure.

8.3 NON-COMPETITION.

(a) For so long as this Agreement is in effect and the relevant Existing Shareholder holds any Shares, such Existing Shareholder, the relevant Controlling Individual

and any of its Affiliates and any of their Representatives shall not (i) compete with the Company, (ii) directly or indirectly, including without limitation through investment by Jiangsu Linyang Electronics Co., Ltd. (CHINESE CHARACTERS), a limited liability company organized under the laws of the PRC, own, acquire, operate, become an employee of, render services to or participate in the management of or invest in or loan any funds to any Person that competes or is reasonably expected to compete with the Company or (iii) solicit, canvass or entice away any director, officer, employee (including any part-time, regular, contract or fixed term director, officer or employee) to work for or otherwise render services to any other Person.

(b) For so long as this Agreement is in effect and the relevant Investor holds any Shares, Citigroup Venture Capital International Growth Partnership, L.P. and Citigroup Venture Capital International Asia Pacific Limited and Legend, in each case not including their respective Affiliates, will not make investment in Changzhou Trina Solar Energy Co., Ltd. (CHINESE CHARACTERS), Nanjing China Electric Photovoltaic Science & Technology Co., Ltd. (CHINESE CHARACTERS), Baoding Tianwei Yingli New Energy Resources Co., Ltd. (CHINESE CHARACTERS), JingAo Solar Co., Ltd. (CHINESE CHARACTERS), and Ningbo Solar Energy Power Co., Ltd. (CHINESE CHARACTERS) before the Company completes an Initial Public Offering. The Investors' undertakings under this Clause 8.3(b) will be automatically terminated if the Company has not completed an Qualifying IPO in eighteen (18) months from the date of the Closing.

ARTICLE IX

TERM AND TERMINATION

9.1 TERM AND TERMINATION. This Agreement shall remain in effect until:

(a) the Company has been dissolved, liquidated and wound up;

(b) the Parties have agreed in writing to terminate this Agreement;

(c) the Company has completed a Qualifying IPO;

(d) the aggregate Percentage Ownership of the Investors and the Existing Shareholders has fallen below fifty percent (50%) in which case the Investors and the Existing Shareholders shall each have the right, but not the obligation, to terminate this Agreement by sending a written notice to such effect to the other Parties; or

(f) the Company has become subject to a Bankruptcy Event in which case the Investors shall each have the right, but not the obligation, to terminate this Agreement by sending a written notice to such effect to the other Parties; or

(g) terminated in accordance with Clause 10.2.

9.2 EFFECT OF TERMINATION; SURVIVAL. Following any termination of this Agreement, this Agreement shall have no further force or effect, provided that:

(a) (i) definitions under Article I that are referred to in any surviving Articles or clauses identified under this Clause 9.2(a) shall survive any termination of this Agreement, (ii) Clauses 2, 7.10 (only to the extent applicable with respect to the clauses that will survive termination of this Agreement under this Clause 9.2(a)), 8.1, 8.2, 9.2, 10.3 and Articles XI and XII (other than Clause 12.11) shall survive any termination of this Agreement and
(iii) Clauses 5.6, 6.3 and 7.11 shall survive only the termination of this Agreement as a result of a Qualifying IPO pursuant to Clause 9.1(c) of this Agreement.

(b) termination of this Agreement shall not prejudice any accrued rights of any Party.

ARTICLE X

EVENTS OF DEFAULT

10.1 EVENTS OF DEFAULT. Each of the following shall constitute events of default ("EVENTS OF DEFAULT") on the part of a Shareholder or the Company under this Agreement:

(a) failure by such Shareholder or any of its Affiliates who are Shareholders or the Company to comply in any material respect with any covenant, obligation or agreement of such Party contained in this Agreement where such failure shall not have been cured within thirty (30) days after the date when a written notice thereof has been given to such Party by any non-defaulting Shareholder; or

(b) a Bankruptcy Event occurs with respect to such Shareholder or any of its Affiliates who are Shareholders.

For purposes of this Article X, a default by a Controlling Individual shall constitute a default by the Existing Shareholder owned by such Controlling Individual.

10.2 EFFECT OF EVENTS OF DEFAULT. Upon an Event of Default, the non-defaulting Shareholders who are Investors or Existing Shareholders shall have the right to terminate this Agreement; provided that such Shareholders have sent a written notice to the other Parties stating that they are terminating the Agreement and; provided further that this Agreement shall only terminate as to such terminating Shareholders and their Affiliates and, as to the other Shareholders, the Agreement shall remain in full force and effect.

10.3 NO PREJUDICE. The rights of non-defaulting Shareholders under Clause 10.2 shall not prejudice any additional rights such Shareholders have under this Agreement and under applicable Law.

ARTICLE XI

GOVERNING LAW & RESOLUTION OF DISPUTES

11.1 GOVERNING LAW. This Agreement and any disputes, claims or controversies arising from, related to or in connection with this Agreement shall be construed in accordance with the Laws of the State of New York.

11.2 DISPUTE RESOLUTION FORUM.
(a) If there is any dispute, claim or controversy arising from, related to or in connection with this Agreement, or the breach, termination or invalidity hereof, the Parties shall first attempt to resolve such dispute, controversy or claim through friendly consultations. If the dispute, claim or controversy is not resolved through friendly consultations within thirty days after a Party has delivered a written notice to another Party requesting the commencement of consultation, then the dispute, claim or controversy shall be finally settled by arbitration conducted by the International Chamber of Commerce (the "ICC") in accordance with the Arbitration Rules of the ICC then in effect and as may be amended by the rest of this Clause 11.2 (the "RULES"). There shall be three arbitrators of whom the plaintiff and the defendant shall each nominate one (1) in accordance with the Rules. The two named arbitrators shall nominate the third arbitrator within thirty (30) days of the nomination of the second arbitrator. If any arbitrator has not been named within the time limits specified in the Rules, such appointment shall be made by the International Court of Arbitration of the ICC upon the written request of either Party within thirty days of such request. The arbitration shall be held and the award shall be rendered in Singapore. The arbitration proceeding shall be conducted and the award shall be rendered in the English language. Each Party shall cooperate in good faith to expedite (to the maximum extent practicable) the conduct of any arbitral proceedings commenced under this Agreement.

(b) The award shall be final and binding upon the Parties, and shall be the exclusive remedy between the Parties regarding any claims, counterclaims, issues, or accountings presented to the arbitral tribunal. To the fullest extent allowed by applicable Law, each Party hereby waives any right to appeal such award. Judgment upon the award may be entered in any court having jurisdiction thereof, and for purposes of enforcing any arbitral award made hereunder, each Party irrevocably submits to the jurisdiction of any court sitting where any of such Party's material assets may be found. Any arbitration proceedings, decisions or awards rendered hereunder shall be governed by the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958, as amended, and the Parties agree that any award rendered hereunder shall not be deemed a domestic arbitration under the laws of any jurisdiction.

(c) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of arbitration proceedings and the enforcement of any award.

(d) The costs of the arbitration, as defined in the Rules, shall be allocated between the Parties by the arbitrators and shall be set forth in the arbitral award. Any amounts subject to the dispute, controversy or claim that are ultimately awarded to a Party under this Clause 11.2 shall bear interest at the rate of six percent per annum from the earlier of (i) the date of the request for arbitration and (ii) the date such amount would have become due and owing but for the dispute, controversy or claim until the date the arbitral award is paid in full.

11.3 SPECIFIC PERFORMANCE. Each Party hereby acknowledges that the remedies at law of the other Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any Party, without posting any bond, and in addition to all other remedies that may be available, shall be entitled in accordance with Clause 11.2(c) to seek equitable relief in the form of specific performance, injunctions or any other equitable remedy.

11.4 WAIVER OF IMMUNITIES. Each Party irrevocably waives any right that it has or may hereafter acquire, in any jurisdiction, to claim for itself or its revenues, assets or properties, immunity from service of process, suit, the jurisdiction of any court, an interlocutory order or injunction or the enforcement of the same against its property in such court, attachment prior to judgment, attachment in aid of execution of an arbitral award or judgment (interlocutory or final) or any other legal process.

11.5 PERFORMANCE PENDING DISPUTE RESOLUTION. Unless otherwise terminated in accordance with the terms hereof, this Agreement and the rights and obligations of the Parties hereunder shall remain in full force and effect during the pendency of any proceeding under Clause 11.2.

11.6 SURVIVAL. Unless otherwise terminated in accordance with the terms hereof, this Article XI shall survive the termination or expiration of this Agreement.

ARTICLE XII

MISCELLANEOUS

12.1 NO PARTNERSHIP; AGENCY. The Shareholders expressly do not intend hereby to form an agency relationship or partnership either general or limited, under any jurisdiction's agency, partnership or other similar law. The Shareholders do not intend to be agents or partners of each other, or agents of or partners to any third party, or to create any other fiduciary relationship among themselves, solely by virtue of their status as Shareholders. To the extent that any Shareholder, by word or action, improperly represents to another Person that any Shareholder is an agent or partner of another Shareholder or that the Company is a partnership, the Shareholder making such representation shall be liable to any other Shareholder that incurs any Losses arising out of or relating to such representation.

12.2 INDEMNIFICATION.

(a) The Company shall indemnify each Shareholder and its Affiliates and each Director and officer of the Company (collectively, the "INDEMNIFIED PERSONS") against any Losses that any Indemnified Person may at any time become subject to or liable for in connection with claims brought against any of them on behalf of the Company or by a third party in connection with any of their status as a shareholder, director or officer of the Company or any of their service to or on behalf of the Company to the maximum extent permitted under applicable Law.

(b) The Company hereby agrees to indemnify and hold harmless the Investors, their respective directors and officers and their Affiliates and the directors, officers, partners, Affiliates and controlling persons thereof (each, an "INVESTOR INDEMNITEE") from and against any Losses to which the Investor Indemnitee may become subject, in so far as such Losses may arise out of or result from any breach or inaccuracy of any representation, warranty or covenant expressly made by the Company or the failure of the Company to fulfill any express agreement or covenant contained in this Agreement; and Lu BVI and Yonghua Lu (CHINESE CHARACTERS) hereby agree to jointly and severally indemnify and hold harmless any Investor Indemnitee from and against any Losses to which such Investor Indemnitee(s) may become subject, in so far as such Losses may arise out of or result from any breach or inaccuracy of any representation, warranty or covenant made by the Company, the Existing Shareholders and/or the Controlling Individuals, or the failure of the Company, the Existing Shareholders and/or the Controlling Individuals to fulfill any agreement or covenant contained in this Agreement; provided that such Investor Indemnitee(s) will not have the right to be indemnified pursuant to this Clause 12.2(b) unless and until, with respect to any single claim, such Investor Indemnitee(s) shall have suffered, incurred, sustained or become subject to Losses when aggregated exceeding US$50,000, or with respect to any claims, such Investor Indemnitee(s) shall have suffered, incurred, sustained or become subject to Losses when aggregated exceeding US$150,000, after which such Investor Indemnitee(s) shall be entitled to indemnity under this Clause 12.2(b) for all Losses without regard to the US$50,000 or US$150,000 basket, as applicable.

The maximum liability of the Company, Lu BVI and Yonghua Lu, collectively, under this Clause 12.2(b) and Section 10.1(a) of the Purchase Agreement shall be an amount equal to the Aggregate Purchase Price (as defined in the Purchase Agreement) paid by the Investors at the Closing under the Purchase Agreement plus the aggregate purchase price paid by Good Energies at the Second Closing, if the Second Closing takes place in accordance with the Purchase Agreement.

(c) Notwithstanding anything to the contrary herein, each of the Company, the Existing Shareholders and the Controlling Individuals acknowledges that monetary remedy or damages would not be a sufficient remedy for any breach of this Agreement by the Company, the Existing Shareholders and the Controlling Individuals and, in addition to the remedies set forth herein, each of the Investors shall be entitled to specific performance and injunctive or other equity relief as a remedy for any such breach.

12.3 ENTIRE AGREEMENT. This Agreement (together with the other Transaction Documents) constitutes the whole agreement among the parties hereto and thereto relating to the subject matter hereof and thereof and supersedes all prior agreements or understandings both oral and written among all of the parties hereto and thereto relating to the subject matter hereof and thereof.

12.4 BINDING EFFECT; BENEFIT. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective heirs, successors, legal representatives and permitted assigns. Except for the rights to indemnification set forth in Clause 12.2, nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties, and their respective heirs, successors, legal representatives and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

12.5 ASSIGNMENT.

(a) No Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the written consent of the other Parties.

(b) Without prejudice to the foregoing clause (a), any Investor may at any time following the date of this Agreement transfer its rights or obligations under this Agreement to (i) any Permitted Transferee of such Investor without the written consent of the other Parties; (ii) any financial investors to whom its Shares are Transferred pursuant to the terms of this Agreement without the written consent of the Existing Shareholders; and (iii) any Person who is not a financial investor to whom its Shares are Transferred pursuant to the terms of this Agreement with the prior consent of the Existing Shareholders, provided that such consent shall not be unreasonably withheld.

12.6 AMENDMENT; WAIVER.

(a) This Agreement may not be amended, modified or supplemented except by a written instrument executed by each of the Parties.

(b) No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a Party of any breach by any other Party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof. The rights and remedies herein provided shall be cumulative and not exclusive of any rights, powers or remedies provided at law or in equity.

12.7 NOTICES. Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant Party at its address or fax number set out below (or such other address or fax number as the addressee has by five days prior written notice specified to the other Parties). Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered (a) if delivered in person or by messenger, when proof of delivery is obtained by the delivering Party; (b) if sent by post within the same country, on the third day following posting, and if sent by post to another country, on the fifth day following posting, and (c) if given or made by fax, upon dispatch and the receipt of a transmission report confirming

dispatch. The initial address and facsimile for the Parties for the purposes of this Agreement are:

If to the Investors, to:

Citigroup Venture Capital International Growth Partnership, L.P.

c/o Citigroup Venture Capital International Asia Pacific Limited 26/F, Two Exchange Square
Connaught Road, Central
Hong KongFacsimile No.: (852) 2868-6667 Attn: Timothy Chang and Anthony Lam

Citigroup Venture Capital International Co-Investment, L.P.

c/o Citigroup Venture Capital International Asia Pacific Limited 26/F, Two Exchange Square
Connaught Road, Central
Hong Kong
Facsimile No.: (852) 2868-6667
Attn: Timothy Chang and Anthony Lam

Hony Capital II L.P.

7F, Tower A, Raycom Info Tech Park
No. 2 Kexueyuan Nanlu
Haidian District
Beijing, PRC 100080
Facsimile No.: +86 (10) 6250-9181
Attn: Ms. Deng Xihong

LC Fund III L.P.

c/o Legend Capital Limited
10th Floor, Tower A
Raycom Info. Tech Center
No. 2 Ke Yue Yuan Nan Lu
Zhong Guan Cun Haidian District
Beijing 100080, China
Facsimile No.: +86 (10) 6250-9105
Attn: Mr. Zhu Linan

with a courtesy copy to:

Milbank, Tweed, Hadley & McCloy LLP 3007 Alxandra House
16 Chater Road
Central, Hong Kong
Facsimile No.: +852-2840-0792
Attn: Edward Sun, Esq.

If to Good Energies, to:

Good Energies Investments Limited

9 Hope Street, St. Helier
Jersey, Channel Islands
JE2 3NS
Facsimile No.: 44 1534 754 510
Attn: John Hammill

with a courtesy copy to:

Linklaters
Unit 29
Level 25 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing, PRC
Facsimile No.: +86 (10) 6505-8582
Attn: Paul Chow and Mathew Lewis

If to the Existing Shareholders, to:

Yonghua Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Yonghua Lu (CHINESE CHARACTERS)

WHF Investment Co., Ltd

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Hanfei Wang (CHINESE CHARACTERS)

Yongqiang Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Rongqiang Cui (CHINESE CHARACTERS)

Yongliang Solar Power Investment Holding Ltd.

No. 666 Linyang Road

Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (21) 6309-0999
Attn: Yongliang Gu (CHINESE CHARACTERS)

Yongfa Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Haijuan Yu (CHINESE CHARACTERS)

Yongxing Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Xingxue Tong (CHINESE CHARACTERS)

Yongguan Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557
Attn: Yuting Wang (CHINESE CHARACTERS)

Forever-Brightness Investments Limited

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Min Cao (CHINESE CHARACTERS)

If to the Controlling Individuals, to:

Yonghua Lu (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557

Hanfei Wang (CHINESE CHARACTERS)

No. 666 Linyang Road

Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557

Rongqiang Cui (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999

Yongliang Gu (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999

Haijuan Yu (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557

Xingxue Tong (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557

Yuting Wang (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (531) 8311-0557

Min Cao (CHINESE CHARACTERS)

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999

If to the Company, to:

Solarfun Power Holdings Co., Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC
Facsimile No.: +86 (21) 6309-0999
Attn: Mr. Min Cao (CHINESE CHARACTERS)

with a courtesy copy to:

Shearman & Sterling LLP

2318 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing, PRC 100004
Facsimile No.: +86 (10) 6505-1818
Attn: Alan Seem, Esq.

12.8 COUNTERPARTS. This Agreement may be signed in any number of counterparts including counterparts transmitted by facsimile, each of which shall be deemed an original with the same effect as if the signatures thereto and hereto were upon the same instrument.

12.9 SEVERABILITY. If any provision contained in this Agreement shall for any reason be determined to be partially or wholly invalid, illegal or unenforceable by any court of competent jurisdiction, such provision shall be of no force and effect to the extent so determined, but the invalidity, illegality or unenforceability of such provision shall have no effect upon and shall not impair the validity, legality or enforceability of any other provision of this Agreement.

12.10 FURTHER ACTS AND ASSURANCES. Each Party shall give such further assurance, provide such further information, take such further actions and execute and deliver such further documents and instruments as are, in each case, within its power to give, provide and take so as to give full force and effect to the provisions of this Agreement.

12.11 CONFLICT. In case of any inconsistency between the Articles of Incorporation and this Agreement, the Shareholders will amend the Articles of Incorporation to ensure that the Articles of Incorporation are consistent with this Agreement.

[Signatures follow on the next page.]

IN WITNESS WHEREOF, each of the Parties hereto have caused this Agreement to be duly executed by its respective authorized officers:

EXISTING SHAREHOLDERS:

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yonghua Lu
Name: Yonghua Lu (CHINESE CHARACTERS)
Title: Director

WHF INVESTMENT CO., LTD.

By: /s/: Hanfei Wang
Name: Hanfei Wang (CHINESE CHARACTERS)
Title: Director

YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Rongqiang Cui
Name: Rongqiang Cui (CHINESE CHARACTERS)
Title: Director

YONGLIANG SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yongliang Gu
Name: Yongliang Gu (CHINESE CHARACTERS)
Title: Director

YONGFA SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Haijuan Yu

Name: Haijuan Yu (CHINESE CHARACTERS)
Title: Director

YONGXING SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Xingxue Tong

Name: Xingxue Tong (CHINESE CHARACTERS)
Title: Director

YONGGUAN SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yuting Wang

Name: Yuting Wang (CHINESE CHARACTERS)
Title: Director

FOREVER-BRIGHTNESS INVESTMENTS LIMITED

By: /s/: Min Cao

Name: Min Cao (CHINESE CHARACTERS)
Title: Director

CONTROLLING INDIVIDUALS:

YONGHUA LU (CHINESE CHARACTERS)

By: /s/ Yonghua Lu

HANFEI WANG (CHINESE CHARACTERS)

By: /s/ Hanfei Wang

RONGQIANG CUI (CHINESE CHARACTERS)

By: /s/: Rongqiang Cui

YONGLIANG GU (CHINESE CHARACTERS)

By: /s/: Yongliang Gu

HAIJUAN YU (CHINESE CHARACTERS)

By: /s/: Haijuan Yu

XINGXUE TONG (CHINESE CHARACTERS)

By: /s/: Xingxue Tong

YUTING WANG (CHINESE CHARACTERS)

By: /s/: Yuting Wang

MIN CAO (CHINESE CHARACTERS)

By: /s/: Min Cao

INVESTORS:

CITIGROUP VENTURE CAPITAL INTERNATIONAL GROWTH PARTNERSHIP, L.P.

By: CITIGROUP VENTURE CAPITAL **INTERNATIONAL PARTNERSHIP G.P. LIMITED, as General Partner**

By: /s/: Michael Robinson
Name: Michael Robinson
Title: Director

CITIGROUP VENTURE CAPITAL INTERNATIONAL CO-INVESTMENT, L.P.

By: CITIGROUP VENTURE CAPITAL **INTERNATIONAL PARTNERSHIP G.P. LIMITED, as General Partner**

By: /s/: Michael Robinson
Name: Michael Robinson
Title: Director

HONY CAPITAL II, L.P.

By: /s/ Xihong Deng
Name:
Title:

LC FUND III, L.P.

By: Linan Zhu

Name:

Title:

MOHAMED NASSER HARAM

By: /s/ Mohamed Nasser Horam

RASHEED YAR KHAN

By: /s/: Rasheed Yar Khan

GOOD ENERGIES INVESTMENTS LIMITED

By: /s/ John Hammill

Name:
Title: Director

By: /s/ Paul Bradshaw

Name:
Title: Director

THE COMPANY:

SOLARFUN POWER HOLDINGS CO., LTD.

By: /s/ Yonghua Lu

Name:
Title:

Exhibit 4.6

THIS REGISTRATION RIGHTS AGREEMENT (the "AGREEMENT") is made as of June 27, 2006, by and among (i) Solarfun Power Holdings Co., Ltd., an exempted company incorporated and validly existing with limited liability under the laws of the Cayman Islands (the "COMPANY"), (ii) the existing shareholders of the Company as set forth in EXHIBIT A hereto (the "EXISTING SHAREHOLDERS"), (iii) Citigroup Venture Capital International Growth Partnership, L.P. and Citigroup Venture Capital International Co-Investment, L.P., each a limited partnership organized under the laws of the Cayman Islands (together, "CVCI"), (iv) Hony Capital II L.P., ("HONY") and LC Fund III L.P. ("LC"), each a limited partnership organized under the laws of the Cayman Islands (Hony and LC together, "LEGEND"), (v) Mohamed Nasser Haram, a Lebanese citizen (Passport No.: 2145190), (vi) Rasheed Yar Khan, an Indian citizen (Passport No.: Z1710012), (vii) Good Energies Investments Limited, a company organized under the laws of Jersey, ("GOOD ENERGIES", and together with CVCI, Legend, Mohamed Nasser Haram and Rasheed Yar Khan collectively the "INVESTORS" and individually an "INVESTOR"), and (viii) any other Persons who shall later become signatories to this Agreement (collectively with the Existing Shareholders and the Investors, the "SHAREHOLDERS").

RECITALS

A. The Company, Yonghua Solar Power Investment Holding Ltd., Yonghua Lu (CHINESE CHARACTERS) and the Investors have entered into a Series A Convertible Preference Shares Purchase Agreement, dated as of June 6, 2006 (the "PURCHASE AGREEMENT"), providing for the issuance and sale by the Company, and the purchase by the Investors, of Series A Convertible Preference Shares (the "PREFERRED SHARES") of the Company;

B. The Company, the Existing Shareholders and the Investors have entered into a Shareholders Agreement, dated as of June 27, 2006 (the "SHAREHOLDERS AGREEMENT"), regarding the management of the Company, the transfer of the Shares of the Company and certain other rights and obligations of the parties thereof as set forth therein;

C. In order to induce the Investors to purchase the Preferred Shares pursuant to the Purchase Agreement, this Agreement is entered into to set forth certain terms and conditions concerning the Investors' registration rights, as more precisely described herein; and

D. It is a condition to the closing of the transactions contemplated under the Purchase Agreement (the "CLOSING") that the Parties shall have executed this Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the Parties contained herein, the Parties agree as follows:

1. CERTAIN DEFINITIONS. As used in this Agreement, the following terms have the following respective meanings:

"AFFILIATE" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person (including any Subsidiary) and "AFFILIATES" shall have correlative meaning. For the purpose of this definition, the term "CONTROL" (including with correlative meanings, the terms "CONTROLLING", "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as used with respect

to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

"AGREEMENT" has the meaning set forth in the preamble to this Agreement.

"BLUE SKY" means the statutes of any state regulating the sale of corporate securities within that state.

"BOARD" means the board of directors of the Company.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized to be closed in either the PRC or the Hong Kong Special Administrative Region.

"COMMISSION" means the United States Securities and Exchange Commission.

"COMPANY" has the meaning set forth in the preamble to this Agreement.

"DEMAND REGISTRATION" has the meaning set forth in Section 3.1 of this Agreement.

"DAMAGES" has the meaning set forth in Section 8.1 of this Agreement.

"EXCHANGE ACT" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder, all as from time to time in effect.

"EXISTING SHAREHOLDERS" has the meaning set forth in the preamble to this Agreement.

"FORM F-3" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the Commission which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the Commission.

"GOVERNMENTAL OR REGULATORY AUTHORITY" means any applicable State, federal provincial, county and local court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of any jurisdiction in which a Person conducts business or operations.

"HOLDER" means the Investors and any other holder of Registrable Securities (including any Permitted Transferees of any Investor) entitled to the rights, and bound by the obligations under this Agreement, in accordance with Section 6.1.

"INITIAL PUBLIC OFFERING" means the first Public Offering of Equity Securities of a Person upon the consummation of which such securities are listed on an internationally recognized securities exchange.

"INITIATING HOLDER" has the meaning set forth in Section 3.1 of this Agreement.

"INVESTOR" has the meaning set forth in the preamble to this Agreement.

"NASD" shall mean the National Association of Securities Dealers, Inc.

"ORDINARY SHARES" means the ordinary share of the Company.

"PARTIES" means collectively the Company, the Existing Shareholders, the Investors and any Person who becomes a party to this Agreement. Each of the Parties shall be referred to as a "PARTY".

"PERSON" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

"PRC" or "CHINA" means the People's Republic of China, but solely for the purposes of this Agreement excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and the island of Taiwan.

"PREFERRED SHARES" has the meaning set forth in the recitals to this Agreement.

"PROSPECTUS" shall mean the prospectus included in a Registration Statement, including any preliminary Prospectus, any free-writing Prospectus, and any such Prospectus as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities and by all other amendments and supplements to such Prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"PUBLIC OFFERING" means, in the case of an offering in the United States, an underwritten public offering of Equity Securities of a Person pursuant to an effective registration statement under the U.S. Securities Act of 1933, as amended, and, in the case of an offering in any other jurisdiction, a widely distributed underwritten offering of Equity Securities of a Person in which both retail and institutional investors are eligible to buy in accordance with the securities laws of such jurisdiction.

"PURCHASE AGREEMENT" has the meaning set forth in the recitals to this Agreement.

"QUALIFYING IPO" means an Initial Public Offering of Ordinary Shares which satisfies the following requirements: (i) an underwritten Initial Public Offering on the main board of one or more of the following internationally recognized exchanges: the New York Stock Exchange, the NASDAQ National Market, the Hong Kong Stock Exchange, the Frankfurt Stock Exchange and the London Stock Exchange; (ii) the public float following such an offering shall equal or exceed 20% of the proposed market capitalization of the Company; (iii) Ordinary Shares of the Company shall be widely distributed and meet all requirements of the relevant exchanges; and (iv) the offering size of the Initial Public Offering is at least US$150 million.

"REGISTRATION" means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement, and the terms "REGISTER" and "REGISTERED" have meanings correlative with the foregoing.

"REGISTRABLE SECURITIES" means (i) Ordinary Shares issued or issuable upon conversion of the Preferred Shares, (ii) Ordinary Shares or any other securities of the Company issued as a dividend or other distribution with respect to, or in exchange for, or in replacement of, the Preferred Shares, and (iii) all other Ordinary Shares which may be from time to time acquired by a Holder after the date hereof.

"REGISTRATION EXPENSES" means all expenses, other than underwriting discounts and commissions, incurred by the Company in complying with Sections 3 or 4 of this Agreement, including, without limitation, all Registration, qualification, and filing fees, printing expenses, fees and disbursements of counsels for the Company, reasonable fees and disbursements of one special counsel for all Holders (if different from counsels to the Company), Blue Sky fees and expenses, and the expense of any special audits incident to or required by any Registration.

"REGISTRATION STATEMENT" means a registration statement prepared on Forms S-1, S-2, S-3, F-1, F-2 or F-3 under the Securities Act, or on any comparable form in connection with registration in a jurisdiction other than the United States.

"SECURITIES ACT" means the United States Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder, all as from time to time in effect.

"SELLING EXPENSES" means all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement.

"SHAREHOLDERS" has the meaning set forth in the preamble to this Agreement.

"SHAREHOLDERS AGREEMENT" the meaning set forth in the recitals to this Agreement

"SHARES" means the Ordinary Shares and the Preferred Shares.

"UNDERWRITERS' REPRESENTATIVE" has the meaning set forth in Section 3.5(b) of this Agreement.

Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Shareholders Agreement.

2. REGISTRATION RIGHTS; APPLICABILITY OF RIGHTS. The Holders shall be entitled to the following rights with respect to any potential public offering of Ordinary Shares in the United States and shall be entitled to any analogous or equivalent rights with respect to any other offering of shares in any other jurisdiction pursuant to which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

3. DEMAND REGISTRATION.

3.1. Request for Registration on Form Other Than Form F-3. On and after the earlier of (i) the second anniversary of the date of this Agreement or
(ii) six (6) months after the Registration Statement with respect to the Company's Initial Public Offering filed by the Company becomes effective, if the Company receives from any of CVCI, Legend or Good Energies (such Holder or Holders referred to as the "INITIATING HOLDER") a request in writing that the Company effect any Registration with respect to the Registrable Securities held by such Initiating Holder then outstanding on a form other than Form F-3 (or any comparable form for a Registration for an offering in a jurisdiction other than the United States), including without limitation for the purposes of effecting an Initial Public Offering of securities of the Company, subject to the terms of this Agreement, the Company shall (i) within ten (10) days of receipt of such written request, give written notice of the proposed Registration to all other Holders, and (ii) as soon as practicable, use its best efforts to effect Registration of those Registrable Securities ("DEMAND REGISTRATION") which the Company has been so requested to Register, together with all other Registrable Securities which the Company has been requested to Register by holders thereof by written request given to the Company within twenty (20) days after receiving written notice from the Company, subject to limitations of this Section 3. The Company shall not be obligated to take any action to effect any Registration pursuant to this Section 3.1 (x) after the Company has effected three (3) Registrations pursuant to this Section 3.1 and such Registrations have been declared or ordered effective (and has not been subject to a "stop order" or otherwise withdrawn); (y) after the Company has effected one Registration pursuant to this Section 3.1 during any nine (9)-month period; or (z) if the Initiating Holder proposes to dispose of shares of Registrable Securities that may be immediately Registered on Form F-3 pursuant to a request made pursuant to Section 3.2; provided that for purposes of Subsections (x) and (y) above a Registration effected for the purposes of an Initial Public Offering of securities of the Company pursuant to the Holders' demand registration rights hereunder shall not be counted as one Registration pursuant to this Section 3.1. The substantive provisions of Section 3.5 shall be applicable to the Registration initiated under this Section 3.1.

3.2. Request for Registration on Form F-3. If any Holder requests in writing that the Company file a Registration Statement on Form F-3 (or any comparable form for a Registration in a jurisdiction other than the United States) for a public offering of shares of Registrable Securities, the reasonably anticipated aggregate price to the public of which would not be less than Two Hundred Thousand U.S. Dollars (US$200,000), and the Company is a registrant entitled to use Form F-3 (or any comparable form for a Registration for an offering in a jurisdiction other than the United States) to register the Registrable Securities, the Company shall (i) within ten (10) days of receipt of such written request, give written notice of the proposed Registration to all other Holders, and (ii) use its best efforts to cause those Registrable Securities which the Company has been so requested to be Registered, together with all other Registrable Securities which the Company has been requested to Register by holders thereof by written request given to the Company within twenty (20) days after written notice from the Company, for the offering on that form and to cause those Registrable Securities to be qualified in jurisdictions as the Holder or Holders may reasonably request, subject to limitations of this
Section 3. The substantive provisions of Section 3.5 shall be applicable to each Registration initiated under this Section 3.2.

3.3. Right of Deferral. Notwithstanding the foregoing, the Company shall not be obligated to file a Registration Statement pursuant to this Section 3:

(a) within one hundred eighty (180) days after the effective date of any Registration Statement pertaining to the securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan); or

(b) if the Company furnishes to those Holders a certificate signed by the chief executive officer or chairman of the board of the Company stating that in the good faith judgment of the Board it would be seriously detrimental to the Company or its shareholders for a Registration Statement to be filed in the near future, then the Company's obligation to use its best efforts to file a Registration Statement shall be deferred for a period not to exceed ninety (90) days from the receipt of the request to file the registration by that Holder; provided, that the Company shall not exercise the right to delay a request contained in this
Section 3.3(b) more than once in any twelve (12)-month period, and provided further, that during such ninety (90)-day period, the Company shall not file a Registration Statement with respect to any public offering of securities of the Company.

3.4. Registration of Other Securities in Demand Registration. Any Registration Statement filed pursuant to the request of the Holders under this

Section 3 may, subject to the provisions of Section 3.5, include securities of the Company other than Registrable Securities. If the Company, officers or directors of the Company holding securities other than the Registrable Securities, or holders of securities other than the Registrable Securities, request inclusion of other securities of the Company held thereby in the Registration, the Initiating Holders, to the extent they deem advisable, may, in their sole discretion, on behalf of all Holders, offer to any or all of the Company, those officers or directors, and the holders of securities other than the Registrable Securities, that their securities be included in the underwriting and may condition that offer on the acceptance by those Persons of the terms of this Section 3. If, however, the number of shares so included exceeds the number of shares of Registrable Securities included by all Holders, the Registration shall be treated as governed by Section 4 of this Agreement rather than this Section 3, and it shall not count as a Registration for purposes of this Section 3.

3.5. Underwriting in Demand Registration.

(a) Notice of Underwriting. If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to this Section 3, and the Company shall include that information in the written notice referred to in Section 3.1 or 3.2 of this Agreement, as applicable. The right of any Holder to Registration pursuant to this Section 3 shall be conditioned upon such Holder's agreement to participate in the underwriting and the inclusion of that Holder's Registrable Securities in the underwriting to the extent provided herein.

(b) Selection of underwriter in Demand Registration. The Company shall (together with all Holders proposing to distribute their securities through the underwriting) enter into an underwriting agreement in customary form with the underwriter or, if more than one, the lead underwriter acting as the representative of the underwriters (the "UNDERWRITERS' REPRESENTATIVE")

selected for the underwriting by the Holders of a majority of the Registrable Securities to be Registered in the proposed offering; provided that any such underwriting agreement shall not impair the indemnification rights of the Holders under Section 8.1; and provided further that the representations and warranties given by, and other agreement on the part of, the Company to and for the benefit of the underwriter(s) shall also be made to and for the benefit of the Holders, and provided further that the Company shall ensure that no underwriter(s) requires any Holder to make any representations or warranties to, or agreement with, any underwriter(s) in a Registration other than customary representations, warranties and agreements relating to such Holder's title to the Registrable Securities and authority to enter into the underwriting agreement and any other representation required by applicable law.

(c) Marketing Limitation in Demand Registration. Notwithstanding any other provision of this Section 3, in the event the Underwriters' Representative advises the Company in writing that market factors (including, without limitation, the aggregate number of Ordinary Shares requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of shares to be underwritten, then the Company shall so advise all Holders of Registrable Securities that would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the Registration and underwriting shall be allocated among all Holders of such Registrable Securities on a pro rata basis based on the number of Registrable Securities held by all such selling Holders (including the Initiating Holders) at the time of filing the Registration Statement, provided, however, that the number of shares of Registrable Securities to be included in any such underwriting held by Holders shall not be reduced unless all other securities of the Company are first entirely excluded from the underwriting. For purposes of the preceding sentence concerning apportionment, for any selling Holder of Registrable Securities that is a venture capital fund, partnership or corporation, the affiliated venture capital funds, partners, retired partners and shareholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals. In no event shall the number of the Registrable Securities included in any such underwriting be reduced to less than forty (40%) of the numbers of the Registrable Securities requested to be included. Any Registrable Securities or other securities excluded from the underwriting by reason of this Section 3.5(c) shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the foregoing, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

(d) Right of Withdrawal in Demand Registration. If any Holder of Registrable Securities disapproves of the terms of the underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the Underwriters' Representative proposing to distribute their securities through the underwriting, delivered at least fifteen (15) days prior to the effective date of the Registration Statement. The securities so withdrawn shall also be withdrawn from the Registration Statement.

3.6. Other Securities Laws in Demand Registration. In the event of any Registration pursuant to this Section 3, the Company shall exercise its best efforts to Register and qualify the securities covered by the Registration Statement under the securities laws of any other jurisdictions as shall be reasonably appropriate for the distribution of the securities, except for any particular jurisdiction (other than the United States or any jurisdiction on which the Registrable Securities are being proposed to be listed) in which the Company would be required solely as a result of such Registration to execute a general consent to service of process in effecting such Registration, qualification, or compliance, unless the Company is already subject to service in such jurisdiction.

4. UNLIMITED PIGGYBACK REGISTRATION.

4.1. Notice of Piggyback Registration and Inclusion of Registrable Securities. Subject to the terms of this Agreement, if the Company decides to Register any of its Ordinary Shares (either for its own account, for the account of a security holder or both), the Company shall (a) promptly give each Holder written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify those securities under the applicable Blue Sky or other securities laws), and (b) include in that Registration (and any related qualification under Blue Sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request delivered to the Company by any Holder within twenty (20) days after delivery of the written notice from the Company.

4.2. Underwriting in Piggyback Registration.

(a) Notice of Underwriting in Piggyback Registration. If the Registration of which the Company gives notice is for a Registered Public Offering, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 4.1. In this event, the right of any Holder to Registration shall be conditioned upon such Holder's agreement to participate in the underwriting and the inclusion of that Holder's Registrable Securities in the underwriting, to the extent provided in this Section 4. All Holders proposing to distribute their securities through such underwriting shall (together with the Company and the other holders distributing their securities through the underwriting) enter into an underwriting agreement in customary form with the Underwriters' Representative for such offering; provided that any such underwriting agreement shall not impair the indemnification rights of the Holders under Section 8.1; and provided further that the representations and warranties given by, and other agreement on the part of, the Company to and for the benefit of the underwriter(s) shall also be made to and for the benefit of the Holders, and provided further that the Company shall ensure that no

underwriter(s) requires any Holder to make any representations or warranties to, or agreement with, any underwriter(s) in a Registration other than customary representations, warranties and agreements relating to such Holder's title to the Registrable Securities and authority to enter into the underwriting agreement.

(b) Marketing Limitation in Piggyback Registration. In the event the Underwriters' Representative advises the Holders seeking Registration of Registrable Securities pursuant to this Section 4 in writing that market factors (including, without limitation, the aggregate number of Ordinary Shares requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of shares to be underwritten, the Underwriters' Representative (subject to the allocation priority set forth in Section 4.2(c)) may:

(i) in the case of a Registered Initial Public Offering, exclude some or all Registrable Securities from the Registration and underwriting; and

(ii) in the case of any Registered Public Offering subsequent to the Initial Public Offering, limit the number of shares of Registrable Securities to be included in the Registration and underwriting, to not less than thirty (30%) of the securities included in the Registration.

(c) Allocation of Shares in Piggyback Registration. In the event that the Underwriters' Representative limits the number of shares to be included in a Registration pursuant to Section 4.2(b), the number of Registrable Securities to be included in the Registration shall be allocated, FIRST, to the Company; SECOND, to all Holders requesting inclusion of their respective Registrable Securities in such Registration Statement on a pro rata basis based on the number of Registrable Securities held by all such selling Holders at the time of filing the Registration Statement; and THIRD, to any other shareholders of the Company requesting inclusion of their shares in the Registration, provided, however, that the number of Registrable Securities to be included in any such underwriting held by the Holders shall not be reduced unless all shares that are not Registrable Securities are first entirely excluded from the underwriting. For purposes of the preceding sentence concerning apportionment, for any selling Holder of Registrable Securities that is a venture capital fund, partnership or corporation, the affiliated venture capital funds, partners, retired partners and shareholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of Registrable Securities owned by all such related entities and individuals. For any Registration subsequent to an Initial Public Offering, the number of shares that may be included in the Registration and underwriting under this Section 4.2(c) shall not be reduced to less than

thirty (30%) of the aggregate securities included in the Registration. No Registrable Securities or other securities excluded from the underwriting by reason of this Section 4.2(c) shall be included in the Registration Statement.

(d) Withdrawal in Piggyback Registration. If any Holder disapproves of the terms of any underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the Underwriters' Representative delivered at least fifteen (15) days prior to the effective date of the Registration Statement. Any Registrable Securities or other securities excluded or withdrawn from the underwriting shall be withdrawn from the Registration.

(e) Right to Terminate Registration. The Company shall have the right to terminate or withdraw any Registration initiated by it under this Section 4 prior to the effectiveness of such Registration whether or not any Holder has elected to include securities in such registration. The Registration Expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 5 hereof.

5. EXPENSES OF REGISTRATION. All Registration Expenses incurred in connection with each of the Registrations pursuant to Section 3.1 and unlimited Registrations pursuant to Sections 3.2 and 4, shall be borne by the Company. All Selling Expenses shall be borne by the holders of the securities Registered pro rata on the basis of the number of securities so Registered.

6. ASSIGNABILITY OF REGISTRATION RIGHTS; TERMINATION OF REGISTRATION RIGHTS; LIMITATION ON SUBSEQUENT REGISTRATION RIGHTS

6.1. Assignability of Registration Rights. The rights to cause the Company to Register securities granted under Section 3 and 4 of this Agreement shall be assignable by an Investor to any Investor or any Permitted Transferee of such Investor in accordance with the terms of the Shareholders Agreement. No other party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the written consent of the Company and the Investors.

6.2. Termination of Registration Rights. The rights to cause the Company to Register securities granted under Sections 3 and 4 of this Agreement and to receive notices pursuant to Section 3 of this Agreement, shall terminate, with respect to each Holder, on the later of: (a) the date seven (7) years after the Closing, and (b) the date five (5) years after the closing of a Qualifying IPO.

6.3. Subsequent Registration Rights. After the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder registration rights.

7. REGISTRATION PROCEDURES AND OBLIGATIONS. Whenever required under this Agreement to effect the Registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) (i) prepare and file a Registration Statement with the Commission which (x) shall be on Form F-1 or Form F-3 (or any successors to such forms), if available, (y) shall be available for the sale or exchange of the Registrable Securities in accordance with the intended method or methods of distribution by the selling Holders thereof, and (z) shall comply as to form with the requirements of the applicable form and include all financial statements required by the Commission to be filed therewith and all other information reasonably requested by the Underwriters' Representative to be included therein, (ii) use its best efforts to cause such Registration Statement to become effective and remain effective for up to 120 days or, if earlier, until the Holder or Holders have completed the distribution thereto, (iii) use best efforts not to take any action that would cause a Registration Statement to contain a material misstatement or omission or to be not effective and usable for resale of the Registrable Securities during the period that such Registration Statement is required to be effective and usable, and (iv) cause each Registration Statement and the related Prospectus and any amendment or supplement thereto, as of the effective date of such Registration Statement, amendment or supplement (x) to comply in all material respects with any requirements of the Securities Act and (y) not to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(b) subject to Section 7(a), prepare and file with the Commission such amendments and post-effective amendments to each such Registration Statement, as may be necessary to keep such Registration Statement effective for the applicable period; cause each such Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof, as set forth in such registration statement;

(c) furnish to each Holder for which the Registrable Securities are being registered and to each underwriter of an underwritten offering of the Registrable Securities, if any, without charge, as many copies of each Prospectus, including, without limitation, each preliminary Prospectus, each free-writing Prospectus and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities; the Company hereby consents to the use of the Prospectus, including, without limitation, each preliminary Prospectus and each free-writing Prospectus, by each Holder for which the Registrable Securities are being registered and each underwriter of an underwritten offering of the Registrable Securities, if any, in connection with the offering and sale of the Registrable Securities covered by the Prospectus or the preliminary Prospectus or the free-writing Prospectus, as applicable;

(d) (i) use its best efforts to register or qualify the Registrable Securities, no later than the time the applicable Registration Statement is declared effective by the Commission, under all applicable state securities or Blue Sky laws of such jurisdictions as each underwriter, if any, or any Holder having Registrable Securities covered by a Registration Statement, shall reasonably request; (ii) use its best efforts to keep each such registration or qualification effective during the period such Registration Statement is required to be kept effective; and (iii) do any and all other acts and things which may be necessary or advisable to enable each such underwriter, if any, and any such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities the registration of which such Holder is requesting; provided, however, that the Company shall not be obligated to qualify to do business or to a file a general consent to service of process in any such state or jurisdiction, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act or the listing rules of the relevant stock exchange on which the Registrable Securities are being proposed to be listed;

(e) notify each Holder for which the Registrable Securities are being registered promptly, and, if requested by such Holder, confirm such advice in writing, (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of the issuance by the Commission or any state securities authority of any stop order, injunction or other order or requirement suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iii) if, between the effective date of a Registration Statement and the closing of any sale of securities covered thereby pursuant to any agreement to which the Company is a party, the representations and warranties of the Company contained in such agreement cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, and (iv) of the happening of any event during the period a Registration Statement is effective as a result of which such Registration Statement or the related Prospectus contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(f) furnish counsels for each such underwriter, if any, and for the Holders for which the Registrable Securities are being registered, copies of any request by the Commission or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(g) use its best efforts to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible time;

(h) upon request, furnish to the Underwriters' Representative of a Public Offering of the Registrable Securities, if any, without charge, at least one signed copy of each Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits; and furnish to each Holder for which the Registrable Securities are being registered, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(i) cooperate with the selling Holders of the Registrable Securities and the Underwriters' Representative of a Public Offering of the Registrable Securities, if any, to facilitate the timely preparation and delivery of certificates representing the Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the governing documents thereof) and registered in such names as the selling Holders or the Underwriters' Representative of a Public Offering of the Registrable Securities, if any, may reasonably request at least seven (7) days prior to any sale of the Registrable Securities;

(j) upon the occurrence of any event contemplated by paragraph
(e)(iv) of this Section, use best efforts to prepare a supplement or post-effective amendment to a Registration Statement or the related Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(k) enter into customary agreements (including, in the case of a Public Offering, underwriting agreements in customary form, and including provisions with respect to indemnification and contribution in customary form and consistent with the provisions relating to indemnification and contribution contained herein) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in connection therewith:

(i) make such representations and warranties to the selling Holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings;

(ii) obtain opinions of counsels to the Company and updates thereof (which counsels and opinions (in form, scope and substance) shall be reasonably satisfactory to the Underwriters' Representative, if any, and the majority Holders of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any,

covering the matters customarily covered in opinions requested in similar underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "comfort" letters and updates thereof from the Company's independent certified public accountants addressed to the selling Holders of the Registrable Securities, if permissible, and the underwriters, if any, which letters shall be customary in form and shall cover matters of the type customarily covered in "comfort" letters to underwriters in connection with firm commitment underwritten offerings;

(iv) to the extent requested and customary for the relevant transaction, enter into a securities sales agreement with the selling Holders providing for, among other things, the appointment of such representative as agent for the selling Holders for the purpose of soliciting purchases of the Registrable Securities, which agreement shall be customary in form, substance and scope and shall contain customary representations, warranties and covenants; and

(v) deliver such customary documents and certificates as may be reasonably requested by the majority Holders of the Registrable Securities being sold or by the Underwriters' Representative, if any.

The above shall be done (i) at the effectiveness of such Registration Statement (and each post-effective amendment thereto) in connection with any registration, and (ii) at each closing under any underwriting or similar agreement as and to the extent required thereunder;

(l) make available for inspection by representatives of the selling Holders of the Registrable Securities and any underwriters participating in any disposition pursuant to a Registration Statement and any counsel or accountant retained by such Holders or underwriters, all relevant financial and other records, pertinent corporate documents and properties of the Company and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, underwriter, counsel or accountant in connection with a Registration Statement;

(m) (i) within a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus, provide copies of such document to the selling Holders of the Registrable Securities and to counsel to such Holders and to the underwriter or underwriters of a Public Offering of the Registrable Securities, if any; fairly consider such reasonable changes in any such document prior to or after the filing thereof as the counsel to the Holders or the underwriter or the underwriters may request and not file any such document in a form to which the majority Holders of the Registrable Securities being registered or any underwriter shall reasonably object; and

make such of the representatives of the Company as shall be reasonably requested by the Holders for which the Registrable Securities are being registered or any underwriter available for discussion of such document; (ii) within a reasonable time prior to the filing of any document which is to be incorporated by reference into a Registration Statement or a Prospectus, provide copies of such document to counsel for the selling Holders; fairly consider such reasonable changes in such document prior to or after the filing thereof as counsel for such Holders or such underwriter shall request; and make such of the representatives of the Company as shall be reasonably requested by such counsel available for discussion of such document;

(n) cause all Registrable Securities to be qualified for inclusion in or listed on The New York Stock Exchange or any securities exchange or the NASDAQ National Market on which securities of the same class issued by the Company are then so qualified or listed if so requested by the majority Holders of the Registrable Securities covered by a Registration Statement, or if so requested by the underwriter or underwriters of a Public Offering of the Registrable Securities, if any;

(o) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, including making available to its security holders an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(p) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter in an underwritten offering; and

(q) use all reasonable efforts to facilitate the distribution and sale of any Registrable Securities to be offered pursuant to this Agreement, including without limitation by making road show presentations, holding meetings with potential investors and taking such other actions as shall be requested by the majority Holders of the Registrable Securities covered by a Registration Statement or the lead managing underwriter of an underwritten offering.

Each selling Holder of the Registrable Securities as to which any Registration is being effected pursuant to this Agreement agrees, as a condition to the Registration obligations with respect to such Holder provided herein, to furnish to the Company such information regarding such Holder required to be included in the Registration Statement, the ownership of the Registrable Securities by such Holder and the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing.

8. INDEMNIFICATION.

8.1. Company's Indemnification of Holders. To the extent permitted by law, the Company shall indemnify each Holder, each of its officers, directors, partners, agents, legal

counsel for the Holders, and each Person controlling that Holder within the meaning of the Securities Act, with respect to which Registration, qualification, or compliance of the Registrable Securities has been effected pursuant to this Agreement, and each underwriter, if any, and each of its officers, directors, partners, agents and each Person who controls any underwriter within the meaning of the Securities Act against all claims, losses, damages, liabilities, or actions in respect thereof (collectively, "DAMAGES") to the extent the Damages arise out of or are based upon any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement, Prospectus or other document incident to any Registration, qualification, or compliance, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary in order to make the statements made therein (in the case of a Prospectus, in light of the circumstances under which they were made) not misleading, or any violation by the Company (or alleged violation) of any rule or regulation promulgated under the Securities Act, Exchange Act, applicable Blue Sky laws, or other applicable laws in the jurisdiction other than the United States in which the Registration occurred, applicable to the Company and relating to action or inaction required of the Company in connection with any Registration, qualification, or compliance; and the Company shall reimburse each such Holder, each underwriter, each of their respective officers, directors, partners, agents, legal counsels, and each Person who controls any Holder or underwriter, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability, or action; provided, however, that the indemnity contained in this Section 8.1 shall not apply to amounts paid in settlement of any Damages if settlement is effected without the consent of the Company (which consent shall not unreasonably be withheld); and provided, further, that the Company will not be liable in any case to the extent that any Damages arise out of or are based upon any untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in that Registration Statement, prospectus, or other document in reliance upon and in conformity with written information furnished to the Company by a Holder or underwriter, if any, and stated to be specifically for use in connection with the offering of securities of the Company.

8.2. Holder's Indemnification of Company. To the extent permitted by law, each Holder shall, if the Registrable Securities held by that Holder are included in the securities as to which Registration, qualification or, compliance is being effected pursuant to this Agreement, indemnify the Company, each of its directors and officers, each legal counsel and independent accountant of the Company, each underwriter, if any, of the Company's securities covered by the Registration Statement, each Person who controls the Company or underwriter within the meaning of the Securities Act, and each other Holder selling securities under such Registration, each of its such other Holder's, officers, directors, and constituent partners, and each Person controlling the other Holder, against all Damages arising out of or based upon any untrue statement (or alleged untrue statement) of a material fact contained in such Registration Statement, prospectus, or other document incident to any Registration, qualification or compliance, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary in order to make the statements made therein (in the case of a Prospectus, in light of the circumstances under which they were made) not misleading, or any violation (or alleged violation) by the Holder of any rule or regulation promulgated under the Securities Act, Exchange Act, applicable Blue Sky laws, or other applicable laws in the jurisdiction other than the United States in which the Registration occurred, applicable to the Holder and relating to action or inaction required of the Holder in connection with any Registration, qualification, or compliance, and shall reimburse the Company, those Holders, directors, officers, partners, Persons, law and accounting firms, underwriters or control Persons for any legal and any other expenses reasonably incurred in connection with investigating or defending any claim, loss, damage, liability, or action, in each case to the extent,

but only to the extent, that the untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in that Registration Statement, prospectus, or other document in reliance upon and in conformity with written information furnished to the Company by that Holder and stated to be specifically for use in connection with the offering of securities of the Company, provided, however, that the indemnity contained in this Section 8.2 shall not apply to amounts paid in settlement of any Damages if settlement is effected without the consent of that Holder (which consent shall not be unreasonably withheld) and provided, further, that each Holder's liability under this Section 7.2 shall not exceed the Holder's proceeds (less underwriting discounts and selling commissions) from the offering of securities made in connection with that Registration.

8.3. Indemnification Procedure. Promptly after receipt by an indemnified party under this Section 8 of notice of the commencement of any action, the indemnified party shall, if a claim is to be made against an indemnifying party under this Section 8, notify the indemnifying party in writing of the commencement thereof and generally summarize the action. The indemnifying party shall have the right to participate in and to assume the defense of that claim; provided, however, that the indemnifying party shall be entitled to select counsel for the defense of the claim with the approval of any parties entitled to indemnification, which approval shall not be unreasonably withheld; provided further, however, that if either party reasonably determines that there may be a conflict between the position of the Company and the Shareholders in conducting the defense of the action, suit, or proceeding by reason of recognized claims for indemnity under this Section 8, then counsel for that party shall be entitled to conduct the defense to the extent reasonably determined by counsel to be necessary to protect the interests of that party. The failure to notify an indemnifying party promptly of the commencement of any action, if prejudicial to the ability of the indemnifying party to defend the action, shall relieve the indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 8, but the omission to notify the indemnifying party shall not relieve the party of any liability that the party may have to any indemnified party otherwise than under this Section 8.

8.4. Contribution. If the indemnification provided for in this Section 8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any Damages, then the indemnifying party, in lieu of indemnifying the indemnified party hereunder, shall contribute to the amount paid or payable by the indemnified party as a result of those Damages in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other hand, in connection with the statements or omissions that resulted in Damages as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying or the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent the statement or omission.

8.5. Conflicts. Notwithstanding the foregoing, to the extent that provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

8.6. Survival of Obligations. The obligations of the Company and Holders under this Section 8 shall survive the completion of any offering of the Registrable Securities in a Registration Statement under this Agreement or otherwise.

9. LOCK-UP. Each Holder hereby agrees that, if requested by the Company and the Underwriters' Representative (if any) in connection with the Company's initial public offering, the Holder shall not sell, make any short sale of, loan, grant any option for the purchase of, or otherwise transfer or dispose of any Registrable Securities or other securities of the Company without the prior written consent of the Company and the Underwriters' Representative for such period of time (not to exceed 180 days) following the effective date of a Registration Statement of the Company filed under the Securities Act (or other applicable law in a jurisdiction other than the United States in which a Registration occurred) as may be requested by the Underwriters' Representative; provided, that, each Holder will agree to such lock-up period only if all executive officers and directors of the Company and all other holders of at least one percent (1%) of the Company's voting securities enter into similar agreements. For avoidance of doubt, no Existing Shareholder may sell, make any short sale of, loan, grant any option for the purchase of, or otherwise transfer or dispose of any securities of the Company from the date of closing of a Qualifying IPO until twelve (12) months thereafter, unless otherwise approved by CVCI, Legend and Good Energies in writing. Notwithstanding anything herein to the contrary, the foregoing provision contained in this Section 9 shall not restrict Citigroup Inc. and its Affiliates from engaging in any brokerage, investment advisory, financial advisory, anti-raid advisory, merger advisory, financing, asset management, trading, market making, arbitrage and other similar activities conducted in the ordinary course of its or its Affiliates' business, so long as such activities are not conducted in respect of the Registrable Securities (or by virtue of a short position undertaken to benefit from the cover of the Registrable Securities, or the issuance of a derivative security designed to benefit from the value of the Registrable Securities) of the Company directly owned by Citigroup Inc.

10. REPORTS UNDER THE EXCHANGE ACT. With a view to making available to Holders the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the Commission that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144, at all times after 90 days after the effective date of the first Registration Statement filed by the Company for the offering of its securities to the public;

(b) take all reasonable action, including the voluntary Registration of its Ordinary Shares under Section 7 of the Exchange Act, necessary to enable the Holders to utilize Form F-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first Registration Statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act;

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, promptly upon request (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144 (at any

time after 90 days after the effective date of the first Registration Statement filed by the Company), the Securities Act, and the Exchange Act (at any time after it has become subject to those reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and any other reports and documents filed by the Company; and (iii) any other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission which permits the selling of any securities without Registration or pursuant to that form; and

(e) for a Registration in a jurisdiction other than the United States, take actions similar to those set forth in paragraphs (a), (b), (c) and (d) of this Section 10 with a view to making, available to Holders the benefits of the corresponding provision or provisions of that jurisdiction's securities laws.

11. COMPLIANCE WITH SARBANES-OXLEY ACT. The Company covenants that it will fully comply with all the requirements of the United States Sarbanes-Oxley Act of 2002, as amended, and any rules and regulations thereunder adopted from time to time by the Commission and any other applicable laws, in each case to the extent applicable to the Company.

12. MISCELLANEOUS.

12.1. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

12.2. Dispute Resolution Forum.

(a) If there is any dispute, claim or controversy arising from, related to or in connection with this Agreement, or the breach, termination or invalidity hereof, the Parties shall first attempt to resolve such dispute, controversy or claim through friendly consultations. If the dispute, claim or controversy is not resolved through friendly consultations within thirty days after a Party has delivered a written notice to another Party requesting the commencement of consultation, then the dispute, claim or controversy shall be finally settled by arbitration conducted by the International Chamber of Commerce (the "ICC") in accordance with the Arbitration Rules of the ICC then in effect and as may be amended by the rest of this Section 12.2 (the "RULES"). There shall be three arbitrators of whom the Investors, on the other hand, and the Company and the Existing Shareholders, on the other hand, shall each nominate one (1) in accordance with the Rules. The two named arbitrators shall nominate the third arbitrator within thirty (30) days of the nomination of the second arbitrator. If any arbitrator has not been named within the time limits specified in the Rules, such appointment shall be made by the International Court of Arbitration of the ICC upon the written request of either Party within thirty days of such request. The arbitration shall be held and the award shall be rendered in Singapore. The arbitration proceeding shall be conducted and the award shall be rendered in the English language. Each Party shall cooperate in good faith to expedite (to the maximum extent practicable) the conduct of any arbitral proceedings commenced under this Agreement.

(b) The award shall be final and binding upon the Parties, and shall be the exclusive remedy between the Parties regarding any claims, counterclaims, issues, or accountings

presented to the arbitral tribunal. To the fullest extent allowed by applicable Law, each Party hereby waives any right to appeal such award. Judgment upon the award may be entered in any court having jurisdiction thereof, and for purposes of enforcing any arbitral award made hereunder, each Party irrevocably submits to the jurisdiction of any court sitting where any of such Party's material assets may be found. Any arbitration proceedings, decisions or awards rendered hereunder shall be governed by the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958, as amended, and the Parties agree that any award rendered hereunder shall not be deemed a domestic arbitration under the laws of any jurisdiction.

(c) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue a pre-arbitral injunction, pre-arbitral attachment or other order in aid of arbitration proceedings and the enforcement of any award.

(d) The costs of the arbitration, as defined in the Rules, shall be allocated between the Parties by the arbitrators and shall be set forth in the arbitral award. Any amounts subject to the dispute, controversy or claim that are ultimately awarded to a Party under this Section 12.2 shall bear interest at the rate of six percent per annum from the earlier of (i) the date of the request for arbitration and (ii) the date such amount would have become due and owing but for the dispute, controversy or claim until the date the arbitral award is paid in full.

12.3. Specific Performance. Each Party hereby acknowledges that the remedies at law of the other Parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any Party, without posting any bond, and in addition to all other remedies that may be available, shall be entitled in accordance with Section 12.2(c) to seek equitable relief in the form of specific performance, injunctions or any other equitable remedy.

12.4. Counterparts and Facsimile Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any counterpart or other signature delivered by facsimile shall be deemed for all purposes as being a good and valid execution and delivery of this Agreement by that party.

12.5. Headings. The headings of the Sections of this Agreement are for convenience and shall not by themselves determine the interpretation of this Agreement.

12.6. Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to the Investors, to:

Citigroup Venture Capital International Growth Partnership, L.P.

c/o Citigroup Venture Capital International Asia Pacific Limited 26/F, Two Exchange Square
Connaught Road, Central
Hong Kong

Facsimile No.: (852) 2868-6667 Attn: Timothy Chang and Anthony Lam

Citigroup Venture Capital International Co-Investment, L.P.

c/o Citigroup Venture Capital International Asia Pacific Limited 26/F, Two Exchange Square
Connaught Road, Central
Hong Kong
Facsimile No.: (852) 2868-6667 Attn: Timothy Chang and Anthony Lam

Hony Capital II L.P.

7F, Tower A, Raycom Info Tech Park

No. 2 Kexueyuan Nanlu
Haidian District
Beijing, PRC 100080
Facsimile No.: +86 (10) 6250-9181 Attn: Deng Xihong

LC Fund III L.P.

c/o Legend Capital Limited,
10th Floor, Tower A,
Raycom Info. Tech Center,
No. 2 Ke Yue Yuan Nan Lu,
Zhong Guan Cun Haidian District, Beijing 100080, China.

Facsimile No.: +86 (10) 6250-9105

Attn: Mr. Zhu Linan

with a courtesy copy to:

Milbank, Tweed, Hadley & McCloy LLP 3007 Alxandra House
16 Chater Road
Central, Hong Kong
Facsimile No.: +852-2840-0792
Attn: Edward Sun, Esq.

If to Good Energies, to:

Good Energies Investments Limited

9 Hope Street, St. Helier
Jersey, Channel Islands
JE2 3NS

Facsimile No.: 44 1534 754 510

Attn: John Hammill

with a courtesy copy to:

Linklaters
Unit 29
Level 25 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing, PRC
Facsimile No.: +86 (10) 6505-8582 Attn: Paul Chow and Mathew Lewis

If to the Existing Shareholders, to:

Yonghua Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (531) 8311-0557

Attn: Yonghua Lu (CHINESE CHARACTERS)

WHF Investment Co., Ltd

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (531) 8311-0557

Attn: Hanfei Wang (CHINESE CHARACTERS)

Yongqiang Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (21) 6309-0999

Attn: Rongqiang Cui (CHINESE CHARACTERS)

Yongliang Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (21) 6309-0999

Attn: Yongliang Gu (CHINESE CHARACTERS)

Yongfa Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (531) 8311-0557

Attn: Haijuan Yu (CHINESE CHARACTERS)

Yongxing Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (531) 8311-0557

Attn: Xingxue Tong (CHINESE CHARACTERS)

Yongguan Solar Power Investment Holding Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (531) 8311-0557

Attn: Yuting Wang (CHINESE CHARACTERS)

Forever-Brightness Investments Limited

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (21) 6309-0999
Attn: Min Cao (CHINESE CHARACTERS)

If to the Company, to:

Solarfun Power Holdings Co., Ltd.

No. 666 Linyang Road
Qidong City, Jiangsu Province
PRC

Facsimile No.: +86 (21) 6309-0999
Attn: Mr. Cao Min (CHINESE CHARACTERS)

with a courtesy copy to:

Shearman & Sterling LLP

2318 China World Tower 1
No. 1 Jian Guo Men Wai Avenue
Beijing, PRC 100004
Facsimile No.: +86 (10) 6505-1818

Attn: Alan Seem, Esq.

All such notices, requests and other communications will (a) if delivered personally to the address as provided in this Section, be deemed given upon delivery, (b) if delivered by facsimile transmission to the facsimile number as provided in this Section, be deemed given upon on the date of transmission with receipt of a transmittal confirmation, and (c) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given on the fourth (4th) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

12.7. Amendment of Agreement. Any provision of this Agreement may be amended only by a written instrument signed by the Company and by persons holding not less than 75% of the Registrable Securities (calculated on an as-converted basis).

12.8. Severability. In case any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

12.9. Entire Agreement; Successors and Assigns. This Agreement constitutes the entire contract among the Company and the Shareholders relative to the subject matter of this Agreement. Any previous agreement, whether written or oral, between the Company and any Shareholder concerning the subject matter of this agreement or registration rights is superseded by this Agreement. Subject to the exceptions specifically set forth in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective executors, administrators, heirs, successor, and permitted assigns of the parties.

[Signatures follow on the next page.]

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the day and year first above written.

EXISTING SHAREHOLDERS:

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yonghua Lu
Name: Yonghua Lu (CHINESE CHARACTERS)
Title: Director

WHF INVESTMENT CO., LTD.

By: /s/: YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD.
Name: Hanfei Wang (CHINESE CHARACTERS)
Title: Director

YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Rongqiang Cui
Name: Rongqiang Cui (CHINESE CHARACTERS)
Title: Director

YONGLIANG SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yongliang Gu
Name: Yongliang Gu (CHINESE CHARACTERS)
Title: Director

Signature Pages to the Registration Rights Agreement

YONGFA SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Haijuan Yu

Name: Haijuan Yu (CHINESE CHARACTERS)
Title: Director

YONGXING SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Xingxue Tong

Name: Xingxue Tong (CHINESE CHARACTERS)
Title: Director

YONGGUAN SOLAR POWER INVESTMENT HOLDING LTD.

By: /s/: Yuting Wang

Name: Yuting Wang (CHINESE CHARACTERS)
Title: Director

FOREVER-BRIGHTNESS INVESTMENTS LIMITED

By: /s/: Min Cao

Name: Min Cao (CHINESE CHARACTERS)
Title: Director

Signature Pages to the Registration Rights Agreement

INVESTORS:

CITIGROUP VENTURE CAPITAL INTERNATIONAL GROWTH PARTNERSHIP, L.P.

By: CITIGROUP VENTURE CAPITAL **INTERNATIONAL PARTNERSHIP G.P. LIMITED, as General Partner**

By: /s/: Michael Robinson
Name: Michael Robinson
Title: Director

CITIGROUP VENTURE CAPITAL INTERNATIONAL CO-INVESTMENT, L.P.

By: CITIGROUP VENTURE CAPITAL **INTERNATIONAL PARTNERSHIP G.P. LIMITED, as General Partner**

By: /s/: Michael Robinson
Name: Michael Robinson
Title: Director

HONY CAPITAL II, L.P.

By: /s/ Xihong Deng
Name:
Title:

LC FUND III, L.P.

By: /s/ Linan Zhu
Name:
Title:

Signature Pages to the Registration Rights Agreement

MOHAMED NASSER HARAM

By: /s/ Mohamed Nasser Haram

RASHEED YAR KHAN

By: /s/ Rasheed Yar Khan

GOOD ENERGIES INVESTMENTS LIMITED

By: /s/ John Hammill

Name:
Title: Director

By: /s/ Paul Bradshaw

Name:
Title: Director

THE COMPANY:

SOLARFUN POWER HOLDINGS CO., LTD.

By: /s/ Yonghua Lu

Name:
Title:

Signature Pages to the Registration Rights Agreement

EXECUTION COPY

SOLARFUN POWER HOLDINGS CO., LTD.

REGISTRATION RIGHTS AGREEMENT

JUNE 27, 2006

Exhibit 4.7

English Translation of Original Contract

SOLARFUN POWER HOLDINGS CO., LTD.

LOCKUP AGREEMENT

This Lockup Agreement (this "AGREEMENT") is entered into this 20th day of June 2006 by and among Solarfun Power Holdings Co., Ltd., a company incorporated pursuant to the laws of Cayman Islands (the "COMPANY"), Mr. Lu Yonghua, Mr. Wang Hanfei, Mr. Cui Rongqiang, Mr. Gu Yongliang, Ms. Yu Haijuan, Mr. Wang Yuting, Mr. Cao Min and Mr. Tong Xingxue (each a "SHAREHOLDER", and collectively "SHAREHOLDERS").

RECITALS

Whereas, each Shareholder owns a certain number of common shares in the Company as set forth in Exhibit 1 hereto; and

Whereas, the Company intends to complete an initial global public offering (the "IPO") and become listed on an internationally recognized stock exchange by the end of 2006;

NOW, THEREFORE, in order to reinforce the unification of the Company and make an effective use of the shares in the Company as long-term incentives, the Shareholders hereby agree as follows:

A. The Shareholders will not, during the initial twelve (12) months commencing immediately after the date of the IPO (the "LOCKUP PERIOD"),

(1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any ADSs, capital stocks (whether in the form of stocks or ADS) or shares of the Company, or any securities convertible into or exercisable as or exchangeable for ADSs, capital stocks or shares of the Company; or

(2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ADSs, capital stocks or shares of the Company, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of ADSs, capital stocks or shares of the Company or such other securities, in cash or otherwise (the transactions set forth in (1) and (2) above collectively referred to as "SHARE TRANSFER" or "TRANSFER").

The above restrictions on the Share Transfer shall not apply to any Share Transfer by any Shareholder to (i) his/her spouse, parents or siblings, or other family members immediately preceding or descended from him/her, or to a trust of which any of the above persons is a beneficiary.

B. After the expiry of the Lockup Period, the Share Transfer by any Shareholder may be conducted subject to the following restrictions:

(1) Within three (3) years (including the Lockup Period) as from the date of the IPO, neither Mr. Lu Yonghua nor Mr. Wang Hanfei may transfer any of his shares in the Company by any of the arrangements described in Section A above, whether through Yonghua Solar Power Investment Holding Ltd. or WHF Investment Co., Ltd.. After the expiry of such three (3) years, each of Mr. Wang and Mr. Lu may transfer his shares in the Company under the rules and regulations of the US Securities and Exchange Commission (the "SEC") subject to his performance of the information disclosure obligations relating thereto.

(2) After the expiry of the Lockup Period, each of Mr. Gu Yongliang, Mr. Cui Rongqiang, Ms. Yu Haijuan, Mr. Wang Yuting and Mr. Tong Xingxue may transfer his/her shares in the Company by any of the arrangements described in Section A above, through Yongliang Solar Power Investment Holding Ltd., Yongqiang Solar Power Investment Holding Ltd., Yongfa Solar Power Investment Holding Ltd., YongGuan Solar Power Investment Holding Ltd., YongXing Solar Power Investment Holding Ltd. respectively; provided, however, that the aggregate of the shares so transferred during any year after expiry of the Lockup Period may not exceed 1/3 of his/her total number of record shares at the date of the IPO subject to any share split or combination of the Company ("QUOTA"), or in other words, the total number of the shares held by any such Shareholder may not be completely transferred at least after three (3) years after the IPO. Any portion of any Quota not used in previous years may be added to the Quota for the current year.

Any and all the proceeds received by any Shareholder from his/her Share Transfer shall, after deduction of required taxes and charges, be repatriated back to the PRC within one hundred and eighty (180) days in accordance with relevant regulations of the State Administration for Foreign Exchange of the PRC (the "SAFE"). After such proceeds so repatriated is settled pursuant to relevant regulations of the SAFE, 1/3 of such proceeds so settled may be retained by such Shareholder and the remaining 2/3 of such proceeds (the "ESCROW AMOUNT") shall be delivered to an escrow account opened by the Company for putting the same under the temporary custody of the Company. On the first anniversary of the date on which any Escrow Amount is transferred to the escrow account, 50% of such Escrow Amount may be paid to such Shareholder and on the second anniversary of such date the remaining 50% of such Escrow Amount together with any and all the interest accrued thereon may be paid to such Shareholder at the interest rate then applicable to individual time deposits adopted by banks.

(3) After the expiry of the Lockup Period, Mr. Cao Min may transfer his shares in the Company by any of the arrangements described in Section A above through Forever-brightness Investments Limited; provided, however, that during the first year after the expiry of the Lockup Period he can only transfer 50% of his shares in the Company and the remaining 50% of the shares may not be transferred until after the first anniversary of the expiry date of the Lockup Period.

(4) Where after the expiry of the Lockup Period, under certain circumstances, any Shareholder other than Mr. Lu Yonghua needs to transfer any of his/her shares in the Company in violation of the above restrictions, he/she shall obtain the prior written approval to such Transfer by Mr. Lu Yonghua in his capacity as the chairman of the board of directors of the Company.

C. ADDITIONAL AGREEMENTS

(1) Any transfer of equity securities in any holding company or other intermediate entity through which a Shareholder holds his/her shares in the Company shall be deemed, for the purposes of this Agreement, to be a transfer of shares in the Company by such Shareholder and shall be governed by the terms and conditions of this Agreement. The number of shares deemed to be transferred shall be equal to the number of shares in the Company owned by the intermediate company or entity multiplied by the ownership interest of the Shareholder in such company or entity.

(2) The Company agrees not to enter into the shareholder register of the Company any Transfer that has been undertaken in violation of this Agreement.

D. MISCELLANEOUS

(1) Further Assurances. Each Shareholder shall, and shall cause his/her respective representatives and controlled persons or entities, to execute all such documents and do all such other things within his or their power, both direct and indirect, as may be required to give full effect to the terms and conditions of this Agreement and to ensure that the terms and conditions of this Agreement are not violated or compromised.

(2) Notices. Unless otherwise agreed among the parties hereto, any and all the communications hereunder shall be made in writing and shall be deemed to have been given or made (i) upon receipt, if delivered by hand, (ii) upon generation of the confirmation of successful transmission, if delivered by fax transmission, (iii) after seven (7) days after delivery to the mail service, if delivered by mail, or (iv) three (3) days after delivery to the courier service, if delivered by international overnight courier service or by mail (postage prepaid), or the day immediately after the date on which the sending party has received the confirmation of delivery from such courier service.

Any party hereto who has delivered any communication to any of the other parties hereto by fax shall give a confirmation call to such other party about his//her/its delivery of such fax; provided, however, that failure to make such a confirmation call shall not impair the effect of such communication.

(3) Severability. If any provision in this Agreement shall be held illegal or unenforceable, such provision shall be interpreted in favour of its enforceability so that it can be enforced. Where there is no applicable term for such interpretation, such provision shall be deemed to be severable from the remaining provisions in this Agreement so as to keep this Agreement in full force and effect. Notwithstanding the foregoing, if such illegal or unenforceable provision is necessary for the rights and interests of the parties hereto, the parties shall use their best endeavours to negotiate for a provision that is valid, enforceable and satisfactory to all the parties hereto to replace such illegal or unenforceable provision.

(4) Effectiveness. This Agreement shall be binding upon the parties hereto and their successors and permitted assigns.

(5) Language. This Agreement shall be interpreted in Chinese.

(6) Counterparts. This Agreement may be executed in counterparts. Each such counterpart so executed shall be deemed an original, but all of which taken together shall constitute one and the same agreement.

(7) Amendment. Any amendment to this Agreement shall be subject to the unanimous written consent of all the Shareholders.

(8) Dispute Resolution. The parties hereto agree that any dispute arising from this Agreement shall be resolved through friendly consultations. Any dispute that can not be resolved through such consultations within thirty (30) days as of the occurrence thereof shall be finally resolved by China International Economic and Trade Arbitration Commission through arbitration.

(9) Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the New York State of the United States of America.

[signature on the next page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written by their respective authorized representatives.

COMPANY: SOLARFUN POWER HOLDINGS CO., LTD.

Signed by: /s/ Lu Yonghua (signature)
Name: Lu Yonghua
Position:

Shareholders:

LU YONGHUA

Signed by: /s/ Lu Yonghua (signature)
Name: Lu Yonghua

WANG HANFEI

Signed by: /s/ Wang Hanfei (signature)
Name: Wang Hanfei

CUI RONGQIANG

Signed by: /s/ Cui Rongqiang (signature)
Name: Cui Rongqiang

GU YONGLIANG

Signed by: /s/ Gu Yongliang (signature)
Name: Gu Yongliang

YU HAIJUAN

Signed by: /s/ Yu Haijuan (signature)
Name: Yu Haijuan

WANG YUTING

Signed by: /s/ Wang Yuting (signature)
Name: Wang Yuting

CAO MIN

Signed by: /s/ Cao Min (signature)
Name: Cao Min

TONG XINGXUE

Signed by: /s/ Tong Xingxue (signature)
Name: Tong Xingxue

Exhibit 5.1

Solarfun Power Holdings Co., Ltd. Direct: +852 2971 3007 666 Linyang Road Mobile: +852 9020 8007 Qidong, Jiangsu Province 226200 E-mail: richard.thorp@maplesandcalder.com People's Republic of China

[ ] December 2006

Dear Sirs

SOLARFUN POWER HOLDINGS CO., LTD.

We have acted as Cayman Islands legal advisers to Solarfun Power Holdings Co., Ltd. (the "COMPANY") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "REGISTRATION STATEMENT"), originally filed on [ ] 2006 with the Securities and Exchange Commission under the U.S. Securities Act of 1933, as amended to date relating to the offering by the Company and the sale by the selling shareholders (the "SELLING SHAREHOLDERS") of certain American Depositary Shares representing the Company's Ordinary Shares of par value US$0.0001 each (the "ORDINARY SHARES"). We are furnishing this opinion as Exhibit 5.1 to the Registration Statement.

1 DOCUMENTS REVIEWED

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

1.1 the Certificate of Incorporation dated 12 May 2006, and the Memorandum and Articles of Association of the Company as conditionally adopted by special resolution on [ ] 2006 (the "MEMORANDUM AND ARTICLES OF ASSOCIATION");

1.2 the register of members of the Company;

1.3 the written resolutions of the board of Directors dated [ ] 2006;

1.4 the written resolutions of the shareholders of the Company dated [ ]

2006;

1.5 a certificate from a Director of the Company addressed to this firm dated [ ] December 2006, a copy of which is attached hereto (the "DIRECTOR'S **CERTIFICATE");**

1.6 a certificate of good standing issued by the Registrar of Companies (the **"CERTIFICATE OF GOOD STANDING"); and**

1.7 the Registration Statement.

2 ASSUMPTIONS

Save as aforesaid we have not been instructed to undertake and have not undertaken any further enquiry or due diligence in relation to the transaction the subject of this opinion. The following opinions are given only as to and based on circumstances and matters of fact existing at the date hereof and of which we are aware consequent upon the instructions we have received in relation to the matter the subject of this opinion and as to the laws of the Cayman Islands as the same are in force at the date hereof. In giving this opinion, we have relied upon the completeness and accuracy (and assumed the continuing completeness and accuracy as at the date hereof) of the Director's Certificate as to matters of fact and the Certificate of Good Standing without further verification and have relied upon the following assumptions, which we have not independently verified:

(i) Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.

(ii) The genuineness of all signatures and seals.

(iii) There is no contractual or other prohibition (other than as may arise by virtue of the laws of the Cayman Islands) binding on the Company or on any other party prohibiting it from entering into and performing its obligations.

3 OPINION

The following opinions are given only as to matters of Cayman Islands law and we have assumed that there is nothing under any other law that would affect or vary the following opinions.

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

3.1 The Company has been duly incorporated as an exempted company with limited liability for an unlimited duration and is validly existing under the laws of the Cayman Islands.

3.2 The authorised share capital of the Company is US$50,000 divided into 500,000,000 shares of par value US$0.0001 each, including 400,000,000 Ordinary Shares and 100,000,000 series A convertible preference shares.

3.3 The issue and allotment of the Ordinary Shares has been duly authorised. When allotted, issued and paid for as contemplated in the Registration Statement and registered in the register of members (shareholders), the Ordinary Shares will be legally issued and allotted, fully paid and non-assessable.

3.4 Ordinary Shares to be sold by the Selling Shareholders have been legally and validly issued as fully paid and non-assessable.

4 QUALIFICATIONS

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in the Registration Statement or otherwise with respect to the commercial terms of the transactions the subject of this opinion.

We hereby consent to the use of this opinion in, and the filing hereof as an Exhibit to, the Registration Statement and to the reference to our name under the headings "Enforceability of Civil Liabilities" and "Taxation" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/S/ MAPLES AND CALDER

MAPLES AND CALDER

Exhibit 8.2

December 11, 2006

Solarfun Power Holdings Co., Ltd.
666 Linyang Road
Qidong, Jiangsu Providence 226200
People's Republic of China

Ladies and Gentlemen:

We are acting as counsel to Solarfun Power Holdings Co., Ltd., an exempted company with limited liability incorporated in the Cayman Islands (the "Company") in connection with the preparation of the registration statement on Form F-1 (the "Registration Statement") and the related prospectus (the "Prospectus") with respect to Company American depositary shares (the "ADSs") representing Company ordinary shares (the "Ordinary Shares") to be offered in the Company's initial public offering. The Company is filing the Registration Statement with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"). Any defined term used and not defined herein has the meaning given to it in the Prospectus.

For purposes of the opinion set forth below, we have, with the consent of the Company, relied upon the accuracy of the Registration Statement and the Prospectus.

Based upon and subject to the foregoing, and based upon the Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, judicial decisions, revenue rulings and revenue procedures of the Internal Revenue Service, and other administrative pronouncements, all as in effect on the date hereof, it is our opinion that, subject to the limitations set forth therein, the discussion contained in the Prospectus under the caption "Taxation - United States Federal Income Taxation" is an accurate summary of the material United States federal income tax consequences to U.S. Holders of the acquisition, ownership and disposition of the ADSs and the Ordinary Shares under currently applicable law. We adopt such discussion as our opinion.

Our opinion is based on current United States federal income tax law and administrative practice, and we do not undertake to advise you as to any future changes in United States federal income tax law or administrative practice that may affect our opinion unless we are specifically retained

to do so. Further, legal opinions are not binding upon the Internal Revenue Service and there can be no assurance that contrary positions may not be asserted by the Internal Revenue Service.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement and to the reference to us in the Prospectus. In giving such consent, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Act and the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ SHEARMAN & STERLING LLP

L.E.C.

Exhibit 10.1

SOLARFUN POWER HOLDINGS CO., LTD.
2006 SHARE OPTION PLAN

1. TOTAL NUMBER OF OPTIONS ISSUED:

The total number of options (the "Options") issued under the 2006 Share Option Plan (the "Plan"), once vested, shall be for 10,799,685 Shares.

Basis for calculation:

The total number of Options that may be granted to the employees of the Company prior to the IPO shall be 179,994,754 x 6% = 10,799,685, representing 6% of the total number of Shares (179,994,754) following the series A share subscription.

2. TIME FOR THE IMPLEMENTATION (GRANT) OF OPTIONS:

The Options shall be granted on November 30, 2006. Each option shall be exercisable into one Share subject to vesting.

3. PROVISIONS AND TERM FOR EXERCISE OF OPTIONS

(i) The Company shall enter into a separate agreement with each of its employees who will be granted the Options which generally shall be vested in five years in equal portions.

(ii) The vesting schedule of the Options for professionals specially drawn into the Company, independent directors or the Company's advisors may be less than five (5) years, where the board of directors deems necessary and appropriate.

(iii) The Options, once vested, may be exercised at any time prior to November 29, 2016; provided, however, that any Shares received upon the exercise of the Options either prior to or after the IPO of the Company may not be sold until twelve (12) months after the IPO of the Company. Any Options that have not been exercised by November 30, 2016 shall become null and void.

4. EXERCISE PRICE OF OPTIONS

The exercise price of the Options granted under the Plan shall be as determined by the Board of Directors.

5. ADJUSTMENT OF EXERCISE PRICE OF OPTIONS

Upon the Company's distribution of shares in lieu of payment of dividend, distribution of shares out of the increased capital which is converted from the capital reserve, rights offering or issuance of new shares, the exercise price may be adjusted according to the following formula on the basis of the exercise price set at the time of grant:

In the case of Share distribution:

Post-adjustment exercise price = Pre-adjustment Exercise Price/ (1+ number of shares to be distributed for each Share then held);

In the case of rights offering:

Post-adjustment exercise price = (Pre-adjustment exercise price + per Share price for the shares to be issued pursuant to the rights offering * number of shares to be issued for each Share then held)/(1+ number of shares to be issued for each Share then held);

In the case of issuance of new shares: the exercise price shall be adjusted in the same way as in the case of rights offering.

6. MANAGEMENT REGULATIONS ON THE GRANT OF OPTIONS

(i) The Company will enter into a Share Option Agreement with its employees in which each employee who has been granted the Options shall undertake to work for the Company for five (5) years starting from the Grant Date, or for such term as is otherwise specified in the individual Share Option Agreement. In the event that any employee resigns prior to the expiration of such term, the employee shall only be entitled to the vested Options, and the Options that have been granted to but not yet vested in him/her will be forfeited to the Company.

(ii) In the event that any Option holder stops providing services due to his/her resignation, dismissal, retirement, incapacity or death, the Options granted hereunder shall be treated as follows:

A. Upon the resignation of an Option holder from the Company, any Options vested in him/her must be exercised within three (3) months of his/her resignation or shall become null and void and any Options granted to but not yet vested in him/her shall become null and void;

B. Upon the dismissal of an Option holder by the Company, the Options granted to him/her shall be treated as follows:

1) where the Option holder is dismissed because he/she has caused material damage to the Company (including as a result of his/her serious dereliction of duty, willful misconduct, gross negligence or criminal conviction), any Options granted to him/her, shall become null and void;

2) where the Option holder is otherwise dismissed by the Company for any other reason, the Options granted to him/her shall be treated in the same way as described in (A) above.

C. Upon the retirement of an Option holder from the Company, any Options vested in him/her shall be exercised within three (3) months as of his/her retirement and any Options granted to but not yet vested in him/her shall become null and void.

D. The "incapacity of an Option holder" means that such Option holder is incapacitated due to lack of capacity for conduct, therefore unable to continue to perform the duties assigned to him/her. In such case, the Options granted to such Option holder may be held on his/her behalf by his/her guardian shall be exercised within three (3) months as of the date of his/her becoming incapacitated and any Options granted to but not yet vested in him/her shall become null and void.

E. Upon the death of an Option holder, the Options granted to him/her may be held by the heir designated by him/her her in his/her will or a statutory heir of him/her, and any Options vested in such Option holder must be exercised within three (3) months of his/her death or shall become null and void and any Options granted to but not yet vested in him/her shall become null and void.

F. Notwithstanding the foregoing, if any of the events referred to in the Article 6(ii)(A) to 6(ii)(E) occurs, so that the Options cannot be exercised within three months due to certain reasons, including that additional time for registration or administrative procedures might be required, then the Option holder, or his or her guardian, or his or her designated heir, as applicable, shall submit a written application for extension of such exercise period. The three-month period shall be extended upon the approval of either the Board of Directors or the Compensation Committee.

(iii) Any employee or director or advisor who has been granted the Options or any of his/her successors may not transfer, pledge or set off any debt with, any Option granted to him/her (whether or not vested in him/her).

(iv) The Board of Directors will formulate the following additional Option related documentation:

1) Detailed Implementing Rules of the 2006 Share Option Plan;

2) Share Option Agreement;

3) Share Option Register;

4) Share Option Exercise Application;

5) Share Option Exercise Notice.

7. FINANCIAL TREATMENT OF THE EXERCISE OF OPTIONS

The funds paid by the Option holders for the exercise thereof shall become part of the paid-in capital of the Company, and the Shares received as a result of such exercise shall be included in the total share capital of the Company.

8. OTHER PROVISIONS INVOLVED IN EXERCISE OF OPTIONS

(i) Taxation

An Option holder shall, in accordance with applicable laws and regulations, at his/her own expense, pay any tax imposed on the income received by him/her as a result of his/her exercise and realization of any Options.

(ii) An Option holder shall, in accordance with the regulations of SAFE and other relevant governmental authorities, perform his/her obligations with respect to the income received by him/her as a result of his/her exercise and realization of any Options, and shall solely assume the liabilities caused by his/her failure to perform any such obligations.

(iii) The Company shall engage a securities broker to assist the Option holders with the matters relating to Share/ADS sales and purchase, individual income tax withholding and foreign exchange related issues.

10. RESTRICTIONS ON RIGHTS ATTACHED TO OPTIONS

An Option holder shall not have the rights as a shareholder of the Company. He/she shall not obtain the rights as a holder of Shares of the Company until after he/she has exercised any Options granted to him/her, including the right to receive dividends, the right to receive distributed Shares, the right to vote and the right to participate in corporate governance enjoyed by holders of Shares.

11. ACQUISITION, MERGER OR SHARE SPLIT

In case of a split or combination of the original shares of the Company, the Options granted to each employee, whether exercised or not, shall be split or combined at the same ratio.

12. MISCELLANEOUS

(i) The term "Shares" used herein shall mean the ordinary shares of Solarfun Power Holdings Co., Ltd., a company incorporated in Cayman Islands.

(ii) The term "Exercise Price" used herein shall mean the per Share price at which an Option holder entitled to purchase the Shares of the Company under the Options vested in him/her, as adjusted pursuant to
Section 5 herein.

(iii) The term "Grant Date" used herein shall mean the date on which the relevant Option holder is granted the relevant Options by the Company.

(iv) The term "Exercise Date" used herein shall mean the date on which the relevant Option holder may purchase the Shares of the Company at the price set forth in the Options granted to him/her.

(v) Any doubt about the Options under this Plan shall be subject to the interpretation by the Board of Directors or the Compensation Committee thereunder

(vi) If a Grant Date or vesting date falls on a public holiday, the grant or vesting shall be postponed to the first business day immediately after such public holiday.

Exhibit 10.2

FORM EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (the "Agreement") is signed on June 19, 2006 in Qidong, the People's Republic of China ("China"), between:

Jiangsu Linyang Solarfun Co., Ltd. (the "Company"), a company organized and existing under the laws of the People's Republic of China, and

[-] (the "Employee"), an individual residing at [-].

ARTICLE 1. GENERAL PROVISIONS

1.1 EMPLOYMENT

The Company hereby offers formal employment to the Employee and the Employee hereby agrees to be employed by the Company, as Vice President, and shall perform all services appropriate to that position, as well as such other services as may be assigned by the Company. The Employee shall devote its best efforts and full-time attention to the performance of its duties.

ARTICLE 2. TERM

2.1 TERM

The term of this Agreement shall commence on June 19, 2006 (the "Start Date") and shall continue for a period of three (3) years from the date of commencement (the "Term"), unless this Agreement is earlier terminated in accordance with its terms.

2.2 RENEWAL OF AGREEMENT

The Term may be renewed for additional periods from the scheduled expiration of the Term by written agreement between the parties. Negotiation to renew the Term shall be held at least sixty (60) days prior to the scheduled expiration of the Term.

ARTICLE 3. SCOPE OF WORK

3.1 SCOPE OF WORK

As Vice President, the Employee's responsibilities shall include (but are not necessarily limited to) the following areas:

- As determined by the Board of Directors of the Company or the CEO of the Company.

The Employee shall be subject to the direction of the Company, which shall retain full control of the means and methods by which it performs the above services and of the place(s) at which all services are rendered. The Employee shall be expected to travel if necessary or advisable in order to meet the obligations of its position.

3.2 DUTIES OF EMPLOYEE

During the Term, the Employee shall be employed by the Company on a full-time basis and the Employee shall diligently perform the Employee's duties, work in co-operation with the Employee's colleagues, and observe the terms of this Agreement and the applicable regulations and guidelines of the Company, including the work rules contained in the Company's employee handbook (the "Employee Handbook").

ARTICLE 4. REMUNERATION AND BENEFITS

4.1 BASE SALARY

In consideration of the services to be rendered under this Agreement, the Company shall pay the Employee an initial monthly gross salary determined by the compensation committee of the board of directors of the Company, payable as specified below and pursuant to the Company's usual payroll practices. The Company shall review annually the Employee's compensation and shall determine whether and how much the existing compensation shall be adjusted, with reference to the policy or practice that the Company may have for adjusting salaries. All compensation and comparable payments to be paid to the Employee under this Agreement shall be less withholdings required by applicable law.

The Employee's salary shall be paid monthly in arrears at the end of each month or no later than five (5) days from the end of each month and shall be paid directly to the Employee or through the Employee's bank account. In the event this Agreement is terminated prior to the end of the Term, the Employee's salary shall be pro rated accordingly.

4.2 WORKING HOURS

Normal work hours shall be eight (8) hours each day not including meals and rest, five (5) days per week, Monday to Friday, for a total of forty (40) hours per week. It may be necessary to work outside normal office hours and on weekends from time to time. The parties agree that the Employee's salary specified in Article 4.1 above takes into consideration the work the Employee may undertake outside normal office hours and that the Employee's working hours shall be the "Flexible Work Hours", which can ensure the proper completion of the Employee's work assignments hereunder to the satisfaction of the Company; therefore, no additional amounts are payable for work outside normal office hours.

4.3 BONUS AND OPTION

The Employee will be eligible to participate in the Company's annual performance bonus scheme and any stock option or incentive plan approved and adopted by the board of directors of the Company.

4.4 BENEFITS

The Employee shall be entitled to insurance and other benefits commensurate with the Employee's position in accordance with the Company's standard policies in effect from time to time. The Employee shall also be entitled to ten (10) days of paid vacation in the first year of

employment and the number of days of such paid vacation shall be increased in the following years of employment. All benefits shall begin to accrue on the Effective Date. In the event this Agreement is terminated prior to the end of the Term, benefits shall be pro rated accordingly.

4.5 EXPENSES

The Company shall reimburse the Employee for reasonable travel and other business expenses incurred by the Employee in the performance of its duties, in accordance with the Company's policies, as they may be amended in the Company's sole discretion.

ARTICLE 5. REPRESENTATION

5.1 CONFLICTING AGREEMENTS

The Employee hereby represents and warrants that the execution of this Agreement and the performance of the Employee's obligations hereunder will not breach or be in conflict with any other agreement to which the Employee is a party or is bound and that the Employee is not now subject to any covenants against competition or similar covenants that would affect the performance of the Employee's obligations under this Agreement. The Employee will not disclose to or use on behalf of the Company any proprietary information of a third party without such party's consent.

ARTICLE 6. TERMINATION OF EMPLOYMENT

6.1 TERMINATION BY COMPANY WITHOUT ADVANCE NOTICE

The Company may, without advance notice, terminate this Agreement under any of the following circumstances:

(a) The Employee seriously violates the internal rules or labor discipline of the Company;

(b) The Employee commits an act of serious dereliction of duty or graft, which causes significant harm to the Company's interest;

(c) The Employee is sentenced for a criminal offence; or

(d) Other circumstances that may give rise to immediate termination of employment pursuant to the applicable PRC laws and regulations.

6.2 TERMINATION BY COMPANY WITH ADVANCE WRITTEN NOTICE

The Company may terminate this Agreement with thirty (30) days advance written notice to the Employee under any of the circumstances set forth below:

(a) The Employee is incompetent for his/her job and such incompetence can not be cured through training or transfer of working positions;

(b) The Employee suffers a non-occupational disease or injury, and can perform neither his/her current work assignment nor his/her new work assignment after expiration of the statutory medical treatment period for his/her non-occupational disease or injury;

(c) A substantial change of circumstances which renders performance of this Agreement impossible and attempts at re-negotiating a new agreement fails; or

(d) The Company has to layoff its staff due to (i) legal reorganization caused by approaching bankruptcy, or (ii) serious difficulties in its production operations.

6.3 NO TERMINATION BY THE EMPLOYEE

The Employee may not terminate his employment during the Term, provided that he has received special benefits from the Company, including without limitation the housing or automobile allowances, stock option or any other incentive plan.

6.4 AUTOMATIC TERMINATION

This Agreement shall be terminated automatically upon the occurrence of any of the following circumstances:

(a) The Company dissolved or declared bankrupt according to the relevant laws and regulations;

(b) The Employee reaches the legal retirement age; or

(c) The Employee dies.

6.5 SEVERANCE

Without prejudice to any other rights under the applicable laws, if the Employee's employment with the Company is terminated pursuant to Articles 6.2, the Employee shall be entitled to a severance package in accordance with applicable laws and regulations.

ARTICLE 7. EMPLOYEE'S OBLIGATION

7.1 TERMINATION OBLIGATIONS

Upon termination of this Agreement, the Employee agrees that all property, including, without limitation, all equipment, tangible Confidential Information (as defined below), documents, records, notes, contracts, and computer-generated materials furnished to or prepared by the Employee incident to its employment belongs to the Company and shall be returned promptly to the Company upon termination of the Employee's employment.

Following any termination of the Term, the Employee shall fully cooperate with the Company in all matters relating to the winding up of pending work on behalf of the Company and the orderly transfer of work to other employees of the Company. The Employee shall also cooperate in the

defence of any action brought by any third party against the Company that relates in any way to the Employee's acts or omissions while employed by the Company.

7.2 OTHER ASSOCIATION

During the Term of this Agreement, the Employee shall neither directly nor indirectly alone or in association with others be connected with or undertake any other business or professional activity, including employment, without the prior written permission of or express authorization by the Company.

7.3 DUE PRACTICE

The Employee shall not, and shall not direct any other person to, offer, promise or give to any government official, any political party or official thereof, any candidate for political office, or any other person any money or any other thing of value while knowing or having reason to know that all or a portion of such money or thing of value will be offered, promised, or given directly to any of those listed above for the purpose of influencing any action, omission, or decision by the recipient in order to obtain or retain business for the Company or to direct business to another.

ARTICLE 8. CONFIDENTIALITY; INVENTIONS; NON-COMPETITION; NON-SOLICITATION

8.1 CONFIDENTIALITY

The Employee hereby acknowledges that the Company has and owns certain confidential information and trade secrets that are not accessible to the public, are capable of generating economic benefits, have certain tangible value, and that the Company has adopted appropriate measures to safeguard these confidential information and trade secrets (the "Confidential Information"). Due to his/her position in the Company, the Employee is capable of acquiring and being knowledgeable of such Confidential Information. Confidential Information includes the following information and data: management and service processes, technology, sales, marketing, customer information, finances and other information of the Company or any business entity affiliated with the Company, and information relating to the products, procedures, business and services of the Company.

Upon termination of this agreement, the Employee will return to the Company all files, materials and the photocopies thereof, software, diskettes, hard drive and laser discs belonging to the Company or relating to the Confidential Information.

The Employee hereby agrees and warrants that, during the term of this agreement and in the years thereafter, the Employee shall not use the Confidential Information of the Company for his/her personal purposes or personal gains or for any purpose other than the Employee's performance of the Employee's duties and obligations under this Agreement. Unless otherwise permitted by the Company in writing, the Employee also agrees that, during the term of this agreement and after termination of this agreement, he/she shall not disclose any such Confidential Information to any company or person, organization or entity for any purpose and in any manner, except (a) to the Company's employees at the request of the Company, or (b) as

required by law, regulation, governmental order, or order of any competent court. The Employee further acknowledges that the Company owns the absolute title to such Confidential Information, and the Employee will not raise any objection or claim any right to the ownership to such Confidential Information, and that, without the written approval of the Company, the Employee shall not apply for any registration or filing of the ownership right to the Confidential Information in any place of the world under his/her or any other person or Company's name.

8.2 INVENTIONS

If, during the term of this Agreement, the Employee performs work that results in the development of any inventions relating to processes, products or formulations (the "Inventions"), such Inventions shall be the exclusive property of the Company, and the Employee shall promptly disclose the Inventions to the Company, and shall take all necessary steps, including the execution of documents, to vest title and ownership of the Inventions in the Company. Notwithstanding the foregoing and subject to complying with Article 7.2, the Employee shall have the right to retain ownership of all patents obtained on any Inventions made by the Employee during the Employee's non-working hours, and without use of or reference to the Company's facilities, Confidential Information or materials.

8.3 NON-COMPETITION

For so long as this Agreement is in effect and three (3) years thereafter, the Employee shall not (i) compete with the Company, (ii) directly or indirectly own, acquire, operate, become an employee of, render services to or participate in the management of or invest in or loan any funds to any Person that competes or is reasonably expected to compete with the Company or (iii) solicit, canvass or entice away any director, officer, employee (including any part-time, regular, contract or fixed term director, officer or employee) to work for or otherwise render services to any other Person. To the extent any applicable PRC law expressly requires the Company to compensate the Employee for the Employee's compliance with this Article 8.3 during the abovementioned three (3) years of post-employment non-compete period, the Company shall compensate the Employee in accordance with such law.

ARTICLE 9. REMEDIES

9.1 DAMAGES

Breach of any of the provisions of this Agreement may lead to disciplinary action, instant dismissal or other action against the Employee. The Employee shall be held liable for any damage caused by a serious non-observance of the rules and regulations of the Company and for any breach of this Agreement.

ARTICLE 10. DISPUTE RESOLUTION

10.1 DISPUTE RESOLUTION

The parties shall settle labour disputes in accordance with the following procedure:

a. The parties shall first settle any dispute arising from the performance of this Agreement through consultation.

b. Should such consultation fails; any party may submit such dispute to the local Labour Dispute Arbitration Commission within sixty (60) days after the occurrence of the dispute.

c. If any party is not satisfied with the award of the Labour Arbitration Commission, such party may bring a lawsuit at the local People's Court within fifteen (15) days after receiving such award.

ARTICLE 11. MISCELLANEOUS

11.1 COMPANY RULES

The Employee Handbook, as amended from time to time, and other rules and materials issued by the Company from time to time shall form part of the terms and conditions of this Agreement.

11.2 WAIVER

No failure to exercise and no delay in exercising any right, remedy, or power under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power under this Agreement preclude any other or further exercise thereof, or the exercise of any other right, remedy, or power provided herein or by law or in equity.

11.3 SUCCESSORS AND ASSIGNS

Neither party may assign this Agreement or the rights and obligations hereunder to any third party; provided, however, that the Company may assign its rights and obligations under this Agreement to a successor entity to the Company as the result of a merger or other corporate reorganization and which continues the business of the Company, or to any subsidiary of the Company.

11.4 GOVERNING LAW; SEVERABILITY

The formation, validity, interpretation, execution, amendment and termination of this Agreement shall be governed by the laws of China. If this Agreement at any time conflicts with any applicable law and regulation, the Company and the Employee will comply with all legal requirements and shall promptly amend this Agreement accordingly. In the event any of the provisions of this Agreement shall be held by a court or other tribunal of competent jurisdiction to be unenforceable, the other provisions of this Agreement shall remain in full force and effect.

11.5 ENTIRE AGREEMENT; AMENDMENT

This Agreement (i) shall come into effect when it is signed by the parties, (ii) contains a complete statement of all the arrangements between the parties with respect to the Employee's employment by the Company, (iii) supersedes all prior and existing negotiations and agreements between the parties concerning the Employee's employment and (iv) can only be changed or

modified pursuant to a written instrument duly executed by the Employee and by a duly authorized representative of the Company other than the Employee.

11.6 FORCE MAJEURE

The obligations of the Company under this Agreement shall be suspended during the period and to the extent of the Company is prevented or hindered from the complying therewith by "Force Majeure." In such event, the Company shall give notice to the Employee in writing of such suspension as soon as reasonably possible, stating the date and extent of such suspension and the cause thereof. In the event that the Company reasonably believes that the "Force Majeure" is likely to have a permanent effect, this Agreement will be terminated immediately and the Employee will be compensated up to the date of termination.

"Force Majeure" means any cause beyond the reasonable control of the Company including but not limited to acts of God, wars, strikes, lock-outs, labor disputes and compliance with any law, order, rule, regulation or direction of any government, governmental agency or authority or state-owned enterprise.

11.7 LANGUAGE

This Agreement is executed in English and Chinese.

IN WITNESS WHEREOF, the Company and the Employee have caused this Agreement to be executed on the date first written above.

By:
Name:
Title:

By:
Name:

Confidential Exhibit 10.3

(English Translation of the Original Contract in Chinese)

SILICON SUPPLY AGREEMENT

Contract Number: SFBE-061111-LDK
Place of Signing: 666 Linyang Road, Qidong
Date of Signing: November 11, 2006

The Seller: Jiangxi LDK Solar Hi-Tech Co., Ltd. The Buyer: Jiangsu Linyang Solarfun Co., Ltd.

Based on the status of the performance of Contracts 2005-LY1208, 2006-LY0528 and LDK20060727ZLB, and taking into consideration of the needs of both parties in the course of their development, the Seller and the Buyer hereby enter into this Agreement on Amendments to Product Supply Contracts (this "Agreement") after friendly negotiations.

Article 1. Contract 2005-LY1208 shall be terminated with respect to the unperformed obligations thereunder. Such unperformed obligations consist of 1.38 million pieces of silicon wafers that shall be but have not been supplied to the Buyer by the Seller under such contract, and RMB37,521,120 that has been prepaid by the Buyer to the Seller under such contract for the purpose of such silicon wafers.

Article 2. Contract 2006-LY0528 shall be terminated with respect to the unperformed obligations thereunder. Such unperformed obligations consist of 1.98 million pieces of silicon wafers that shall be but have not been supplied to the Buyer by the Seller under such contract, and RMB57,087,744 that has been prepaid by the Buyer to the Seller under such contract for the purpose of such silicon wafers.

Article 3. Contract LDK20060727ZLB shall be terminated with respect to the unperformed obligations thereunder. Such unperformed obligations consist of 0.25 million pieces of multicrystalline silicon wafers (converted from the quantity of the unsupplied products) that shall be but have not been supplied to the Buyer by the Seller under such contract, and RMB12,648,500 that has been prepaid by the Buyer to the Seller under such contract for the purpose of such silicon wafers.

Article 4. The Commissioned Processing Contract 2005-LY1209 shall be terminated. Notwithstanding such termination, the Seller shall, prior to November 25, 2006 perform all of its obligations to complete the processing of those products that has actually been commissioned to it by the Buyer.

Article 5. The Cooperation Agreement dated December 16, 2005 by and between the parties hereto shall be terminated and any obligations thereunder the performance of which has been commenced shall continue to be performed in accordance with the original provisions thereof.

The above five contracts shall hereinafter be referred to collectively as the "Terminated Contracts."

Article 6. Any shortfall in the quantity of, and any unqualified or otherwise defective silicon wafers in, any batch of the silicon wafers that has been delivered as a result of the performance of any of the Terminated Contracts, shall be made up or replaced prior to December 25, 2006, as the case may be.

Article 7. Any and all the deposits and advance payments paid for the purpose of those products that are left unsupplied under the Terminated Contracts shall be converted into the advance payments under this Agreement. The amount of such deposits and advance payments shall be determined as RMB98,952,900.80 for the time being. The parties hereto agree that the accurate amount of such advance payments so converted shall be subject to the final amount mutually confirmed by the accounting departments of the parties hereto subsequently. If such final amount is higher than RMB98,952,900.80, then the excess shall be repaid by the Seller to the Buyer or vice versa.

Article 8. The parties hereto agree that beginning from December 2006 they shall perform this Agreement as follows:

Agreed quantity, name , technical specifications, price and delivery schedule of the subject products:

NAME OF SUBJECT PRODUCT	TECHNICAL SPECIFICATIONS	QUANTITY	PRETAX UNIT PRICE (RMB YUAN/PIECE)	DELIVERY SCHEDULE
Multicrystalline Silicon Wafer	1. DIMENSIONS OF SUBJECT SILICON WAFERS: 1.1 Contour of subject silicon wafers: 125x125+/-0.5mm 1.2 Thickness of subject silicon wafers: 240+/-20(u)m 1.3 Total thickness variation(TTV): 0.03mm 1.4. Vertical angle: diagonal lines in the internal square having equal length, within a tolerance of +/-0.5mm 1.5 Flexibility: < or = 0.035mm 2. TECHNICAL PARAMETERS 2.1 Resistivity: 0.5 ~ 2 (ohm symbol).cm 2.2 Type of electric conduction: Type P 2.3 Minority carrier lifetime: > or = 2 (u)s 2.4 Oxygen concentration: <1x10(18)at/cm(3) 2.5 Carbon concentration: <5x10(17)at/cm(3) 3. SURFACIAL QUALITY: 3.1 Notch: notch of crystal orientation on any subject silicon wafer shall be no bigger than 1x0.3mm, and there shall be no more than two notches on any subject	4 million pieces	[*]	For each month from December 2006 to March 2007, 0.35 million pieces shall be delivered; for each month from April to May in 2007, 0.55 million pieces shall be delivered; for each month from June to July in 2007, 0.75 million pieces shall be delivered. The silicon wafers to be supplied hereunder shall be delivered by equal batches every ten days.

* Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

NAME OF SUBJECT PRODUCT	TECHNICAL SPECIFICATIONS	QUANTITY	PRETAX UNIT PRICE (RMB YUAN/PIECE)	DELIVERY SCHEDULE
	silicon wafer. 3.2 Broken edge: any subject silicon wafer does not allow a broken edge bigger than 1x0.5 mm or more than two broken edges. 3.3 Any subject silicon wafer does not allow any crack or conspicuous mark left by a knife-cut or pit. 3.4. The surface of any subject silicon wafer does not allow any stain or abnormal spot.			
Total Price		[*]		

Article 9. Quality requirements, technical standards and conditions on which and term during which the Seller shall be responsible for the quality of the subject silicon wafers: as set forth above in this Agreement.

Article 10. Place and manner of delivery: The subject products shall be delivered to the warehouse of the Buyer.

Article 11. Manner and cost of transportation: The subject products hereunder shall be delivered to the Buyer by means of road transportation at the Seller's expense.

Article 12. Packaging standards and type of packaging materials: Suitable for long-distance transportation.

Article 13. Standards and method of inspection and period for objection:
After each delivery of the silicon wafers to the Buyer, the Buyer shall before warehousing, conduct full surface inspection of such silicon wafers pursuant to the specifications set forth herein. Where it has been discovered in the course of such inspection that there is any shortfall in the quantity of such batch of the silicon wafers so delivered either due to the inconsistency between the delivered quantity and the shipped quantity or the breakage of certain silicon wafers, such shortfall, after being confirmed by the parties hereto, shall be made up within ten days. In addition to that, any serious quality problem that may arise in the production process of the subject products shall be resolved through consultations between the parties hereto.

Article 14. Terms of and period for payment: Price for the subject products to be supplied hereunder shall be paid as follows:

(1) For each batch of the subject products to be delivered during the period from December 2006 to March 2007, 60% of the price for such batch of the subject products shall be deducted from the advance payments. In other words, RMB [*] shall be deducted each month if the delivery schedule set forth above is followed. The remaining 40% of the price shall be paid within 7 days as of the Buyer's acceptance of such batch of the subject products. In other words,

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RMB [*] shall be paid each month if the delivery schedule set forth above is followed.

(2) For each batch of the subject products to be delivered during the period from April to May in 2007, 60% of the price for such batch of the subject products shall be deducted from the advance payments. In other words, RMB [*] shall be deducted each month if the delivery schedule set forth above is followed. The remaining 40% of the price shall be paid within 7 days as of the Buyer's acceptance of such batch of the subject products. In other words, RMB [*] shall be paid each month if the delivery schedule set forth above is followed.

(3) For each batch of the subject products to be delivered during the period from June to July in 2007, 60% of the price for such batch of the subject products shall be deducted from the advance payments and RMB[*] shall be deducted each month if the delivery schedule set forth above is followed. The remaining 40% of the price for each batch of the subject products delivered shall be paid within 7 days as of the Buyer's acceptance of such batch of the subject products and RMB[*] shall be paid each month if the delivery schedule set forth above is followed.

Where the advance payment then left is not enough for any deduction, the Buyer shall make up the shortfall in a timely manner. For the Buyer's payment for each batch of the subject products actually delivered, the Seller shall issue to the Buyer a VAT invoice in a full amount.

Article 15. Term of this Agreement. This Agreement shall come into effect upon execution and expire upon the full performance hereof.

Article 16. In the event that either party hereto fails to perform any of its obligations hereunder, the non-breaching party may hold the breaching party liable for damages arising from such failure. Where the quantity of the subject products actually delivered during any month is less than 90% of the agreed quantity, the Seller shall pay liquidated damages to the Buyer each day which shall be equal to 5% of the total consideration of this Agreement. In such case, the Buyer shall have the right to terminate this Agreement at its sole discretion and request the Seller, within 6 days as of its receipt of the Buyer's notice for termination of this Agreement, to refund any and all the paid advance payments that are left by then and pay the interest accrued thereon at the interest rate of 7 0/00/month for the period when such advance payments have been occupied by the Seller. In addition to that, the Seller shall pay liquidated damages to the Buyer which shall be twice as much as 20% of the payment for the subject products that are left unsupplied in such month.

Article 17. Any dispute in connection with the performance of this Agreement shall be settled through negotiations between the parties hereto.

If no settlement can be reached

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through such negotiations, the parties hereto agree that the dispute shall be submitted to Shanghai Arbitration Commission for its arbitration.

Article 18. Miscellaneous. The parties hereto agree that the unit price for the 0.35 million pieces of the 125x125 multicrystalline silicon wafers delivered during November 2006 shall be determined as RMB
[*]/piece. Based on the premise that such agreement is performed, the unit price of the 0.3392 million pieces of the 125x125 multicrystalline silicon wafers delivered during October 2006 shall be determined as RMB [*]/piece. The unit price of any silicon wafers delivered during November 2006 other than the above 0.35 million pieces shall be subject to the unit price set forth herein above.

The Seller	The Buyer
Corporate name: Jiangxi LDK Solar Hi-Tech Co., Ltd. (company seal)	Corporate name: Jiangsu Linyang Solarfun Co., Ltd.(company seal)
Address: Xinyu Economic and Technological Development Zone, Jiangxi Province	Address: 666 Linyang Road, Qidong, Jiangsu Province
Legal Representative: Zhu Liangbao (signature) Authorized Agent:	Legal Representative: Lu Yonghua (signature) Authorized Agent:
Dated: November 14, 2006	
Tel: 0790-6860061 Fax: 0790-6860085	Tel: 0513-3115763 Fax: 0513-3115763
Bank of Deposit: Account No.: Tax No.:	Bank of Deposit: Bank of China, Qidong Branch, Business Department Account No.: 647032159808091001 Tax No.: 320681765140726

* Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

Exhibit 10.4

(English Translation of the Original Contract in Chinese)

SILICON SUPPLY COOPERATION AGREEMENT

Whereas, Jiangsu Linyang Solarfun Co., Ltd. (hereinafter referred to as "Solarfun") has been striving to grow into an internationally recognized PV cell manufacturer; and

Whereas, Solarfun and Jiangxi LDK Solar Hi-Tech Co., Ltd. (hereinafter referred to as "LDK") desire to establish a strategic partnership between them to achieve a win-win result and mutual development on the principle of equality and good faith and following the guideline of "Open, Timely and Dynamic Adjustment".

NOW, THEREFORE, after friendly negotiations, Solarfun and LDK hereby reach the following agreement for the purchase and sale of multicrystalline silicon wafers:

1. In the case of shortage of multicrystalline silicon materials, LDK shall supply multicrystalline silicon wafers it manufactures to Solarfun to the maximum extent possible. While in the case of relative excess of the materials, Solarfun shall, on a priority basis, purchase and consume the multicrystalline silicon wafers manufactured by LDK at the price then prevailing at the international market.

2. Based on the result of the cooperation between them during 2006 and in view of the development plan of LDK, Solarfun and LDK have agreed that from July 1, 2007 to June 30, 2008 LDK shall supply Solarfun with the multicrystalline silicon wafers necessary for the production of 16,200,000 pieces of multicrystalline silicon PV cells, including 15,000,000 pieces of multicrystalline silicon wafers at the specifications of 156x156, and 1,200,000 pieces of multicrystalline silicon wafers at the specifications of 125x125. Such products shall be delivered to Solarfun by equal installments on a monthly-basis commencing from July 1, 2007.

3. The actual price and thickness of the silicon wafers to be supplied hereunder shall be determined subject to further negotiations based on the actual market conditions and technology development at the relevant time.

4. The specific terms for the cooperation contemplated hereunder shall be executed by the parties hereto subsequently as and when appropriate.

5. This Agreement shall be executed in two (2) originals, with each Solarfun and LDK to hold one (1). This Agreement shall come into effect upon being affixed with the signature of the authorized signatory or the company seal of each Solarfun and LDK hereto.

[signature on the next page]

LDK: JIANGXI LDK SOLAR HI-TECH CO., LTD. (affixed with LDK's company seal)

Signed by: Zhu Liangbao

Dated: November 14, 2006

SOLARFUN: JIANGSU LINYANG SOLARFUN CO., LTD. (affixed with Solarfun's company seal)

Signed by: Lu Yonghua (signature)

Dated: November 14, 2006

Confidential Exhibit 10.5

(English Translation of the Original Contract in Chinese)

SILICON SUPPLY AGREEMENT

Contract Number: SF060706GP
Place of Signing: Qidong, Jiangsu Province
Date of Signing: July 6, 2006

The Seller: ReneSola Co., Ltd.
The Buyer: Jiangsu Linyang Solarfun Co., Ltd.

This Contract is entered into by and between the Buyer and the Seller after friendly negotiations, whereby the Seller agrees to supply silicon wafers to the Buyer as follows.

Article 1. Name of Products, Technical Specifications, Quantity, Price and Delivery Schedule:

NAME OF PRODUCTS	TECHNICAL SPECIFICATIONS	QUANTITY	PRETAX UNIT PRICE (RMB YUAN/PIECE)	DELIVERY SCHEDULE
Monocrystalline Silicon Wafer	1. Type: Type P 2. Width of silicon wafers: 125+/-0.5mm 3. Diameter of silicon wafers: 150+/-0.5mm 4. Thickness of silicon wafers: 220(+30/-0)(u)m 5. Resistivity: 0.5~3 (ohm symbol).cm, 3~6 (ohm symbol).cm 6. Minority carrier lifetime: > or = 8 (u)s 7. Surface damage: <15 (u)m 8. Cutting mode: multi-thread cutting 9. Crystal orientation: (100)+/-1 degree 10. TTV < or = 30 (u)m 11. Vertical angle: 90 degrees+/-0.3 degrees 12. Oxygen concentration: < 1x10(18)at/cm(3) 13. Carbon concentration: < 5x10(16)at/cm(3) 14. Dislocation Density: < or = 3x10(3)/cm(2) 15. Notch: notch of crystal orientation shall be no bigger than 1x0.3mm, and there shall be no more than one notch on each wafer. 16. Broken edge: broken edge of wafers shall be no bigger than 1x0.5 mm, and there shall be no more than one on each wafer. 17. No stain and abnormal spot on surface. No curve under naked eyes.	6 million pieces	[*]	0.4 million pieces shall be supplied per month during the period from January 2007 to June 2007, then 0.6 million pieces shall be supplied per month until December 2007.
Total Price		[*]		

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

Article 2. Quality Requirement and Technical Standards: as set forth above in this Contract.

Article 3. Place and Manner of Delivery: The products shall be delivered to the warehouse of the Buyer.

Article 4. Manner and Cost of Transportation: The Seller shall be responsible for delivery and bear the cost.

Article 5. Packaging Standard: Suitable for long-distance transportation of solar-grade monocrystalline silicon wafers.

Article 6. Standard and Manner of Inspection and Period for Objection: After each delivery of the silicon wafers to the Buyer, the Buyer shall conduct full inspection of such silicon wafers pursuant to the specifications set forth herein before warehousing within a period of one workday for each 30 thousand pieces of silicon wafers. Silicon wafers shall be deemed defective if they are not in conformity with the specifications set forth herein, and the Seller shall remedy the defect by one-to-one replacement within 7 days. If the Buyer discovers during the inspection that the quantity of any silicon wafers delivered is lower than the contract stipulated quantity, the Seller shall make up such shortfall within 7 days.

Article 7. Terms of Payment: After this Contract is signed, the Buyer shall pay RMB30 million by July 12, 2006, another RMB30 million by July 31, 2006, and RMB40 million by August 18, 2006 as deposits. Such deposit totaling RMB100 million will be set off against the payment for each shipment of products on an average basis. The remaining payment for each shipment of products shall be paid based on the actual quantity of such shipment of products within 2 workdays after inspection and warehousing of the products by the Buyer.

Article 8. Effectiveness of the Contract: This Contract shall take effect upon execution and terminate when all the obligations hereunder have been performed.

Article 9. Liabilities for Breach of Contract: (1) If there is delay of payment by the Buyer over 7 workdays, then this Contract shall be terminated. (2) If either party fails to perform any of its obligations hereunder, the breaching party shall pay the non-breaching party liquidated damages equal to 1% of the amount in issue per month and this Contract shall continue in effect.
(3) If this Contract is rendered unable to be performed due to a breach by either party hereto, the breaching party shall be liable under the Contract Law of the People's Republic of China.

Article 10. Any dispute in connection with the performance of this Contract shall be settled through negotiations between the parties hereto. If no settlement can be reached, the dispute shall be submitted for arbitration to the arbitration commission in the place where this Contract is signed.

Article 11. Miscellaneous: This Contract shall become effective after signed by and affixed with Companies' Seals of both parties. This Contract shall be executed in four originals, with each party to hold two. This Contract can be signed by fax. The Seller shall supply no less than 25MW silicon wafers to the Buyer in the year 2008 and the price shall be negotiated separately. The price can vary in accordance with the thickness of silicon wafers.

The Seller	The Buyer
Name of the Company (seal): ReneSola Co., Ltd.	Name of the Company (seal): Jiangsu Linyang Solarfun Co., Ltd.
Address: Yaozhuang Zhen Industrial Park, Jiashan, Zhejiang Province	Address: 666 Linyang Road, Qidong, Jiangsu Province
Legal Representative: Li Xianshou Authorized Agent: Li Xianshou (SIGNATURE)	Legal Representative: Lu Yonghua Authorized Agent: Lu Yonghua (SIGNATURE)
Tel: 0573-4773130 Fax: 0573-4773063	Tel: 0513-83115763 Fax: 0513-83307011
Bank Name: Industrial and Commercial Bank of China, Jiashan Branch Account No.: 1204070009242025955 Tax No.: 330421753019961 Code: 314117	Bank Name: Bank of China, Qidong Branch, Business Department Account No.: 647032159808091001 Tax No.: 320681765140726 Zip Code: 226200

Confidential Exhibit 10.6

(English Translation of the Original Contract in Chinese)

SILICON SUPPLY AGREEMENT

Contract Number: SF060326GP
Place of Signing: Qidong, Jiangsu
Date of Signing: March 26, 2006

The Seller: ReneSola Co., Ltd.
The Buyer: Jiangsu Linyang Solarfun Co., Ltd.

This Contract is entered into by and between the Buyer and the Seller after friendly negotiations, whereby the Seller agrees to supply silicon wafers to the Buyer as follows.

Article 1. Name of Products, Technical Specifications, Quantity, Price and Delivery Schedule:

NAME OF PRODUCTS	TECHNICAL SPECIFICATIONS	QUANTITY	PRETAX UNIT PRICE (RMB YUAN/PIECE)	DELIVERY SCHEDULE
Monocrystalline Silicon Wafer	1. Type: Type P 2. Width of silicon wafers: 125+/-0.5mm 3. Diameter of silicon wafers: 150+/-0.5mm 4. Thickness of silicon wafers: 240+/-30(u)m 5. Resistivity: 0.5~3 (ohm symbol).cm, 3~6 (ohm symbol).cm 6. Minority carrier lifetime: > or = 8 (u)s 7. Surface damage: <15 (u)m 8. Cutting mode: multi-thread cutting 9. Crystal orientation: (100)+/-1 degree 10. TTV < or = 30 (u)m 11. Vertical angle: 90 degrees+/-0.3 degrees 12. Oxygen concentration: < 1x10(18)at/cm(3) 13. Carbon concentration: < 5x10(16)at/cm(3) 14. Dislocation Density: < or = 3x10(3)/cm(2) 15. Notch: notch of crystal orientation shall be no bigger than 1x0.3mm, and there shall be no more than one notch on each wafer. 16. Broken edge: broken edge of wafers shall be no bigger than 1x0.5 mm, and there shall be no more than one on each wafer. 17. No stain and abnormal spot on surface. No curve under naked eyes.	2.5 million pieces	[*]	For the period prior to the end of June 2006, 0.1 million pieces shall be supplied, and for each month thereafter until the end of June 2007, 0.2 million pieces shall be supplied.

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

NAME OF PRODUCTS	TECHNICAL SPECIFICATIONS	QUANTITY	PRETAX UNIT PRICE (RMB YUAN/PIECE)	DELIVERY SCHEDULE
Total Price		[*]		

Article 2. Quality Requirements and Technical Standards: as set forth above in this Contract.

Article 3. Place and Manner of Delivery: The products shall be delivered to the warehouse of the Buyer.

Article 4. Manner and Cost of Transportation: The Seller shall be responsible for delivery and bear the cost.

Article 5. Packaging Standard: Suitable for long-distance transportation of solar-grade monocrystalline silicon wafers.

Article 6. Standard and Manner of Inspection and Period for Objection: After each delivery of the silicon wafers to the Buyer, the Buyer shall conduct full inspection of such silicon wafers pursuant to the specifications set forth herein before warehousing within a period of one workday for each 30 thousand pieces of silicon wafers. Silicon wafers shall be deemed defective if they are not in conformity with the specifications set forth herein, and the Seller shall remedy the defect by one-to-one replacement within 7 days. If the Buyer discovers during the inspection that the quantity of any silicon wafers delivered is lower than the contract stipulated quantity, the Seller shall make up such shortfall within 7 days.

Article 7. Terms of Payment: After this Contract is signed, the Buyer shall pay RMB20 million by March 30, 2006 and another RMB20 million by April 20, 2006, as deposit. Such deposit totaling RMB40 million will be set off against the payment for each shipment of products on an average basis. The remaining payment for each shipment of products shall be paid based on the actual quantity of such shipment of products within 2 workdays after inspection and warehousing of the products by the Buyer.

Article 8. Effectiveness of the Contract: This Contract shall take effect upon execution and terminate when all the obligations under this Contract have been performed.

Article 9. Liabilities for Breach of Contract: (1) If there is delay of payment by the Buyer over 7 workdays, then this Contract shall be terminated. (2) If either party fails to perform any of its obligations under this Contract, the breaching party shall pay the non-breaching party liquidated damages equal to 1% of the amount in issue per month and this Contract shall continue in effect. (3) If this Contract is rendered unable to be performed due to a breach by either party hereto, the breaching party shall be liable under the Contract Law of the People's Republic of China.

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

Article 10. Any dispute in connection with the performance of this Contract shall be settled through negotiations between the parties hereto. If no settlement can be reached, the dispute shall be submitted for arbitration to the arbitration commission in the place where this Contract is signed.

Article 11. Miscellaneous: This Contract shall become effective after being signed by and affixed with Companies' seals of the parties hereto. This Contract shall be executed in four originals, with each party to hold two. This Contract can be signed by fax.

Additional provisions: The Seller may not proceed with any shipment of silicon wafers to the Buyer until after it has received the Buyer's testing and finished product report with respect to the silicon wafers delivered in the previous shipment.

The Seller	The Buyer
Name of the Company (seal): ReneSola Co., Ltd.	Name of the Company (seal): Jiangsu Linyang Solarfun Co.,Ltd.
Address: Yaozhuang Zhen Industrial Park, Jiashan County, Zhejiang Province	Address: 666 Linyang Road, Qidong, Jiangsu Province
Legal Representative: (signature) Authorized Agent: (signature) Tel: 0573-4773130 Fax: 0573-4773063	Legal Representative: (signature) Authorized Agent: (signature) Tel: 0513-83115763 Fax: 0513-83307011
Bank Name: Industrial and Commercial Bank of China, Jiashan Branch Account No.: 1204070009242025955 Tax No.: 330421753019961 Code: 314117	Bank Name: Bank of China, Qidong Branch, Business Department Account No.: 647032159808091001 Tax No.: 320681765140726 Zip Code: 226200

Confidential Exhibit 10.7

(English Translation of the Original Contract in Chinese)

SILICON SUPPLY AGREEMENT

THIS CONTRACT (this "Contract") is entered into this 8th days of October 2006 by and between the following two parties:

Buyer: Jiangsu Linyang Solarfun Co., Ltd., with its registered address at 666 Linyang Road, Qidong, Jiangsu Province, and Mr. Lu Yonghua being its legal representative (hereinafter referred to as "Party A"); and

Supplier: E-mei Semiconductor Material Factory, with its registered address at 88 Fubei Road, E-meishan, and Mr. Wei Bin being its legal representative (hereinafter referred to as "Party B").

Following the principle of mutual development and in view of the fact that the two parities have become full strategic partners, with respect to the purchase of silicon products in 2007, the two parties has agreed to the following :

1. Product Quantity. The quantity of the products to be supplied by the Seller to the Buyer shall be no less than 50% of Party B's annual production capacity of silicon products. The Seller shall supply the products on a monthly basis;

2. Product Price. The price of the products to be supplied shall be determined pursuant to the pricing method agreed in the Silicon Products Pre-Purchase Contract (No. EMC2006001), i.e. "[*]% of the market price";

3. Quality Requirements and Technical Standards. The quality standard shall be determined by reference to the general standard for monocrystalline silicon rods or wafers employed by international PV cell enterprises. The principal quality data shall meet the production requirements for PV cells, provided that if there is any special requirement, Party A and Party B shall negotiate with respect thereto separately;

4. Delivery. The products shall be delivered to the warehouse of Party A;

5. Means of Transportation and Fee Assumption. Party B shall deliver the products to the warehouse of Party A and the relevant fees shall be burdened by Party B;

6. Packaging. The packaging must meet the requirements for the long distance transportation of solar grade monocrystalline silicon rods/wafers;

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

7. Standard and Method for Inspection and Acceptance. The products supplied by Party B shall be inspected pursuant to the method provided in the standard for inspection and acceptance;

8. Settlement. Party A shall make the payment in advance.

9. Term of this Contract. This Contract shall be valid in 2007.

10. Liability for Breach of Contract:

(1) The two parties agree that the aggregate payment to be made under this Contract shall be computed on the basis of 50% of the actual production capability and 92% of the then market price of the products;

(2) In case one party ("Defaulting Party") fails to perform this Contract pursuant to the terms and conditions agreed hereunder, the Defaulting Party shall compensate, on a monthly basis, the other party ("Non-defaulting Party") liquidated damages which shall be 1% of the aggregate payment to be made under this Contract and continue to perform this Contract;

(3) In case this Contract is unable to be implemented due to the breach of contract committed by the Defaulting Party, then the Defaulting Party shall be imposed on the liabilities for breach of contract in accordance with the Contract Law of the People's Republic of China and shall compensate the Non-defaulting Party for all the losses resulting from the failure of the Defaulting Party to perform its obligation hereunder.

11. Any dispute arising from or in connection with the performance of this Contract shall be resolved through consultations between the parties hereto. In case of failure to reach any agreement through such consultations, the parties agree that such dispute shall be resolved by a competent court in Shanghai.

12. Other matters agreed by the two parties:

This Contract shall become effective upon being affixed with the signature of the duly authorized representatives and the company seal of both parties hereto.

This Contract shall be executed in two originals, with each party to hold one. The facsimile copy of this Contract shall have the same force and effect.

PARTY A: (TO BE AFFIXED WITH PARTY A'S COMPANY SEAL)

Signed by: Lu Yonghua (signature) Legal Representative

Bank of Deposit:

A/C:

Tel:

PARTY B: (TO BE AFFIXED WITH PARTY B'S COMPANY SEAL)

Signed by: Deng Liangping (signature)

Authorized Representative

Signed by: Wei Bin (signature)
Legal Representative

Bank of Deposit:

A/C:

Tel:

Confidential Exhibit 10.8

(English Translation of the Original Contract in Chinese)

SILICON SUPPLY AGREEMENT

Contract No.: EMC2006001

This Silicon Product Pre-purchase Contract (this "Contract") is entered into this 2nd day of June, 2006 in Emeishan by and between the following two parties:

Buyer: JIANGSU LINYANG SOLARFUN CO., LTD., with its registered address being at 666 Linyang Road, Qidong, Jiangsu Province, and its legal representative being Mr. Lu Yonghua (hereinafter referred to as "Party A"); and

Supplier: E-MEI SEMICONDUCTOR MATERIAL FACTORY, with its registered address being at 88 Fubei Road, E-meishan, and its legal representative being Mr. Wei Bin (hereinafter referred to as "Party B").

RECITALS

a) Party A is a PV cell manufacturer and intends to secure a stable and sufficient supply of raw materials (i.e., monocrystalline silicon ingots or silicon wafers for the production of PV cells) through this Contract. Therefore, Party A agrees to facilitate the expansion of Party B's multicrystalline silicon production line to result in an additional annual production capacity of 500-ton solar-grade multicrystalline silicon by means of favored terms of payment on the condition that within five (5) years as from the completion of such expansion, Party A shall have the exclusive right to purchase the silicon products for PV cells produced by such expansion project. Party A undertakes that it will establish a corresponding PV industry chain in Leshan to promote the development of the local economy of Leshan and that the silicon products for PV cells will be consumed locally within Leshan;

b) Party B is a semiconductor materials manufacturer and is willing to obtain the advance payment to be made by Party A hereunder. Such advance payment will be used for the construction of the said expansion project with an annual production capacity of 500 tons of solar-grade multicrystalline silicon (hereinafter referred to as the "Project") which will increase Party B's annual production capacity of multicrystalline silicon by 500 tons. The fixed assets formed as a result of the construction of the Project shall be owned by Party B and Party B shall sell Party A the silicon products for PV cells produced by the completed Project upon the agreed terms set forth below; and

c) Party B undertakes that in case of Party B's construction of any other new multicrytalline production project, the progress of the construction of the Project shall not be affected thereby and Party A shall be given priority in the participation into the cooperation with respect to such new project upon the same terms and conditions and that the commencement of such new project shall be postponed for at least six (6) months.

NOW, THEREFORE, after equal and friendly negotiations, Party A and Party B have reached agreement as follows:

ARTICLE 1 DESCRIPTION AND REQUIRED QUALITY OF THE SUBJECT PRODUCTS

1.1 The products to be supplied hereunder (the "Subject Products") shall be monocrystalline silicon wafers or monocrystalline silicon rods for PV cells and the supply of silicon wafers shall take priority; and

1.2 The required quality of the Subject Products shall be determined with reference to the common quality standards of the monocrystalline silicon rods or wafers used by

domestic PV cell manufacturers and the main quality parameters of the Subject Products shall meet the requirements for the production of PV cells or any other special requirements as further agreed by and between Party A and Party B.

ARTICLE 2 QUANTITY OF THE PRODUCTS

2.1 In principle, for each RMB 100 million prepaid by Party A, Party A shall be supplied with the solar-grade monocrystalline silicon rods or wafers produced from 100 tons of multicrystalline silicon.

2.2 Party A shall communicate with Party B by fax or mail on a monthly-basis to confirm the specific quantity and delivery time of the Subject Products to be supplied, which shall be attached hereto as an exhibit.

ARTICLE 3 PRICE OF AND TOTAL CONSIDERATION FOR THE SUBJECT PRODUCTS

3.1 After the completion of the Project and before Party A's advance payment is totally offset by the solar-grade silicon products pursuant to Article 6, the payment for any Subject Products supplied by Party B hereunder shall be settled at a preferential price which shall be equal to [*]%~[*]% of the applicable market price as long as the market price is within the range of the protective price set forth below. The protective price shall be as set forth below: for monocrystalline silicon rods of (o)6, the pre-tax price of such products shall be between RMB [*]/kg and RMB [*]/kg; and for silicon wafers of 125 x 125mm, the pre-tax price of such products shall be between RMB[*]/piece and RMB[*]/piece. Notwithstanding the foregoing, when there is any substantial fluctuation in the prices of the main raw materials and power for the production of multicrystalline silicon, including silicon powder, liquid chlorine and electricity, meaning that the aggregate cost of the raw materials and power fluctuates by more than 20% compared with the same at the effective date of this Contract, the protective price shall be adjusted accordingly on the basis of the actual situation. After the advance payment made by Party A hereunder is offset in full, the payment for any additional Subject Products supplied hereunder shall be settled at a rate equal to [*]%~[*]% of the then market price. After the fifth anniversary of the date on which the total amount of the advance payment made by Party A is offset in full, Party A shall have preemption rights with respect to the Subject Products at the applicable market price.

3.2 The total amount of the advance payment to be made hereunder shall be no more than RMB500 million.

3.3 "Market price" shall mean the price at which major domestic manufacturers of silicon wafers for PV cells mutually recognized by Party A and Party B supply silicon wafers for PV cells.

ARTICLE 4 SCHEDULE AND TERMS OF PAYMENT

4.1 The payment for the Subject Products to be supplied hereunder shall be made in advance.

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

4.2 After the execution of this Contract, within ten (10) days after Party B's submission of a written demand for payment and provision of the feasibility study prepared by Emei Semiconductor Materials Research Institute, Party A shall pay the initial installment of the advance payment which shall be equal to RMB66,880,000 and the remaining amount of the advance payment shall be paid by installments pursuant to the Funds Utilization Plan proposed by Party B and accepted by Party A and the actual development of the Project. Party A hereby undertakes that it will make the progress payment within ten (10) days as of Party B's submission of a written demand for payment.

4.3 Party B shall open a special bank account (hereinafter referred to as the "Special Account"), into which the advance payment from Party A shall be remitted.

ARTICLE 5 UTILIZATION AND CONTROL OF THE ADVANCE PAYMENT

5.1 The advance payment made hereunder shall be used to construct the Project with an annual production capacity of 500 tons of solar-grade multicrystalline silicon as described in detail in the feasibility study of the Project.

5.2 Party A shall have the right to be informed of the progress of the Project and the Special Account shall be managed by Party B under the supervision of Party A. Party B shall, on a monthly-basis, provide Party A with the breakdown of the utilization of the advance payment paid by Party A.

5.3 After this Contract becomes effective, Party B shall endeavor to promote the construction of the Project so that the Project can be completed within eighteen (18) months with the joint efforts of Party A and Party B. Should Party B be unable to complete the Project by the expiry of such eighteen
(18) months due to the occurrence of a force majeure event, Party B shall be given a grace period of three (3) months. Should the Project be unable to be completed by the expiry of such grace period, Party B shall pay interest on the money paid by Party A, commencing from the date immediately after the expiry of such grace period and ending on the date of the actual completion of the Project at the then effective interest rate for bank loans, and shall notify Party A of the relevant facts, and Party A shall understand the same.

ARTICLE 6 OFFSET OF PARTY A'S ADVANCE PAYMENT

With respect to each batch of the solar-grade silicon products delivered to Party A by Party B which are produced by the Project after the Project is completed and put into operation, 20%-35% of the payment for each batch of the Subject Products shall be set off against the advance payment paid by Party A till the time when the advance payment by Party A is exhausted. The remaining payment for each batch of the Subject Products shall be made by Party A in full prior to Party B's shipment of the same.

ARTICLE 7 TERMS RELATING TO THE SALE OF SUBJECT PRODUCTS

7.1 Supplier of Subject Products

The supplier of the Subject Products hereunder shall be Emei Semiconductor Materials Plant.

7.2 Packaging

The conditions and manners for packaging the Subject Products shall comply with the customary practice.

7.3 Means of Transportation

The Subject Products shall be delivered to Party A by means of overland freight.

7.4 Destination For Delivery of Subject Products

The Subject Products shall be delivered to Party A, at the expense of Party B, to a place designated by Party A or Leshan, in each case, within the PRC. Where Party A intends to change the destination for the delivery of any batch of Subject Products, it shall notify Party B of the new destination fifteen (15) days in advance. Once after Party B has sent off any batch of Subject Products to a destination designated by Party A, Party A may not change the destination for delivery of such batch of Subject Products, otherwise, any expenses incurred due to such change of the destination for delivery shall be paid by Party A.

7.5 Where Party A discovers in the course of the acceptance test for any batch of the Subject Products delivered hereunder, that the quantity or quality of any Subject Products so delivered is inconsistent with the agreed standard, it shall submit an objection to Party B in writing within fifteen
(15) days after such discovery.

7.6 Party B shall, within ten (10) days as of its receipt of the said written objection from Party A, make a response thereto by providing a friendly solution, otherwise, it shall be deemed that Party B has accepted Party A's objection and suggested solution.

ARTICLE 8 LIABILITY FOR BREACH OF CONTRACT

Party A's Liability for Breach of Contract

8.1 Party A shall timely and fully pay each installment of the advance payment strictly pursuant to the requirements of the Funds Utilization Plan for the Project proposed by Party B. Party A shall be deemed to violate this Contract if any advance payment becomes overdue for more than ten (10) days.

8.1.1 In case the advance payment becomes overdue for less than one month, Party A shall pay Party B liquidated damages in an amount of 20% of the overdue payment, and Party B shall have the right to postpone the completion of the Project accordingly.

8.1.2 In case the advance payment becomes overdue for a period of time in excess of one month but less than three months, Party A shall pay Party B liquidated damages in an amount of 50% of the overdue payment, and shall postpone the completion of the Project accordingly.

8.1.3 In case any amount of the advance payment becomes overdue for a period of time in excess of three (3) months, Party A shall pay Party B liquidated damages in an amount of 100% of the overdue amount, and Party B shall be entitled to terminate the Project at its sole discretion without refunding any funds actually paid by Party A for the Project.

8.2 Within the term of this Contract, Party A shall be deemed to violate this Contract if it fails to purchase the Subject Products provided by Party B pursuant to the quantity and price agreed herein, and shall pay Party B liquidated damages in an amount of 20% of the total amount of the payment to be made for the Subject Products agreed hereunder.

Party B's Liability for Breach of Contract:

8.3 If Party B fails to complete the Project within eighteen (18) months, it shall assume the following liabilities for its breach of this Contract:

8.3.1 To the extent that the completion of the Project is delayed for less than three (3) months (such three months hereinafter referred to as the "Grace Period"), Party B shall be exempt from liability.

8.3.2 To the extent that that the completion of the Project is delayed for more than three (3) months but less than six (6) months, then for each of delay after the end of the Grace Period, Party B shall be obligated to pay Party A liquidated damages, which shall be equal to 1 0/00 of the funds invested in the Project.

8.3.3 To the extent that that the completion of the Project is delayed for more than six (6) months but less than twelve (12) months, then for each day of delay after the end of the Grace Period, Party B shall be obligated to pay Party A liquidated damages, which shall be equal to 2 0/00 of the funds invested in the Project. In addition to that, Party B shall undertake that where the completion of the Project is delayed for more than six (6) months, for each month of delay after the end of such six (6) months, it shall supply Party A at the market price five (5) tons of monocrystalline silicon materials or equivalent silicon wafers.

8.3.4 To the extent that the completion of the Project is delayed for more than twelve (12) months, Party A shall have the right to terminate the Project at its sole discretion. In such case, Party B shall refund any and all the advance payment actually paid by Party A and pay Party A liquidated damages, which shall be equal to 50% of the advance payment actually paid by Party A. Party B shall supply Party A five (5) tons of monocrystalline silicon materials or equivalent silicon wafers each month at the market price to set off against such liquidated damages.

8.4 Should Party B use any funds in the Special Account for any purpose other than as contemplated hereunder, Party A shall have the right to request Party B to put such funds back in place within seven (7) days and to pay Party A liquidated damages in an amount equal to 30% of such funds so misappropriated.

8.5 Party B shall undertake to Party A that after the completion of the Project Party B shall each year supply Party A Subject Products in an aggregate quantity of 80% to 120% of the annual production capacity (500T/a) of the Project.

8.6 Should Party B sell any Subject Products to any third party in violation of Article 8.5 hereof, Party B shall pay Party A liquidated damages in an amount equal to 30% of the funds invested in the Project.

8.7 Should Party B be unable to deliver the Subject Products to Party B for consecutive three (3) months due to force majeure, Party A shall have the right to request Party B to refund any remainder of Party A's paid advance payment and pay Party A default interest on such remainder at the monthly interest rate of 1% commencing from the date on which such remainder was paid to Party B.

8.8 Should the quality of any Subject Products delivered by Party B be inconsistent with the agreed standard, if Party A agrees to accept such Subject Products, such Subject Products shall be priced according to its actual quality. However, should such Subject Products be of such poor quality that they cannot be consumed by Party A at all, such Subject Products shall be returned and replaced.

8.9 Should any Subject Products delivered to Party A suffer any damage or loss due to the incompliance of the packaging with the agreed requirements, Party B shall be liable for compensation therefor.

8.10 Should any Subject Products be delivered to a wrong place, Party B shall be responsible for delivering such Subject Products to the agreed destination and for any and all expenses actually incurred by Party A arising from such wrong delivery.

ARTICLE 9

In case Party B intends to conduct a corporate restructuring, it shall, on a priority-basis, offer Party A an opportunity to participate into such restructuring at the same terms and conditions offered to any third party. If as a result of the above, Party A becomes an investor of Party B, any remainder of the advance payment made by Party A hereunder may be in part converted into equity in accordance with relevant PRC regulations, subject to further negotiations between Party A and Party B.

ARTICLE 10

Any corporate restructuring of Party B shall not affect the validity of this Contract.

ARTICLE 11 CONFIDENTIALITY

Without permission of the other party, neither Party A nor Party B may use or disclose to any third party, any relevant document, know-how or financial data of the other party obtained or known by it in the performance of this Contract.

ARTICLE 12 INCENTIVES

Should Party B complete the Project and put the Project into operation prior to the expiry of the eighteen (18) months as from the date hereof, Party A shall pay Party B a bonus of RMB880,000. It is agreed that the Project shall reach the expected production capacity within twenty (20) months as from the date hereof. Should the Project reach the expected production capacity prior to the expiry of such twenty (20) months, for each day during the period from the date on which such expected production capacity is reached to the date of the expiry of such twenty (20) months, Party A shall pay Party B a bonus of RMB80,000. All the above bonuses shall be used to reward the management personnel and key engineering personnel designated to the Project.

ARTICLE 13

Any dispute between Party A and Party B arising under this Contract shall be resolved by the parties in a timely manner through consultations. Party A and Party B agree that any dispute that fails to be resolved through consultations shall be submitted to a court located in a place other than the place of incorporation of either party hereto.

ARTICLE 14 EFFECTIVENESS

This Contract shall come into effect after this Contract is affixed with the signature of the authorized signatory and the company seal of each party and the initial installment of Party A's advance payment in an amount of RMB66,880,000 arrives at Party B's Special Account.

ARTICLE 15

This Contract shall be executed in four (4) originals, with each Party A and Party B to hold two (2).

ARTICLE 16

Any matters not covered hereunder shall be set forth in supplemental provisions to be agreed by Party A and Party B after further negotiations and such supplemental provisions shall have the equal legal force as this Contract.

[signature on the next page]

PARTY A: JIANGSU LINYANG SOLARFUN CO., LTD. (affixed with Party A's company seal)

Signed by: Lu Yonghua (signature)

Legal Representative

Bank of Deposit:

A/C:

Tel:

PARTY B: E-MEI SEMICONDUCTOR MATERIAL FACTORY (affixed with Party B's company seal)

Signed by: Wei Bin (signature)

Legal Representative

Bank of Deposit:

A/C:

Tel:

Confidential

(English Translation of the Original Contract in Chinese)

AMENDMENT TO SILICON SUPPLY AGREEMENT EMC2006001

This Amendment to Silicon Product Pre-purchase Contract EMC2006001 (this "Amendment") is entered into this 9th day of June, 2006 by and between the following two parties:

Buyer: JIANGSU LINYANG SOLARFUN CO., LTD., represented hereunder by its attorney-in-fact, Mr. Wang Hanfei, with its registered address being at 666 Linyang Road, Qidong, Jiangsu Province, and its legal representative being Mr. Lu Yonghua (hereinafter referred to as "Party A")

Supplier: E-MEI SEMICONDUCTOR MATERIAL FACTORY, represented hereunder by its attorney-in-fact, Mr. Deng Liangping, with its registered address being at 88 Fubei Road, E-meishan, and its legal representative being Mr. Wei Bin (hereinafter referred to as "Party B").

After friendly negotiations, Party A and Party B have agreed to amend the Silicon Product Pre-purchase Contract EMC2006001 by and between them dated June 2, 2006 (the "Contract") as follows:

1. Article 3.1 of the Contract shall be amended in its entirety to read as follows:

"3.1 After the completion of the Project and before Party A's advance payment is totally offset by the solar-grade silicon products pursuant to Article 6, the payment for any Subject Products supplied by Party B hereunder shall be settled at a preferential price which shall be equal to [*]%~[*]% of the applicable market price as long as the market price is within the range of the protective price set forth below. The protective price shall be as set forth below: for monocrystalline silicon rods of (o)6, the pre-tax price of such products shall be between RMB [*]/kg and RMB [*]/kg; and for silicon wafers of 125 x 125mm, the pre-tax price of such products shall be between RMB [*]/piece and RMB [*]/piece. Notwithstanding the foregoing, when there is any substantial fluctuation in the prices of the main raw materials and power for the production of multicrystalline silicon, including silicon powder, liquid chlorine and electricity, meaning that the aggregate cost of the raw materials and power fluctuates by more than 20% compared with the same at the effective date of this Contract, which in turn causes the market price of the Subject Price then prevailing to become higher than the above highest protective price or lower than the above lowest protective price, by more than 20%, the price for the Subject Product to be supplied to Party A hereunder shall be adjusted accordingly. Such adjustment shall be determined subject to further negotiations between the parties hereto by taking into a reasonable margin to be received by Party B and Party B's ability to repay its borrowings. After the advance payment made by Party A hereunder is offset in full, the payment for each batch of the Subject Products to be supplied hereunder

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

subsequently shall be settled at a rate equal to [*]%~[*]% of the then market price. After the fifth anniversary of the date on which the total amount of the advance payment made by Party A is offset in full, Party A shall have preemption rights with respect to the Subject Products at the applicable market price."

2. Article 3.3 of the Contract shall be amended in its entirety to read as follows:

"3.2 "Market price" shall mean the price at which major manufacturers of silicon wafers for PV cells mutually recognized by Party A and Party B supply silicon wafers for PV cells.

3. Article 6 of the Contract shall be amended in its entirety to read as follows:

"Article 6 Offset of Party A's Advance Payment

With respect to each batch of the solar-grade silicon products delivered to Party A by Party B which are produced by the Project after the Project is completed and put into operation, 20%-35% of the payment for each batch of the Subject Products shall be set off against the advance payment made by Party A till the time when the advance payment by Party A is exhausted. The remaining payment for each batch of the Subject Products shall be made by Party A in full prior to Party B's shipment of the same. When the market price of the Subject Price becomes lower than the agreed lowest protective price by 20%, the above offset percentage shall be adjusted accordingly. Such adjustment shall be determined subject to further negotiations between the parties hereto by taking into a reasonable margin to be received by Party B and Party B's ability to repay its borrowings.

4. Article 12 shall be amended in its entirety to read as follows:

"Article 12 Incentives

Should Party B, prior to the expiry of the eighteen (18) months as from the date hereof, complete the Project and the Project so completed is able to produce Subject Products meeting the agreed criteria, Party A shall pay Party B a bonus of RMB880,000. It is agreed that within twenty (20) months as from the date hereof the Project shall reach the expected production capacity, which shall be equal to 80% to 120% of 500 tons of solar-grade multicrystalline silicon/year. Should the Project reach the expected production capacity set forth above prior to the expiry of such twenty (20) months, for each day during the period from the date on which such expected production capacity is reached to the date of the expiry of such twenty
(20) months, Party A shall pay Party B a bonus of RMB80,000. All the above bonuses shall be used to reward the management personnel and key engineering personnel designated to the Project."

5. This Amendment shall be executed in four (4) counterparts with each Party A and Party B to hold two (2).

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

[signature on the next page]

PARTY A: JIANGSU LINYANG SOLARFUN CO., LTD. (affixed with Party A's company seal)

Signed by: Lu Yonghua (signature)

Legal Representative/Authorized Representative:

Bank of Deposit:

A/C:

Tel:

PARTY B: E-MEI SEMICONDUCTOR MATERIAL FACTORY (affixed with Party B's company seal)

Signed by: Deng Liangping (signature)

Legal Representative/Authorized Representative:

Bank of Deposit:

A/C:

Tel:

Confidential

(English Translation of the Original Contract in Chinese)

AMENDMENT NO. 2 TO SILICON SUPPLY AGREEMENT EMC2006001

This Amendment No. 2 to Silicon Product Pre-purchase Contract EMC2006001 (this "Amendment No. 2") is entered into this 8th day of October, 2006 in Deyang by and between the following two parties:

Buyer: JIANGSU LINYANG SOLARFUN CO., LTD., with its registered address being at 666 Linyang Road, Qidong, Jiangsu Province, and its legal representative being Mr. Lu Yonghua; and

Supplier: E-MEI SEMICONDUCTOR MATERIAL FACTORY, with its registered address being at 88 Fubei Road, E-meishan, and its legal representative being Mr. Wei Bin.

After friendly negotiations, the Buyer and the Supplier have agreed (i) that the Silicon Product Pre-purchase Contract EMC2006001 by and between them dated June 2, 2006 (the "Contract") and the Amendment to Silicon Product Pre-purchase Contract EMC2006001 by and between them dated June 2006 shall be amended as follows, and (ii) that any and all the references in the Contract to "Party A" shall be replaced with the reference to "Buyer" and any and all the references in the Contract to "Party B" shall be replaced with the references to "Supplier".

PART I AMENDMENTS TO THE CONTRACT

1. Item (a) under the Recitals of the Contract shall be amended in its entirety to read as follows:

"(a) The Buyer is a PV cell manufacturer and intends to secure a stable and sufficient supply of raw materials (i.e., monocrystalline silicon ingots or silicon wafers for the production of PV cells) through this Contract. Therefore, the Buyer agrees to facilitate the expansion of the Supplier's multicrystalline silicon production line to result in an additional annual production capacity of 500-ton solar-grade multicrystalline silicon by means of favored terms of payment on the condition that within five (5) years as from the completion of such expansion, the Buyer shall have the exclusive right to purchase the silicon products for PV cells produced by such expansion project. The Buyer undertakes that it will establish a corresponding PV industry chain in Leshan to promote the development of the local economy of Leshan and that the silicon products for PV cells will be consumed locally within Leshan;"

2. Item (c) under the Recitals of the Contract shall be amended in its entirety to read as follows:

"(c) The Supplier undertakes that in case of its construction of any other new or expansion of any existing, multicrytalline production project, the progress of the construction of the Project shall not be affected thereby and the Buyer shall be given the first priority in the participation into the cooperation with respect to such other new construction or expansion (including by equity participation) upon the same terms and conditions."

3. Article 1.2 of the Contract shall amended in its entirety to read as follows:

"1.2 The required quality of the Subject Products shall be determined with reference to the common quality standards of the monocrystalline silicon rods or wafers used by international PV cell manufacturers and the main quality parameters of the Subject Products shall meet the requirements for the production of PV cells or any other special requirements as further agreed by and between the Buyer and the Supplier."

4. Article 2.1 of the Contract shall be amended in its entirety to read as follows:

"2.1 Based on the understanding between the parties set forth in the Contract, within five (5) years as of the completion of the Project, the Buyer shall have the exclusive right to purchase all the silicon products produced by the Project. "Completion of the Project" means that at the time for determining whether the Project is completed the Project has a production capacity no lower than 80% of 500 tons/year. It is agreed that this Article shall form the base and premise for the cooperation contemplated hereunder."

5. Article 3 of the Contract shall be amended in its entirety to read as follows:

"Article 3 Price of and Total Consideration for the Subject Products

3.1 After the Supplier's completion of the Project and before the Buyer's advance payment is totally offset with the solar-grade silicon products pursuant to Article 6, the payment for any Subject Products supplied by the Supplier hereunder shall be settled at a preferential price which shall be equal to [*]% of the applicable market price as long as the market price is within the range of the protective price set forth below.

The protective price shall be as set forth below: for monocrystalline silicon rods of (o)6, the pre-tax price of such products shall be between RMB [*]/kg and RMB[*]/kg; for silicon wafers of 125 x 125mm(2) with a thickness of 220 um, the pre-tax price of such products shall be between RMB[*]/piece and RMB [*]/piece, and for silicon wafers of 56 x 156mm(2), the pre-tax price of such products shall be determined by the parties hereto by reference to the pricing principles agreed by the parties hereto.

With the upgrading of the slice-cutting technology and the reduction of the thickness of the silicon wafers, the unit price for wafers shall be reduced accordingly.

Notwithstanding the foregoing, when there is any substantial fluctuation in the prices of the main raw materials and power for the production of multicrystalline silicon, including silicon powder, liquid chlorine and electricity, meaning that the aggregate cost of the raw materials and power fluctuates by more than 10% compared with the same at the effective date of this Contract, which in turn causes the market price of the Subject Price then prevailing to become higher than the above highest protective price or lower than the above lowest protective price, by more than 10%, the price for the Subject Product to be supplied to the Buyer hereunder shall be adjusted

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accordingly. Such adjustment shall be determined subject to further negotiations between the parties hereto by taking into a reasonable margin to be received by the Supplier and the Supplier's ability to repay its borrowings. In case the parties fail to reach an agreement on any adjustment to the price for any Subject Products to be supplied hereunder, the Supplier shall, at the request of the Buyer, refund the remainder of the Buyer's paid advance payment and pay the Buyer interest on such remainder which shall be equal to the number of days during which such remainder has been occupied by the Supplier multiplied by the applicable interest rate of bank loans. After the advance payment made by the Buyer hereunder is offset in full, the payment for each batch of the Subject Products to be supplied hereunder subsequently shall be settled at a rate equal to [*]%~[*]% of the then market price. After the fifth anniversary of the date on which the total amount of the advance payment made by the Buyer is offset in full, the Buyer shall have preemption rights with respect to the Subject Products at the then applicable market price.

3.2 The total amount of the advance payment to be made hereunder shall be RMB300 million.

3.3 "Market price" shall mean the price at which major manufacturers of silicon wafers for PV cells mutually recognized by the Buyer and the Supplier supply silicon wafers for PV cells."

6. Article 4.2 of the Contract shall be amended in its entirety to read as follows:

"4.2 After the execution of this Contract, within ten (10) days after the Supplier's submission of a written demand for payment and provision of the feasibility study prepared by Emei Semiconductor Materials Research Institute, the Buyer shall pay the initial installment of the advance payment which shall be equal to RMB30 million. The first portion of the initial installment in an amount of RMB10 million shall be paid into the Special Account within one (1) week after the execution of the Amendment No. 2 and the remaining amount of RMB20 million shall be paid prior to December 31, 2006. Within three (3) months as of the effective date of this Contract, the Supplier shall submit to the Buyer the Project Schedule and the Funds Utilization Plan, which shall be subject to the approval by the Buyer. The advance payment payable by the Buyer hereunder other than the first installment, shall be paid by installments pursuant to the Project Schedule and the Funds Utilization Plan mutually agreed by the parties and the actual development of the Project. In order to allow the Buyer to have a reasonable arrangement of cash inflow, for each single month the Buyer shall not be required to make an advance payment exceeding RMB40 million. The Buyer hereby undertakes that it will make the progress payment within ten (10) days as of the Supplier's submission of a written demand for payment based on the above Funds Utilization Plan and the actual development of the Project.

The Supplier agrees that within one week as of the effectiveness of the Amendment No. 2, it will issue a performance bond with respect to the first installment of the advance payment of RMB30 million to be paid by the Buyer."

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

7. Article 5.2 of the Contract shall be amended in its entirety to read as follows:

"5.2 The Buyer shall have the right to be informed of the progress of the Project and the Special Account shall be managed by the Supplier under the supervision of the Buyer. The Supplier shall, on a monthly-basis, provide the Buyer with the breakdown of the utilization of the advance payment from the Buyer, together with the photocopies of the related certificates and evidence."

8. Article 6 of the Contract shall be amended in its entirety to read as follows:

"Article 6 Offset of the Buyer's Advance Payment

With respect to each batch of the solar-grade silicon products delivered to the Buyer by the Supplier which are produced by the Project after the Project is completed and put into operation, 30% of the payment for each batch of the Subject Products shall be set off against the advance payment paid by the Buyer till the time when the advance payment by the Buyer is exhausted. The remaining payment for each batch of the Subject Products shall be made by the Buyer in full prior to the Supplier's shipment of the same. When the market price of the Subject Price becomes lower than the agreed lowest protective price by 10%, the above offset percentage shall be adjusted accordingly. Such adjustment shall be determined subject to further negotiations between the parties hereto by taking into a reasonable margin to be received by the Supplier and the Supplier's ability to repay its borrowings."

9. Article 8.1 of the Contract shall be amended in its entirety to read as follows:

"8.1 The Buyer shall timely and fully pay each installment of the advance payment strictly pursuant to the requirements of the Funds Utilization Plan for the Project proposed by the Supplier. The Buyer shall be deemed to violate this Contract if any advance payment becomes overdue for more than ten (10) business days."

10. Article 8.1.3 of the Contract shall be amended in its entirety to read as follows:

"8.1.3 In case any amount of the advance payment becomes overdue for a period of time in excess of three (3) months, the Supplier shall have the right to terminate the Project at its sole discretion and not refund the Buyer any and all the funds from the Buyer used for the Project."

11. The following provisions shall be inserted into the paragraph "The Buyer's Liability for Breach of Contract" in Article 8 of the Contract as the last sentence of such paragraph:

"In case of any breach by the Buyer under Article 8.1 or 8.2 above, the Buyer shall not have any liability for damages or any other civil liability whatsoever for such breach upon its payment of the liquidated damages as set forth in Articles 8.1 and 8.2 above."

12. Article 8.5 of the Contract shall be amended in its entirety to read as follows:

"8.5 "Completion of the Project" means that at the time for determining whether the Project is completed the Project has a production capacity equal to or more than 80% of 500 tons/year. The Supplier shall undertake to the Buyer that after the Completion of the Project the Supplier shall supply the Buyer all the Subject Products produced by the Project within its agreed annual production capacity of 500 tons, including any monocrystalline silicon ingots or silicon wafers processed by the Supplier's OEM contractors, but in no event may the aggregate of the Subject Products supplied to the Buyer in any year be lower than 80% of the designed production capacity."

13. The following provisions shall be inserted into the paragraph "The Supplier's Liability for Breach of Contract" in Article 8 of the Contract as Article 8.11:

"8.11 The Supplier hereby undertakes to the Buyer as follows:

In case the actual progress of the construction of the Project falls behind the schedule by more than twenty (20) days, the Supplier shall provide the Buyer with written explanations and remedial measures with respect thereto. In case the actual progress of the construction of the Project falls behind the schedule by more than ninety (90) days and the Supplier fails to find effective remedial measures, it shall, upon the demand from the Buyer for refund, unconditionally refund the Buyer any and all the advance payment paid by the Buyer and pay the Buyer default interest on such advance payment at the rate equal to 200% of the then effective interest rate for bank loans. The above refund and default interest may be set off with the payment for relevant Subject Products which shall be calculated at the preferential price set forth herein above."

14. The following provisions shall be inserted into the Contract as Article 8.12:

"8.12 The Supplier undertakes to the Buyer as follows:

Prior to December 31, 2006, the Supplier shall have obtained all the governmental approvals and legal documents required for the commencement of the construction of the Project. Otherwise, the Buyer shall have the right to terminate the Project at its sole discretion. In such case, the Supplier shall, upon the demand from the Buyer for refund, unconditionally refund the Buyer any and all the advance payment paid by the Buyer and pay the Buyer default interest on such advance payment at the rate equal to 200% of the then effective interest rate for bank loans. The above refund and default interest may be set off with the payment for relevant Subject Products which shall be calculated at the preferential price set forth herein above."

15. Articles 9 and 10 in the Contract shall be consolidated and amended to read as follows:

"Article 9

9.1 In case the Supplier intends to conduct a corporate restructuring, it shall notify the Buyer thereof in advance and shall on a priority-basis, offer the Buyer an opportunity to participate into such restructuring at the same terms and conditions offered to any third party. If as a result of the above, the Buyer

becomes an investor of the Supplier, any remainder of the advance payment made by the Buyer hereunder may be in part converted into equity in accordance with relevant PRC regulations, subject to further negotiations between the parties hereto.

9.2 Any corporate restructuring of the Supplier shall not affect the validity of this Contract.

9.3 For purposes of this Article, "corporate restructuring of the Supplier" shall mean any change of organizational form of the Supplier intended to transform the Supplier into a joint stock company or foreign-invested enterprise, or any substantial change in assets or equity of the Supplier, which could affect the right and interests of the Buyer to and in any and all of the advance payment paid by the Buyer."

16. The following provisions shall be added to the Contract:

"As from the effective date of this Contract, the Buyer and the Supplier will become strategic partners and therefore shall consider how to protect the interests of the other before taking any action. The Supplier agrees that the Buyer shall have priority over the others in the execution of the silicon product purchase contract with respect to the existing solar-grade silicon products, whereunder, such products shall be supplied to the Buyer at the preferential price set forth in the Contract."

17. Articles 11 to 16 of the Contract shall be replaced in their entirety with the following articles accordingly:

"Article 11 Confidentiality

Without permission of the other party, neither party hereto may use or disclose to any third party, any relevant document, know-how or financial data of the other party obtained or known by it in the performance of this Contract. The parties hereto will confirm such confidentiality obligations of them by executing a Confidentiality Agreement in the form attached hereto as Exhibit 1.

Article 12 Guarantee

In view of the respective rights and obligations of the Buyer and the Supplier hereunder, in order to ensure that the Supplier will perform its obligations and liabilities to the Buyer hereunder, Dongfang Steam Turbine Works has agreed to provide a joint and several guarantee for the Supplier's obligations and legal liabilities under this Contract. In connection therewith, Dongfang Steam Turbine Works shall issue in favor of the Buyer a Letter of Guarantee and Undertakings, which shall upon being confirmed by the Buyer and the Supplier, be attached hereto as Exhibit 2.

Article 13 Incentives

Should the Supplier, prior to the expiry of the eighteen (18) months as from the date hereof, complete the Project and the Project so completed is able to produce Subject Products meeting the agreed criteria, the Buyer shall pay the Supplier a bonus of RMB880,000. Should the Project reach the expected production capacity, which is no

lower than 80% of 500 tons of solar-grade multicrystalline silicon/year, in or prior to the beginning of, the nineteenth (19th) month after the date hereof, the Buyer shall pay the Supplier a bonus of RMB3.6 million. Should the Project reach the expected production capacity, which is no lower than 80% of 500 tons of solar-grade multicrystalline silicon/year, in the twentieth (20th) month after the date hereof, the Buyer shall pay the Supplier a bonus of RMB2 million. All the above bonuses shall be used to reward the management personnel and key engineering personnel designated to the Project."

Article 14

Any dispute between the Supplier and the Buyer arising under this Contract shall be resolved by the parties in a timely manner through consultations. The Buyer and the Supplier agree that any dispute that fails to be resolved through consultations shall be submitted to a competent court in Shanghai.

Article 15 Effectiveness

All the contracts and exhibits referred to herein shall come into effect at the time when the Amendment No. 2 is affixed with the signature of the authorized signatory and company seal of each party thereto. In case of any discrepancy between any provision in this Contract, the Amendment to Silicon Product Pre-purchase Contract EMC2006001 and the Amendment No. 2 to Silicon Product Pre-purchase Contract EMC2006001, the provision in the Amendment No. 2 shall prevail.

Article 16 Termination

This Contract shall become void and invalid upon the full offset of any and all the advance payment by the Buyer as set forth above.

Article 17

This Contract shall be executed in four (4) originals, with each the Buyer and the Supplier to hold two (2). Exhibit 1 Confidentiality Agreement and Exhibit 2 Letter of Guarantee and Undertakings hereto shall constitute an integral part of this Contract and have the equal legal force as this Contract.

Article 18

Any matters not covered hereunder shall be set forth in supplemental provisions to be agreed by the Buyer and the Supplier after further negotiations and such supplemental provisions shall have the equal legal force as this Contract."

18. This Amendment shall be executed in four (4) originals with each the Buyer and the Supplier to hold two (2).

[signature on the next page]

BUYER: JIANGSU LINYANG SOLARFUN CO., LTD. (affixed with Buyer's company seal)

Signed by: Lu Yonghua (signature)
Legal Representative/Authorized Representative

Bank of Deposit:

A/C:

Tel:

SUPPLIER: E-MEI SEMICONDUCTOR MATERIAL FACTORY (affixed with Supplier's company seal)

Signed by: Deng Liangping (signature)
Authorized Representative

Signed by: Wei Bin (signature)
Legal Representative

Bank of Deposit:

A/C:

Tel:

(English Translation of the Original Contract in Chinese)

AMENDMENT NO. 3 TO SILICON SUPPLY AGREEMENT EMC2006001

This Amendment No. 3 to Silicon Product Pre-purchase Contract EMC2006001 (this "Amendment No. 3") is entered into this 17th day of November, 2006 by and between the following two parties:

Buyer: JIANGSU LINYANG SOLARFUN CO., LTD., with its registered address being at 666 Linyang Road, Qidong, Jiangsu Province, and its legal representative being Mr. Lu Yonghua; and

Supplier: E-MEI SEMICONDUCTOR MATERIAL FACTORY, with its registered address being at 88 Fubei Road, E-meishan, and its legal representative being Mr. Hu Yuncheng.

After friendly negotiations, the Buyer and the Supplier have agreed that the Amendment No. 2 to Silicon Product Pre-purchase Contract EMC2006001 (the "Contract") by and between them dated October 2006 (the "Amendment No. 2") shall be amended as follows:

1. Article 3.2 of the Contract under Section 5 of the Amendment No. 2 shall be amended in its entirety to read as follows:

"3.2 The total amount of the advance payment to be made hereunder shall be RMB220 million."

2. Article 4.2 of the Contract under Section 6 of the Amendment No. 2 shall be amended in its entirety to read as follows:

"4.2 After the execution of this Contract, within ten (10) days after the Supplier's submission of a written demand for payment and provision of the feasibility study prepared by Emei Semiconductor Materials Research Institute, the Buyer shall pay the initial installment of the advance payment which shall be equal to RMB30 million. The first portion of the initial installment in an amount of RMB10 million shall be paid into the Special Account within one (1) week after the execution of the Amendment No. 2 and the remaining amount of RMB20 million shall be paid prior to December 31, 2006. For each portion of the initial installment paid by the Buyer, the Supplier shall issue a guarantee letter of the equal amount with a term of two (2) years. Within three (3) months as of the effective date of this Contract, the Supplier shall submit the Project Schedule and the Funds Utilization Plan, which shall be subject to the approval by the Buyer. The advance payment payable by the Buyer hereunder other than the first installment shall be paid by installments pursuant to the Project Schedule and the Funds Utilization Plan mutually agreed by the parties and the actual development of the Project. In order to allow the Buyer to have a reasonable arrangement of cash inflow, for each single month the Buyer shall not be required to make an advance payment exceeding RMB30 million.

The Buyer hereby undertakes that it will pay each amount of the advance payment within ten (10) days as of the Buyer's receipt of each written demand for payment of such amount consistent with the Funds Utilization Plan and the actual development of the Project and the guarantee letter equal to such amount. The guarantee letter for each amount of the advance payment shall be effective commencing from the date of issuance to the date on which the production capacity of the Project reaches 500 tons/year or April 30, 2008."

3. The Letter of Guarantee and Undertakings issued by Dongfang Steam Turbine Works pursuant to Article 12 of the Contract under the Amendment No. 2 shall terminate upon the effectiveness of this Amendment No. 3.

4. This Amendment No. 3 shall come into effect upon being affixed with the signature of the authorized signatory and the company seal of each party hereto. This Amendment No. 3 shall be executed in four (4) originals, with each party to hold two (2).

[signature on the next page]

BUYER: JIANGSU LINYANG SOLARFUN CO., LTD. (affixed with Buyer's company seal)

Signed by: Lu Yonghua (signature)

Legal Representative/Authorized Representative

Tel: 0513-3307688

SUPPLIER: E-MEI SEMICONDUCTOR MATERIAL FACTORY (affixed with Supplier's company seal)

Signed by: Deng Liangping (signature)

Legal Representative/Authorized Representative

Tel: 0833-5522560

Exhibit 10.9

AGREEMENT

This Agreement, entered into this 11th day of June, 2006, between a corporation duly organized and existing under the laws of Peoples Republic of China and having its principal office of business at JIANGSU LINYANG SOLARFUN CO., LTD.
LOCATED AT NO. 666 LINYANG ROAD, QIDONG CITY, JIANGSU PROVINCE, 226200 PRC (hereinafter referred to as "SELLER") and SOCIAL CAPITAL, S.L. (hereinafter referred to as "BUYER") a corporation duly organized and existing under the laws of Spain and having its principal office of business located at GANDUXER, 39-41, 2 degrees 2 degrees. 08021 BARCELONA SPAIN

PREAMBLE
The SELLER owns extensive know-how with regard to the development, production, marketing and distribution of photovoltaic cells and photovoltaic modules.

The BUYER is a recognised leading company for the distribution and installation of solar panels.

The parties intend to enter into a long term relationship with regard to the business of photovoltaic cells and photovoltaic modules.

NOW THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE 1. CONTRACT PRODUCTS
1.1 The SELLER undertakes to sell to the BUYER the CONTRACT PRODUCTS all of which are detailed in Appendix 1 to this contract.
1.2 The SELLER guarantees the specifications of the CONTRACT PRODUCTS and its supplement as documented in Appendix 1.
1.3 The BUYER undertakes to purchase the CONTRACT PRODUCTS from the SELLER with a quantity according to Article 4.

ARTICLE 2. DELIVERY AND TRANSFER OF TITLE
2.1 The SELLER must deliver the CONTRACT PRODUCTS to the BUYER, and the Buyer should use Seller's brand and mark.
2.2 The SELLER undertakes to deliver the CONTRACT PRODUCTS on a Delivered CIF basis (INCOTERMS 2000) to.
2.3 The risk as to price and performance of the CONTRACT PRODUCTS and the title to the CONTRACT PRODUCTS shall pass to the BUYER at the time when the CONTRACT PRODUCTS have been delivered in accordance with Article 2.2. The CMR has to confirm the delivery date.

ARTICLE 3. PRICE
The reference price is USD4.15 CIF Barcelona.

The actual price for each individual contract is subject to the market.

ARTICLE 4. DELIVERY SCHEDULE

4.1 In consideration of the BUYER'S right herein granted, during the life of this Agreement, the BUYER guarantees to purchase and and the seller guarantees to sell the PRODUCTS as follows:

IN 2007:		IN 2008:	
January:	1MW	January:	5MW
February:	1MW	February:	5MW
March:	1MW	March:	5MW
April:	1MW	April:	6MW
May:	2MW	May:	6MW
June:	2MW	June:	5MW
July:	2MW	July:	6MW
August:	2MW	August:	6MW
September:	2MW	September:	6MW
October:	2MW	October:	6MW
November:	2MW	November:	7MW
December:	2MW	December:	7MW

4.2 The BUYER guarantees to purchase the PRODUCTS as above only upon the precondition that the TUV/IEC certificates have been obtained.

ARTICLE 5. INDIVIDUAL CONTRACTS
Each individual contract under this Agreement shall be subject to this Agreement but detail items conditions, rights and obligations of the parties shall be confirmed in each individual contract, and may be notified and added thereto or substituted there for by the SELLER, in verbal form, written letter, e-mail, or fax, and confirmed by the BUYER in writing from time to time during the life of this Agreement.

ARTICLE 6. PAYMENT
The payment for all shipments under this Agreement shall be made as follows: 50% prepayment transfer upon signing the single contract; 50% payment upon showing the advice notice of the delivery from the SELLER by Email or by fax,

ARTICLE 7. SHIPPING DOCUMENTS
The SELLER shall submit to the BUYER with each delivery:

1. Full set of clean an board ocean bill of lading or multimodal transport documents with 2 non-negotiable copies made out to order, marked freight collect, notify the BUYER.
2. Signed commercial invoice in threefold.
3. Signed packing list in threefold.
4. Data sheet evidencing the measured data of each single module including the serial no. of each single module.

ARTICLE 8. PACKAGING, MARKING AND GENERAL ISSUES

1. All modules must be marked with a serial number and a bar code. Each module must be labeled with a water-resistant label.
2. The serial number must be laminated under the glass in front at the top of the module including the bar code.
3. One pallet should not comprise more than 20 solar panels.
4. Pallets are to be made of wood and not smaller that the goods placed on it.
5. Loaded pallets need to be covered with a foil to resist any rain.
6. All cables must have been fastened and be ready for immediate installation.

ARTICLE 9. DELIVERY TIME

In case that the SELLER fails to effect delivery on time as stipulated in the delivery schedule, the Seller SHALL be obligated to pay to the BUYER liquidated damages. Without prejudice to compensation for further losses the rate of liquidated damages is charged a certain percent for one (1) calendar week, odd days less than one week being counted as one week. The percentage can be indicated in individual contract.

ARTICLE 10. EXAMINATION AND NOTICE OF LACK OF CONFORMITY

1. The BUYER shall notify the SELLER immediately in writing, but not later than 14 days after the receipt of the CONTRACT PRODUCTS, in case of any lack of conformity of the CONTACT PRODUCTS with terms and conditions set forth in this contract.

2. Following due notice of lack of conformity with the contract, the BUYER can rely on the remedies provided by law.

ARTICLE 11. WARRANTY

Without prejudice to the BUYERS continuing legal rights the SELLER additionally guarantees the quality of the CONTACT PRODUCTS according to the CONTRACT PRODUCTS specification enclosed as Appendix 1, and the warranty enclosed as Appendix 2.

ARTICLE 12. DURATION OF AGREEMENT

This Agreement shall come into force on the date first above written and, unless earlier terminated, remain in force for a period of 2 years.

ARTICLE 13. CANCELLATION AND TERMINATION

1. Any failure, whether willful, through neglect or otherwise, of either party to perform or fulfill any of its duties, obligations or covenants in this Agreement shall constitute a breach of this Agreement. In the event of breach of either party, if the other party makes written objection thereof in the manner herein provided for notices, then if such breach is not cured within 30 days after the effective date of the said written objection, the objecting party shall acquire the right to terminate this Agreement at any time following said 7 days period, by giving additional written notice of that effect.
2. In the event of bankruptcy, insolvency, dissolution, modification, amalgamation, receivership proceedings effecting the operation of its business or discontinuation of business for any reason and/or re-organization by the third party in the other party, either of the parties hereto shall have the absolute right to terminate this Agreement without any notice whatsoever within 7 days to the other party.

3. The BUYER may earlier cancel this Agreement in the event the SELLER fails to keep the terms and conditions agreed upon in this contract. The Seller may earlier cancel this agreement in event the Buyer falls to pay the prepayment or the remaining payment for any container according to the individual contract.

ARTICLE 14. PROHIBITION OF ASSIGNMENT

Neither party shall assign this Agreement to any other person or party in any method or through amalgamation without the prior written consent of the other party.

ARTICLE 15. FORCE MAJEURE

1. If either of the parties to the contract is prevented from executing the contract by cases of Force Majeure such as war, serious fire, flood, typhoon and earthquake, etc., the time for execution of the contract shall be extended by a period equal to the effect of those causes. An event of a Force Majeure means the event that the parties could not foresee at the lime of conclusion of the contract and its occurrence and consequences can not be avoided and can not be overcome.
2. The prevented party shall notify the other party by cable, fax or telex within the shortest possible time of the occurrence of the Force Majeure event and within fourteen (14) days thereafter send by express mail or registered airmail to the other party, a certificate for evidence issued by the relevant authorities for confirmation. Should the effect of a Force Majeure continue for more than ninety (90) consecutive days, both parties shall reach an agreement concerning the further execution of the contract through friendly negotiation and reach an agreement within a reasonable time.

ARTICLE 16. APPLICABLE LAW

This contract shall be governed by and all questions arising thereof shall be construed in accordance with International Law, excluding the United Nations Convention on Contracts for the International Sale of Goods (UN Sales Convention). Where standard terms of business are used the INCOTERMS 2000 of the International Chamber of Commerce (ICC) apply.

ARTICLE 17. ARBITRATION

1. Should any difference of the dispute at any time arise out of this contract, the parties shall make every effort to settle the problem amicably by mutual agreement.
2. Any dispute, controversy or difference arising out of or in relation to or in connection with this contract or for the breach thereof, shall be settled by arbitration in Zurich, Switzerland, pursuant to the rules of International Chamber of Commerce (ICC) and such arbitration shall be conducted in English. The arbitration tribunal shall consist of three arbitrators. The arbitration award shall be final and binding on both parties hereto.
3. The cost of the arbitration shall be borne by the losing party.

ARTICLE 18. NOTICES

Any notice given by either party to the other party shall be in English and shall be sent to the respective addresses as set forth first above, by registered air mail, telegram, cablegram, facsimile, telex or wireless telegraphy. Any notice sent by registered air mail as provided for above shall be deemed to have been served, received effective 15 days after posting. Any notice given by telegram, cablegram, facsimile, telex, or wireless telegraphy shall be deemed effective notice 7 days after dispatch, subject to being followed by registered air mail.

ARTICLE 19. ENTIRE AGREEMENT

This Agreement constitutes the main part agreement between the parties hereto relating to Distributorship of the PRODUCTS and modification, change and amendment of this Agreement shall be negotiated upon both the SELLER and the BUYER by mutual express consent in writing of subsequent date signed by an authorized officer or a representative of each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement in English and duplicate to be signed by their duly authorized officers or representatives as of the date first above written.

Seller	Buyer
JIANGSU LINYANG SOLARFUN CO., LTD. No. 666 Linyang Road Qidong City, JiangSu Province 226200, PRC	SOCIAL CAPITAL, S.L. ADDRESS: GANDUXER, 39-41, 2 DEGREES 2 DEGREES 08021 BARCELONA SPAIN
/s/ Yin Biao ----------	/signature/ ----------
Date: 2006/6/10	Date: 2006/6/10

Confidential Exhibit 10.10

(JIANGSU LINYANG SOLARFUN CO.,LTD. LOGO)

SALES CONTRACT

Contract No: SF06C-SCATEC-2007
Date: Nov.19, 2006

BUYER: SCATEC AS
ADD: BANKPLASSEN LA NO-0151 OSLO, NORWAY
PHONE: +47 907 73 960, FAX: +47 22 33 0633

SELLER: JIANGSU LINYANG SOLARFUN CO.,LTD.
NO.666 LINYANG ROAD, QIDONG CITY, JIANGSU PROVINCE, P.R.CHINA
PHONE: +86.513.83118422, FAX: +86.513.83110367

1. NAMES OF GOODS AND SPECIFICATIONS:

TYPE	TOTAL QUANTITY	PRICE	AVERAGE POWER	TOTAL AMOUNT
SF190-27	10MW	USD [*]/Wp for first 1MW; USD [*]/Wp for rest 9 MW	~200w	[*]

SAY US Dollar: [*]

Module specification is included in Appendix A;

2. TERMS OF PAYMENT:
1. CIF main port in Europe (e.g. Hamburg in Germany); if in CFR or FOB, both sides shall discuss and agree on the new terms before the contract.
2. The price shall be renegotiated and adjusted if RMB/USD exchange move over +/-10% range;
3. The Buyer shall effect 10% payment (US$[*] million) in advance for the one year quantity. The balance shall be paid by the Buyer within 10 days after getting the copy of B/L of each delivery.
4. Quantity and delivery schedule: as per discussion each year by Seller and Buyer.
5. The total value of each shipment will be calculated according to the aggregate power-output of the modules as per the commercial invoice.
6. Monthly information about quantity to be delivered not later than the 20th of the previous month.

The Seller gives the following notice of each shipment together with B/L:
- flasher data of each single module (excel-sheet)

3. PACKING (MODULES) Every 4 modules shall be packed in one carton and the cartons shall be strengthened by the ply-wooden pallets. The packing shall be in accordance with the industry packing standards and suitable for long distance ocean freight transportation and change of climate

*Confidential Treatment Requested. The redacted material has been separately filed with the Securities and Exchange Commission.

and shall be well protected against moisture and shocks. The well-packed PV-modules shall be shipped in containers.
Additionally, the Seller agrees to the following points:
- The power-output of each module shall be written clearly on the frontside of the carton.
- Only one module-powerclass in each carton.
- Only one module-powerclass on one pallet, except that a minimum amount of pallets shall be used with mixed module-powerclass.
- Every pallet holding modules with different power-output shall be marked clearly
- The cartons shall be ordered by power-class on the pallets.

4. WARRANTY Seller shall warrant that the performance, quality and specifications of modules are strictly in conformity with its standard production, descriptions and explanations provided by Seller to Buyer as set forth in Appendix B. This is the only warranty given by the Seller to the Buyer in respect of the sale of the PV modules. All other statements made by the Seller (including without limitation those made in the Seller's promotional materials) in respect of the properties, performance characteristics and other aspects of the PV modules are for illustration only and are not legally binding on the Seller. To the fullest extent permitted by law, the Seller excludes all implied representations and warranties in respect of the modules, their properties and performance characteristics.

To the fullest extent permitted by law, Seller also excludes all liability to the Buyer for:

- any loss of actual or anticipated profits, revenues and turnover, anticipated savings, business or goodwill; or
- any economic loss or damage; or
- any indirect, consequential or special loss or damage.

5. CONFIDENTIALITY Notwithstanding the foregoing, in the event that any party to this contract receiving confidential information from the other party is required to disclose such confidential information pursuant to applicable law, governmental order or requirement of a governmental authority or a stock exchange, such party may disclose such confidential information to the extent that such party is legally compelled to disclose; provided, however, that the party making such disclosures shall provide prompt written notice of such requirement to the other party so that the other party may seek a protective order or other remedy; and provided, further, that in the event that such protective order or other remedy is not obtained prior to the time the party is legally compelled to disclose such confidential information, the party required to make such disclosures shall be permitted to furnish only that portion of such confidential information that it is legally required to provide and the party required to make such disclosures shall exercise commercially reasonable efforts to obtain assurances that confidential treatment shall be accorded to such confidential information.

6. DELIVERY TIME Estimated delivery schedule of PV modules:

	12/06	1/07	2/07	3/07	4/07	5/07	6/07	7/07	8/07	Total
MWp	0.3	0.3	0.4	1	1	1	2	2	2	10

7. EXAMINATION AND NOTICE OF NON-CONFORMITY

Buyer will examine the PV modules immediately on receipt. Within 14 days after the arrival of the goods at the destination, should the specification, quantity or aesthetic appearance of the PV modules be found not to be in conformity with the stipulations of this contract except for those claims for which the insurance company or the owners of the vessel are liable, the Buyer shall, based on the Inspection Certificate issued by an office of the Authorised Administration of Import and Export Commodities Inspection or an international inspection company, such as SGS, have the right to claim for replacement with new goods or for damages and all expenses (for example inspection charges, shipping cost for returning the goods and for sending the replacing goods, insurance premium, storage, loading and unloading charges etc.) to be borne by the Seller. The Seller, in accordance with the Buyer's claim and after verification by itself, shall be responsible for complete or partial replacement of the commodity or shall devaluate the commodity according to the state of defects.

8. FORCE MAJEURE No party shall be held responsible for failure or delay to perform all or any part of the contract due to a Force Majeure condition, including flood, fire, earthquake, drought, war or any other events, which could not be predicted at the time of the conclusion of the contract, and could not be controlled, avoided or overcome by any party. However, the party affected by the event of Force Majeure shall inform the other Party of its occurrence in written as soon as possible and thereafter send a certificate of the event issued by the relevant authority to the other party but no later than 15 days after its occurrence. If the event of Force Majeure lasts move than 90 days, the relevant parties shall negotiate the continuous performance or the termination of the contract.

9. ARBITRATION

Any dispute arising from or in connection with the sales contract shall be settled through friendly negotiation. In case no settlement can be reached, the dispute shall be then submitted to China International Economic and Trade Arbitration Commission in accordance with its rules in effect at the time of applying for arbitration. The arbitral award will be final and binding upon both parties.

10. TERMINATION

This contract shall be valid for the term as stated in Article 1 of this contract and may be terminated only by the (i) mutual consents of the Seller and Buyer and (ii) in the event of a breach under this contract, by a party that substantially affects the purpose or benefit of this contract to the detriment of the non-breaching party.

2006 - 11 - 19	2006 -11 - 19
/signature/	/signature/
SCATEC AS	JIANGSU LINYANG SOLARFUN CO.,LTD.

Exhibit 10.11

(JIANGSU LINYANG SOLARFUN CO.,LTD. LOGO)

SALES CONTRACT

Contract No: SF06C-SCATEC-Basic
Date: Nov.19, 2006

BUYER: SCATEC AS
ADD: BANKPLASSEN LA NO-0151 OSLO, NORWAY
PHONE: +47 907 73 960, FAX: +47 22 33 0633

SELLER: JIANGSU LINYANG SOLARFUN CO.,LTD.
NO.666 LINYANG ROAD, QIDONG CITY, JIANGSU PROVINCE, P.R.CHINA
PHONE: +86.513.83118422, FAX:+86.513.83110367

1. NAMES OF GOODS AND SPECIFICATIONS:

TYPE	TOTAL QUANTITY*	PRICE	AVERAGE POWER	TERM
SF160-24	> or = 60MW	USD/Wp	150~180 w	Years 2007-2012
SF190-27			180~220 w	

* Minimum annual quantity is 10 MW in each of the years covered by this sales contract (2007 -- 2012)

General module specification is included in Appendix A; By the last month of each year, annual sales contract will be negotiated and signed for the coming year with specifics about products, price, quantity, delivery time, and etc.

2. TERMS OF PAYMENT:
1. CIF main port in Europe (e.g. Hamburg in Germany); if in CFR or FOB, both sides shall discuss and agree on the new terms before the contract.
2. The price shall be confirmed by the last month annually for the coming year.
3. The Buyer shall effect % payment in advance for the one year quantity. The balance shall be paid by the Buyer within 10 days after getting the copy of B/L of each delivery.
4. Quality and delivery schedule: as per discussion each year by Seller and Buyer.
5. The total value of each shipment will be calculated according to the aggregate power-output of the modules as per the commercial invoice.
6. Monthly information about quantity to be delivered not later than the 20th of the previous month.

The Seller gives the following notice of each shipment together with B/L:
- flasher data of each single module (excel-sheet)

3. PACKING (MODULES) Every 4 modules shall be packed in one carton and the cartons shall be strengthened by the ply-wooden pallets. The packing shall be in accordance with the industry packing

standards and suitable for long distance ocean freight transportation and change of climate and shall be well protected against moisture and shocks. The well-packed PV-modules shall be shipped in containers. Additionally, the Seller agrees to the following points:
- The power-output of each module shall be written clearly on the frontside of the carton.
- Only one module-powerclass in each carton.
- Only one module-powerclass on one pallet, except that a minimum amount of pallets shall be used with mixed module-powerclass.
- Every pallet holding modules with different power-output shall be marked clearly
- The cartons shall be ordered by power-class on the pallets.

4. WARRANTY Seller shall warrant that the performance, quality and specifications of modules are strictly in conformity with its standard production, descriptions and explanations provided by Seller to Buyer as set forth in Appendix B. This is the only warranty given by the Seller to the Buyer in respect of the sale of the PV modules. All other statements made by the Seller (including without limitation those made in the Seller's promotional materials) in respect of the properties, performance characteristics and other aspects of the PV modules are for illustration only and are not legally binding on the Seller. To the fullest extent permitted by law, the Seller excludes all implied representations and warranties in respect of the modules, their properties and performance characteristics.

To the fullest extent permitted by law, Seller also excludes all liability to the Buyer for:

(a) any loss of actual or anticipated profits, revenues and turnover, anticipated savings, business or goodwill; or
(b) any economic loss or damage; or
(c) any indirect, consequential or special loss or damage.

5. CONFIDENTIALLY

Notwithstanding the foregoing, in the event that any party to this contract receiving confidential information from the other party is required to disclose such confidential information pursuant to applicable law, governmental order or requirement of a governmental authority or a stock exchange, such party may disclose such confidential information to the extent that such party is legally compelled to disclose; provided, however, that the party making such disclosures shall provide prompt written notice of such requirement to the other party so that the other party may seek a protective order or other remedy; and provided, further, that in the event that such protective order or other remedy is not obtained prior to the time the party is legally compelled to disclose such confidential information, the party required to make such disclosures shall be permitted to furnish only that portion of such confidential information that it is legally required to provide and the party required to make such disclosures shall exercise commercially reasonable efforts to obtain assurances that confidential treatment shall be accorded to such confidential information.

6. DELIVERY TIME Both Buyer and Seller will settle the detailed annual delivery schedule of PV modules in advance.

7. EXAMINATION AND NOTICE OF NON-CONFORMITY

Buyer will examine the PV modules immediately on receipt. Within 14 days after the arrival of the goods at the destination, should the specification, quantity or aesthetic appearance of the PV modules be found not to be in conformity with the stipulations of this contract except for those claims for which the insurance company or the owners of the vessel are liable, the Buyer shall, based on the Inspection Certificate issued by an office of the Authorised Administration of Import and Export Commodities Inspection or an international inspection company, such as SGS, have the right to claim for replacement with new goods or for damages and all expenses (for example inspection charges, shipping cost for returning the goods and for sending the replacing goods, insurance premium, storage, loading and unloading charges etc.) to be borne by the Seller.
The Seller, in accordance with the Buyer's claim and after verification by itself, shall be responsible for complete or partial replacement of the commodity or shall devaluate the commodity according to the state of defects.

8. FORCE MAJEURE No party shall be held responsible for failure or delay to perform all or any part of the contract due to a Force Majeure condition, including flood, fire, earthquake, drought, war or any other events, which could not be predicted at the time of the conclusion of the contract, and could not be controlled, avoided or overcome by any party. However, the party affected by the event of Force Majeure shall inform the other Party of its occurrence in written as soon as possible and thereafter send a certificate of the event issued by the relevant authority to the other party but no later than 15 days after its occurrence. If the event of Force Majeure lasts move than 90 days, the relevant parties shall negotiate the continuous performance or the termination of the contract.

9. ARBITRATION Any dispute arising from or in connection with the sales contract shall be settled through friendly negotiation. In case no settlement can be reached, the dispute shall be then submitted to China International Economic and Trade Arbitration Commission in accordance with its rules in effect at the time of applying for arbitration. The arbitral award will be final and binding upon both parties.

10. TERMINATION

This contract shall be valid for the term as stated in Article 1 of this contract and may be terminated only by the (i) mutual consents of the Seller and Buyer and (ii) in the event of a breach under this contract, by a party that substantially affects the purpose or benefit of this contract to the detriment of the non-breaching party.

2006- 11 -19	2006-11 - 19
/signature/	/signature/
SCATEC AS	JIANGSU LINYANG SOLARFUN CO.,LTD.

Exhibit 10.12

English Translation of Original Contract

CONTRACT ON THE TRANSFER OF LAND USE RIGHT TO STATE-OWNED LAND

(FOR PLOT TRANSFER)

MADE BY QIDONG ADMINISTRATION OF LAND AND RESOURCES

English Translation of Original Contract

CONTRACT ON THE TRANSFER OF LAND USE RIGHT TO STATE-OWNED LAND

Qi Tu Zhuan Zi (_____) No. _____

ARTICLE 1 PARTIES

Transferor : QIDONG HUAHONG ELECTRONICS CO., LTD. (hereinafter referred to as "Party A"); and

Transferee: JIANGSU LINYANG SOLARFUN CO., LTD. (hereinafter referred to as "Party B").

This Contract on the Transfer of Land Use Right to State-owned Land (this "Contract") is executed by and between Party A and Party B for the transfer of land use right to state-owned land in accordance with the Law of the People's Republic of China (the "PRC") on Land Administration, the Law of the PRC on Administration of Urban Real Estate, the Interim Regulations of the PRC on the Grant and Transfer of Land Use Right to State-owned Land in Urban Areas and other relevant PRC laws and regulations and on the principle of equality, mutual benefit and paid transfer.

ARTICLE 2

The plot of which a portion is the subject land covered under the land use right to be transferred hereunder is located in Huashi Village, Huilong Town 1.16.28 (plot number: 01-65-L0107-017). The Land Use Certificate with respect to such plot is Qi Guo Yong (2005) No. 0221. Such plot covers an area of 50,727 square meters and is intended for industrial use. The portion of such plot covered by the land use right to be transferred hereunder has an area of 24,671 square meters (the "Transferred Plot"). The location and the boundaries of the Transferred Plot are marked in the map attached hereto.

ARTICLE 3

Party A hereby agrees that the ownership of the buildings on the Transferred Plot and the affixtures thereof shall be transferred to Party B together with the land use right transfer hereunder pursuant to a real estate transfer contract to be executed between the parties hereto subsequently and Party A will go through the procedures necessary for real estate title transfer with the relevant real estate administrative authorities.

ARTICLE 4

The term during which Party B can use the land use right to the Transferred Plot hereunder shall be 48 years commencing from _____ and expiring on December 23, 2054, and equal to the term of use specified in the relevant Land Use Right Grant Contract executed by Party A (the "Grant Contract") less the portion of the term of use that has elapsed.

ARTICLE 5 TRANSFER OF THE LAND USE RIGHT AND TERMS OF PAYMENT OF THE LAND TRANSFER FEE

5.1 The rate of the land transfer fee for the transfer of the land use right contemplated hereunder shall be RMB185/square meter and the total amount of such land transfer fee shall be RMB4,564,154 as rounded (the "Transfer Price"). The exchange rate between RMB and any foreign currency shall be determined subject to the median rate between RMB and such foreign currency as published by the People's Bank of China on the date immediately prior to the date on which this Contract is executed.

5.2 Within _____days after this Contract is approved, Party B shall pay Party A as deposit_____% of the Transfer Price, which shall be equal to RMB_____. The remaining payment of the Transfer Price in the amount of RMB_____ shall be paid off within _____days as from the date on which this Contract is approved. Where the remaining payment of the Transfer Price is to be paid by installments, the first installment [insert amount] shall be paid prior to _____ and the second installment [insert amount] shall be paid prior to _____.

ARTICLE 6

Upon its obtaining of the land use right to the Transferred Plot hereunder, Party B shall enjoy all the rights set forth in the Grant Contract and all the exhibits thereto and all the registration documents relating thereto, and shall agree to assume corresponding obligations.

ARTICLE 7

Where Party B needs to change the intended use and planning requirements of the Transferred Plot after it has obtained the land use right thereto as contemplated hereunder, it shall obtain the consent of the party who has granted Party A the land use right to the Transferred Plot and the approval from the original approval authority. In such case, a new Land Use Right Grant Contract shall be executed and the rate of the land grant fee shall be adjusted and relevant land registration procedures need to be gone through.

ARTICLE 8

Within 30 days as of the date on which this Contract is approved, Party A and Party B shall apply to the relevant land administrative authorities for the registration of the transfer of land use right, and for the issuance of the new State-owned Land Use Certificate after having paid the taxes (fees) required for land transfer in accordance with relevant regulations.

ARTICLE 9 LIABILITIES FOR BREACH OF CONTRACT

9.1 Should Party A fail to perform this Contract, it shall pay Party B 200% of the deposit;

9.2 Should Party B fail to perform this Contract, it shall not have any right to claim a refund of the deposit; or

9.3 In case of any breach of this Contract by either party hereto, such party shall pay the other party liquidated damages in an amount of 10% of the Transfer Price and shall be liable for the actual loss arising from such breach.

ARTICLE 10

Party A and Party B shall perform this Contract in accordance with the terms and agreements set forth herein. In case of any dispute between Party A and Party B hereunder, such dispute

shall be resolved through negotiations. Where any dispute cannot be resolved through negotiations, the parties hereto agree that such dispute shall be referred to Nantong Arbitration Commission for resolution through arbitration (In case the parties hereto fail to agree on an arbitral body in this Contract and fail to reach a separate written agreement on arbitration, any dispute arising hereunder may be submitted to a court).

ARTICLE 11

This Contract shall come into effect upon being approved by Qidong Administration of Land and Resources after being signed by the legal (authorized) representative of and being affixed with the company seal of each party hereto.

ARTICLE 12 MISCELLANEOUS

12.1 This Contract shall be executed in four counterparts, with each Party A and

Party B to hold two;

12.2 This Contract shall be executed in the Administrative Services Center;

12.3 This Contract shall be executed on April 18, 2006; and

12.4 Any matter not covered hereunder may be set forth in a supplemental agreement to be executed by and between the parties hereto subsequently. Such supplemental agreement after being submitted to and approved by Qidong Administration of Land and Resources shall be attached hereto as an exhibit. Such supplemental agreement shall have equal legal force and effect.

Party A (company seal): QIDONG HUAHONG ELECTRONICS CO., LTD.	Party B (company seal): JIANGSU LINYANG SOLARFUN CO., LTD. (affixed with the company seal)
Legal Representative:	Legal Representative:
/s/ Lu Yonghua (signature) --- Name: Lu Yonghua	/s/ Lu Yonghua (signature) --- Name: Lu Yonghua
(Authorized Representative):	(Authorized Representative):
/s/ Mao Caihong (signature) --- Name: Mao Caihong	---
Legal Address: _____	Legal Address: _____
Bank of Deposit: _____	Bank of Deposit: _____
A/C: _____	A/C: _____
Postal Code: _____	Postal Code: _____
Telephone: _____	Telephone: _____

Opinions of the competent land and resources administrative authority:

QIDONG ADMINISTRATION OF LAND AND RESOURCES (seal)

Approved.
April 18, 2006

English Translation of Original Contract

LAND USE RIGHT TRANSFER AGREEMENT

Transferor : QIDONG HUAHONG ELECTRONICS CO., LTD. (hereinafter referred to as "Party A"); and

Transferee: JIANGSU LINYANG SOLARFUN CO., LTD. (hereinafter referred to as "Party B").

After friendly negotiations, Party A and Party B hereby reach agreement as follows with respect to Party A's transfer of its land use right to the subject plot to Party B:

ARTICLE 1 AREA OF THE TRANSFERRED PLOT

The plot covered under the land use right to be transferred hereunder has an area of approximately 24,263 square meters (the "Transferred Plot"), subject to the area specified in the map of the transferred plot. The four boundaries of the Transferred Plot are as follows:

East boundary: the Transferred Plot extends to the east as far as to the west boundary of the North-south Central Avenue in Linyang New District of Qidong Huahong Electronics Co., Ltd.;

West boundary: the Transferred Plot extends to the west as far as to the west enclosing wall of Linyang New District of Qidong Huahong Electronics Co., Ltd.;

South boundary: the Transferred Plot extends to the south as far as to the north sideline of the road to the north of Electricity Meter Workshop in Linyang New District of Qidong Huahong Electronics Co., Ltd.; and

North boundary: the Transferred Plot extends to the north as far as to the north enclosing wall of Linyang New District of Qidong Huahong Electronics Co., Ltd..

ARTICLE 2

The price for the transfer of the land use right to the Transferred Plot (the "Transfer Price") shall be subject to the valuation determined by a legal evaluation organization established under relevant PRC laws. Party B shall pay fifty percent (50%) of the Transfer Price to Party A within one week after the execution of this agreement. The remainder of the Transfer Price shall be paid to Party A in a lump-sum payment upon the issuance of the new Land Use Certificate.

ARTICLE 3

Party B shall be responsible for going through relevant procedures necessary for the replacement of the Land Use Certificate at its own expense and Party A shall diligently cooperate with Party B in connection therewith.

ARTICLE 4 GOVERNING LAW AND DISPUTE RESOLUTION

Any dispute arising from the performance of this agreement shall be resolved through negotiations between the parties hereto. Where no settlement can be reached through negotiations, either party hereto may bring an action before a competent court.

ARTICLE 5

This agreement shall come into effect upon execution.

ARTICLE 6

This agreement shall be executed in six counterparts, with each Party A and Party B to hold one. The remaining four counterparts will be used for going through procedures in connection with the land use right transfer contemplated hereunder.

Party A:	*Party B:*
QIDONG HUAHONG ELECTRONICS CO., LTD.	*JIANGSU LINYANG SOLARFUN CO., LTD.*
(affixed with company seal)	*(affixed with company seal)*
Signed by: /s/ Lu Yonghua	*Signed by: /s/ Lu Yonghua*
Name: Lu Yonghua	*Name: Lu Yonghua*
Representative	*Representative*
	Dated: April 8, 2006

Exhibit 10.13

SUMMARY OF SHARE TRANSFER AGREEMENTS, DATED MAY 27, 2006 AND EFFECTIVE AS OF JUNE 2, 2006, BETWEEN LINYANG SOLAR POWER INVESTMENT HOLDING LTD. AND THE SHAREHOLDERS OF JIANGSU LINYANG SOLARFUN CO., LTD.

ON MAY 27, 2006, LINYANG SOLAR POWER INVESTMENT HOLDING LTD., OR LINYANG BVI, ENTERED INTO SHARE TRANSFER AGREEMENTS WITH EACH OF THE SHAREHOLDERS OF JIANGSU LINYANG SOLARFUN CO., LTD., OR LINYANG CHINA, NAMELY JIANGSU LINYANG ELECTRONICS CO., LTD., OR LINYANG ELECTRONICS, MR. YONGLIANG GU, MR. RONGQIANG CUI AND MR. SZE HIU SHUN. THESE AGREEMENTS HAVE SUBSTANTIALLY IDENTICAL TERMS AND THE FOLLOWING IS A SUMMARY OF THE TERMS OF THE AGREEMENTS:

This Agreement on the Transfer of Equity Interest in Jiangsu Linyang Solarfun Co., Ltd. (this "Agreement") is made this 27th day of May, 2006 in People's Republic of China (the "PRC") by and between the following two parties:

Transferor: Jiangsu Linyang Electronics Co., Ltd./Mr. Yongliang Gu/Mr. Rognqiang Cui/Mr. Sze Hiu Shun (hereinafter referred to as "Party A"); and

Transferee: Linyang Solar Power Investment Holding Ltd. (hereinafter referred to as "Party B"), with its legal representative being Lu Yonghua.

Whereas:

1. Jiangsu Linyang Solarfun Co., Ltd. (hereinafter referred to as the "Target") is a Sino-foreign equity joint venture established upon the approval of Jiangsu Provincial People's Government and the registration with Nantong Administration for Industry and Commerce of Jiangsu Province. The Target has a registration number of Qi He Su Tong Zong Zi No. 005771, and a registered capital of US$7.25 million, which has been paid in full;

2. Party A is a shareholder of the Target and holds % of the equity interest in the registered capital of the Target; and

3. In order to promote the further development of the Target, Party A intends to transfer to Party B, and Party B agrees to accept, Party A's equity interest in the Target.

NOW, THEREFORE, in accordance with the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-owned Enterprises and other relevant PRC laws and regulations, Party A and Party B, after sufficient negotiations and following the principle of good faith and mutual benefit, hereby reach this Agreement with respect to Party A's transfer to Party B of Party A's equity interest in the Target (hereinafter referred to as the "Equity Transfer"), for their mutual observation.

ARTICLE 1 SUBJECT EQUITY INTEREST

Subject to agreement between the parties after negotiations, Party B agrees to transfer to Party A, and the Party A agrees to accept, the portion of the registered capital of the Target corresponding to all of Party A's equity interest in the Target (hereinafter referred to as the "Transferred Equity"), pursuant to this Agreement.

ARTICLE 2 TRANSFER PRICE

The parties agree that the price for the Transferred Equity (the "Transfer Price") shall be based on the evaluated price of RMB75.8847 million confirmed by Evaluation Report No. 27 issued by Nantong Xinda Accounting Firm, and shall be equal to 100% of the portion of the evaluated price corresponding to all of Party A's equity interest in the Target.

The parties hereby acknowledge that the above price includes all the shareholder equity, rights and income attributable to the Transferred Equity that have accrued but have not been distributed since the date of incorporation of the Target and till the Closing Date as defined in Article 6 herein below.

ARTICLE 3 PAYMENT TERMS AND SCHEDULE

The parties agree after negotiations that:

Party B shall pay the Transfer Price in cash in a lump-sum within three (3) months as from the issuance of the approval by the relevant governmental authority to the Equity Transfer.

ARTICLE 4 POST-TRANSFER EQUITY PERCENTAGE, RIGHTS AND OBLIGATIONS

Upon the closing of the Equity Transfer, Party A shall cease to hold any equity interest in the Target and Party B shall obtain all of Party A's equity interest in the Target, and Party B shall have all the interests, rights and income attributable to the Transferred Equity, including but not limited to, the right to receive dividents from the Target and the right to appoint directors and officers of the Target, and assume corresponding rights and obligations, in accordance with relevant provisions in the Joint Venture Contract for and the Articles of Association of, the Target.

ARTICLE 5 AMENDMENT TO ARTICLES OF ASSOCIATION

Following the execution of this Agreement, both Party A and Party B shall make efforts in conjunction with the other shareholders of the Target to cause the board of directors of the Target to amend the Articles of Association of the Target to the extent necessary to reflect the Equity Transfer and duly execute such amended Articles of Association.

ARTICLE 6 CLOSING

After negotiations, Party A and Party B hereby acknowledge that, after this Agreement is executed by the parties and approved by the relevant examination authority, Party A and Party B shall work with each other to go through the necessary procedures relating to the change of the shareholding in the Target with the relevant Administration for Industry and Commerce, and the Transferred Equity shall be vested in Party B upon the date of the consummation of the closing contemplated hereunder and the completion of the registration of the title transfer with respect to the Transferred Equity with the relevant Administration for Industry and Commerce (such date hereinafter referred to as the "Closing Date").

ARTICLE 7 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

1. Party A hereby represents, warrants and undertakes to Party B as follows, and acknowledges that Party B executes this Agreement by reliance on such representations, warranties and undertakings:

(1) Party A is a limited liability company duly established and existing under the laws of the jurisdiction in which it is incorporated, and has duly made or obtained any and all the necessary authorizations, approvals and consents of its relevant internal corporate governing bodies with respect to the Equity Transfer;

(2) Party A has the right and power necessary for the execution of this Agreement, and this Agreement upon execution, shall constitute legal and binding obligations of Party A;

(3) there does not exist any mortgage, guarantee or lien upon any of the Transferred Equity, or any circumstance or fact that would have a legal or de facto impact on the Transferred Equity under this Agreement, unless otherwise expressly indicated herein by Party A to Party B;

(4) Party A's obligations under this Agreement shall be legal and valid, and will not conflict with any other contractual obligation of Party A, or violate any law;

(5) the written consent of each of the other shareholders of the Target has been obtained with respect to Party A's transfer to Party B of the Transferred Equity and each of the other shareholders unanimously undertook to waive their right of first refusal to the Transferred Equity; and

(6) Party A will make its best endeavors to assist Party B to accept the equity interest to be transferred by the other shareholders of the Target, and at the request of Party B, issue consents, waivers of right of first refusal and any other undertakings with respect to the transfer to Party B by the other shareholders of their equity interest in the Target, and agree to assist Party B to handle all the other necessary procedures.

2. Party B hereby represents, warrants and undertakes to Party A as follows, and acknowledges that Party A executes this Agreement by reliance on such representations, warranties and undertakings:

(1) Party B is a limited liability company duly established and existing under the laws of the jurisdiction in which it is incorporated, and has duly made or obtained any and all the necessary authorizations, approvals and consents of its relevant internal corporate governing bodies with respect to the Equity Transfer;

(2) Party B has the right and power necessary for the execution of this Agreement, and this Agreement upon execution, shall constitute legal and binding obligations of Party B;

(3) Party B has the ability to pay the consideration for the consummation of the purchase of the Equity Transfer as contemplated hereunder; and

(4) Party B's obligations under this Agreement shall be legal and valid, and will not conflict with any other contractual obligation of Party B, or violate any law.

ARTICLE 8 TERMINATION

At any time before Party A have duly received all the payment made by Party B for the transfer of the equity interest of the Target by Party A in accordance with the provisions of this Agreement,

1. in case of any of the following, Party A may terminate this Agreement by giving prior written notice to Party B and recover the equity interest transferred under this Agreement:

(1) the Equity Transfer hereunder fails to be approved by the relevant government authority;

(2) any fact or circumstance which makes the representations, warranties and covenants of Party B to be substantially untrue.

2. in case of any of the following, Party B may terminate this Agreement by giving prior written notice to Party A:

(1) Party A is in violation of any term of this Agreement, which makes it impossible to achieve the purpose of this Agreement;

(2) the Equity Transfer hereunder fails to be approved by the relevant government authority;

(3) any fact or circumstance which makes the representations, warranties and covenants of Party A to be substantially untrue.

Upon the termination of this Agreement by either party pursuant to Item 1 or 2 of this Article 8, the parties shall cease to be entitled to the any right hereunder and shall cease to assume any liability hereunder, excluding those set forth under Article 10 and 11 hereunder, and those which have arisen hereunder prior to such termination.

ARTICLE 9 LIABILITY FOR BREACH OF THIS AGREEMENT

In case any party (hereinafter referred to as the "Defaulting Party") is in breach of this Agreement, it shall compensate the other party (hereinafter referred to as the "Non-defaulting") for any direct or indirect losses arising from the breach of this Agreement.

In the event the breach committed by the Defaulting Party constitutes a material breach, which makes it impossible for the parties hereto to continue the performance of this Agreement, or the continued performance is not meaningful, the Non-defaulting Party shall have the right to terminate this Agreement. The termination of this Agreement by the Non-defaulting Party shall not affect the liability for breach of this Agreement assumed by the Defaulting Party in accordance with the law and the provisions hereof.

ARTICLE 10 CONFIDENTIALITY

1. Party A and Party B shall keep the information related to the following they have obtained in connection with the execution or performance of this Agreement in strict confidence:

(1) the terms under this Agreement;

(2) negotiations with respect to this Agreement;

(3) the subject matter of this Agreement;

(4) trade secrets of either party,

provided that, the above information may be disclosed in accordance with Item 2 of this Article 10.

2. Only under one of the following conditions may the information set forth in Item 1 of this Article 10 be disclosed:

(1) The disclosure is required by law;

(2) The disclosure is required by mandatory requirements of the competent government authority or regulatory authority;

(3) In case of disclosing to the consultant or the counsel (if any) of either party, such disclosure shall be made only on the condition that such consultant or counsel undertakes to keep confidence;

(4) Such information has entered into public domain for reasons not attributable to any party;

(5) One party has given prior written consent to such disclosure to the other party.

3. This Article 10 shall survive the termination of this Agreement.

ARTICLE 11 GOVERNING LAW AND DISPUTE RESOLUTION

Any dispute arising from the execution, performance and construction of this Agreement shall be governed by the law of mainland China promulgated publicly.

Any dispute in connection with this Agreement shall be settled through friendly consultation between the parties hereto. In case the dispute fails to be solved through negotiation within thirty days from the date one party gives the written notice of the dispute to the other party, either party may refer such dispute to Nantong Arbitration Commission (the "Commission") for final arbitration in accordance with the Commission's then effective rules. The arbitral award shall be binding upon the parties hereto.

ARTICLE 12 FURTHER MATTERS

This Agreement shall be the fundamental principle for the Equity Transfer by the parties hereto. Subject to this Agreement, Party A and Party B may enter into a supplemental agreement with respect to the specific matters and matters not included herein. Once being executed, the supplemental agreement shall have the same legal effect as this Agreement.

ARTICLE 13 EFFECTIVENESS

This Agreement shall be established by the parties upon the execution by their

respective authorized officers or affixing the official company seal, and shall become effective upon the approval of the Equity Transfer by the relevant government authority.

This Agreement may be executed in seven counterparts. Each of Party A and Party B shall hold two copies, and the remaining three copies shall be used for the examination and approval, recordal or registration approval of the relevant government authorities.

Exhibit 10.14

SHARE TRANSFER AGREEMENT

THIS AGREEMENT is made and entered into on this 9th day of June, 2006 by and between:-

(1) Yonghua Solar Power Investment Holding Ltd ("YONGHUA");

(2) Yongliang Solar Power Investment Holding Ltd ("YONGLIANG");

(3) Yongqiang Solar Power Investment Holding Ltd ("YONGQIANG");

(4) WHF Investment Co., Ltd ("WHF");

(5) Yongfa Solar Power Investment Holding Ltd ("YONGFA");

(6) YongGuan Solar Power Investment Holding Ltd ("YONGGUAN");

(7) Forever-brightness Investments Limited ("FOREVER");

(8) YongXing Solar Power Investment Holding Ltd ("YONGXING");

(9) Linyang Solar Power Investment Holding Ltd ("LINYANG"), together with all of the parties listed in (1) to (8) inclusive above, having their registered office at PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands; and

(10) Sze Hiu Shun, an individual identified by Hong Kong passport number H01298365 and residing at FLAT 6A PO YANG MANSION TAIKOO SHING, HONG KONG.

Solarfun Power Holdings Co., Ltd. an exempted limited liability company incorporated and existing under the laws of the Cayman Islands, having its registered office at M&C Corporate Services Limited, Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands;

WITNESSETH:

WHEREAS as at the date hereof, Linyang has issued 100 fully paid and non-assessable voting shares, each with par value of US$0.001 (the "LINYANG SHARES") to the persons ("CURRENT LINYANG SHAREHOLDERS") and in the amounts set forth in Schedule 1-1; and

WHEREAS certain of the Current Linyang Shareholders desire to sell a number of Linyang Shares as set forth herein and to the persons whose names appear in Article 2 (each a "LINYANG TRANSFEREE");

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises hereinafter contained, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1 (DEFINITIONS)

"ENCUMBRANCE"
means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any

kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any lease, sub-lease, occupancy agreement, easement or covenant granting a right of use or occupancy to any Person, (iii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, negotiation or refusal or Transfer restriction in favor of any Person and (iv) any adverse claim as to title, possession or use.

ARTICLE 2 (SALE AND TRANSFER OF LINYANG SHARES)

2.1 On the date of this Agreement, Sze Hiu Shun hereby sells and transfers full legal and beneficial title to all of the 42.5 Linyang Shares registered in her name in Linyang's register of Members, free of all Encumbrances:-

(i) 24.5 Linyang Shares to Yonghua;
(ii) 12.5 Linyang Shares to WHF;
(iii) 5 Linyang Shares to Yongfa; and
(iv) 0.5 Linyang Shares to YongGuan.

2.2 On the date of this Agreement, Yongqiang hereby sells and transfers full legal and beneficial title to the following 1.5 Linyang Shares registered in Yongqiang's name in Linyang's register of Members, free of all Encumbrances:-

(i) 1 Linyang Shares to Forever; and
(ii) 0.5 Linyang Shares to YongXing;

2.3 On the date of this Agreement, Yongliang hereby sells and transfers full legal and beneficial title to the following 1.5 Linyang Shares registered in Yongliang's name in Linyang's register of Members, free of all Encumbrances:-

(i) 1 Linyang Shares to YongQiang; and
(ii) 0.5 Linyang Shares to YongXing.

2.4 Sze Hiu Shun, Yongqiang and Yongliang, the Linyang Transferees and Linyang each agree to execute and deliver separate share transfer forms substantially in the form set out in Schedule 2, together with such other documents as may need to be signed in connection with the aforementioned transfers;

2.5 Linyang hereby confirms that prior to the date of this Agreement, no share certificates have been issued by Linyang in respect of the Linyang Shares.

2.6 Sze Hiu Shun, Yongqiang and Yongliang agree with each Linyang Transferee, to procure that Linyang's directors pass resolutions forthwith to approve the share transfers set forth in Article 1.1 and that Linyang updates its register of members to reflect such transfers. The shareholding structure of Linyang immediately following the share transfer contemplated in this Article 2 is set for in Schedule 1-2.

ARTICLE 3 (CONSIDERATION)

3.1 Each of Yonghua, WHF, Yongfa and YongGuan hereby agree to pay to Sze Hiu Shun on the date hereof, RMB758,847 per Linyang Share transferred in accordance with Article 2.1.

3.2 Each of Forever, Yongxing hereby agree to pay to Yongqiang on the date hereof, RMB758,847 per Linyang Share transferred in accordance with Article 2.2.

3.3 YongXing and Yongqiang hereby agree to pay to Yongliang on the date hereof, RMB758,847 per Linyang Share transferred in accordance with Article 2.3.

3.4 Sze Hiu Shun, Yonghua, WHF, Yongfa, Yongliang, Forever, Yongxing, Yongqiang and YongGuan each agree that the payment obligations referred to in this Article 3 shall be several and not joint. Parties further agree that the transfer price for the Linyang Shares may be paid in Renminbi or equivalent amount in other currencies.

ARTICLE 4 (EXPENSES)

Each party shall be responsible for any and all expenses incurred by such party in connection with the execution, delivery and performance of this Agreement.

ARTICLE 5 (NON-ASSIGNABILITY)

No party may assign, pledge, transfer or otherwise dispose of any right or delegate its duty under this Agreement without prior written consents of all the other parties hereto.

ARTICLE 6 (ENTIRE AGREEMENT)

This Agreement constitutes the entire and only agreement between the parties hereto with respect to the sale and purchase of the Linyang Shares and supersedes, cancels and annuls all prior or contemporaneous agreements, understandings, negotiations or communications between the parties hereto relating to the subject matter hereof.

ARTICLE 7 (GOVERNING LAW AND JURISDICTION)

This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the Cayman Islands.

ARTICLE 8 (AMENDMENT)

This Agreement and its terms may not be amended, supplemented, waived or modified orally, but only by an instrument in writing signed by all the parties hereto.

ARTICLE 9 (COUNTERPARTS)

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. This Agreement shall take effect only when all parties have executed and delivered it.

ARTICLE 10 (HEADINGS)

The headings of this Agreement are for convenience of reference only and shall not define, modify or otherwise affect any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement the day and year first above written.

LINYANG SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yonghua Lu
Name:
a duly authorised signatory

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yonghua Lu
Name:
a duly authorised signatory

YONGLIANG SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yongliang Gu
Name:
a duly authorised signatory

YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Rongqiang Cui
Name:
a duly authorised signatory

WHF INVESTMENT CO., LTD

By: /s/ Hanfei Wang
Name:
a duly authorised signatory

YONGFA SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Haijuan Yu
Name:
a duly authorised signatory

YONGGUAN SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yuting Wang
Name:
a duly authorised signatory

FOREVER-BRIGHTNESS INVESTMENTS LIMITED

By: /s/ Min Cao
Name:
a duly authorised signatory

Name: Sze Hiu Shun
SZE HIU SHUN

YONGXING SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Xingxue Tong
Name:
a duly authorised signatory

Exhibit 10.15

SHARE ISSUE AND TRANSFER AGREEMENT

THIS AGREEMENT is made and entered into on this 12th day of June, 2006 by and between:-

(1) Yonghua Solar Power Investment Holding Ltd ("YONGHUA");

(2) Yongliang Solar Power Investment Holding Ltd ("YONGLIANG");

(3) Yongqiang Solar Power Investment Holding Ltd ("YONGQIANG");

(4) WHF Investment Co., Ltd ("WHF");

(5) Yongfa Solar Power Investment Holding Ltd ("YONGFA");

(6) YongGuan Solar Power Investment Holding Ltd ("YONGGUAN");

(7) Forever-brightness Investments Limited ("FOREVER");

(8) YongXing Solar Power Investment Holding Ltd ("YONGXING");

(9) Linyang Solar Power Investment Holding Ltd ("LINYANG"), together with all of the parties listed in (1) to (8) inclusive above, having their registered office at PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands; and

(10) Solarfun Power Holdings Co., Ltd. an exempted limited liability company incorporated and existing under the laws of the Cayman Islands, having its registered office at M&C Corporate Services Limited, Ugland House, P.O. Box 309, George Town, Grand Cayman, Cayman Islands ("SOLARFUN").

WITNESSETH:

WHEREAS as at the date hereof, Linyang has issued 100 fully paid and non-assessable voting shares, each with par value of US$0.001 (the "LINYANG SHARES") to the persons ("CURRENT LINYANG Shareholders") and in the amounts set forth in Schedule 1-1;

WHEREAS all of the Current Linyang Shareholders desire to sell all of their Linyang Shares as set forth herein to Solarfun, in exchange for voting shares to be issued by Solarfun; and

WHEREAS all of the issued and unissued shares in the capital of Solarfun have been subdivided into shares of US$0.0001 par value each, by ordinary resolution of the sole subscriber dated 9 June, 2006

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises hereinafter contained, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE 1 (DEFINITIONS)

"ENCUMBRANCE"

means (a) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any lease, sub-lease, occupancy agreement, easement or covenant granting a right of use or occupancy to any Person, (iii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, negotiation or refusal or Transfer restriction in favor of any Person and (iv) any adverse claim as to title, possession or use.

ARTICLE 2 (SALE AND TRANSFER OF LINYANG SHARES)

2.1 On the date of this Agreement Yonghua Solar Power Investment Holding Ltd, Yongliang Solar Power Investment Holding Ltd, Yongqiang Solar Power Investment Holding Ltd, WHF Investment Co., Ltd, Yongfa Solar Power Investment Holding Ltd, YongGuan Solar Power Investment Holding Ltd, Forever-brightness Investments Limited and YongXing Solar Power Investment Holding Ltd each hereby sells and transfers full legal and beneficial title to Solarfun to such number of Linyang Shares registered in their names in Linyang's register of Members, free of all Encumbrances, as is set forth below:-

(i) Yonghua Solar Power Investment Holding Ltd (77 Linyang Shares);
(ii) Yongliang Solar Power Investment Holding Ltd (1.5 Linyang Shares);
(iii) Yongqiang Solar Power Investment Holding Ltd (1.5 Linyang Shares);
(iv) WHF Investment Co., Ltd (12.5 Linyang Shares);
(v) Yongfa Solar Power Investment Holding Ltd (5 Linyang Shares);
(vi) YongGuan Solar Power Investment Holding Ltd (0.5 Linyang Shares);
(vii) Forever-brightness Investments Limited (1 Linyang Share); and
(viii) YongXing Solar Power Investment Holding Ltd (1 Linyang Share).

2.2 On the date of this Agreement, Solarfun hereby agrees to issue the following voting shares (each with a US$0.0001 par value) in its share capital as fully-paid and non-assessable, such shares to be issued forthwith upon the execution of this Agreement (collectively, "SOLARFUN SHARES"):

(i) 77,269,490 to Yonghua Solar Power Investment Holding;
(ii) 1,505,250 to Yongliang Solar Power Investment Holding Ltd;
(iii) 1,505,250 to Yongqiang Solar Power Investment Holding Ltd;
(iv) 12,543,750 to WHF Investment Co., Ltd;
(v) 5,017,500 to Yongfa Solar Power Investment Holding Ltd;
(vi) 501,750 to YongGuan Solar Power Investment Holding Ltd;
(vii) 1,003,500 to Forever-brightness Investments Limited; and
(viii) 1,003,500 to YongXing Solar Power Investment Holding Ltd.

2.3 Solarfun undertakes to update its register of members to reflect the issue of Solarfun Shares.

ARTICLE 3 (CONSIDERATION)

3.1 Each of the parties hereby agrees that the issue price of the Solarfun Shares shall be paid in full by the transfer to Solarfun of the Linyang Shares in accordance with the terms hereof and that the issue of the Solarfun Shares shall occur forthwith after the transfer of title to the Linyang Shares in accordance with the terms hereof.

3.4 Each of the parties hereby agrees that the payment obligations in this Agreement shall be several and not joint.

ARTICLE 4 (EXPENSES)

Each party shall be responsible for any and all expenses incurred by such party in connection with the execution, delivery and performance of this Agreement.

ARTICLE 5 (NON-ASSIGNABILITY)

No party may assign, pledge, transfer or otherwise dispose of any right or delegate its duty under this Agreement without prior written consents of all the other parties hereto.

ARTICLE 6 (ENTIRE AGREEMENT)

This Agreement constitutes the entire and only agreement between the parties hereto with respect to the sale and purchase of the Linyang Shares and supersedes, cancels and annuls all prior or contemporaneous agreements, understandings, negotiations or communications between the parties hereto relating to the subject matter hereof.

ARTICLE 7 (GOVERNING LAW AND JURISDICTION)

This Agreement shall in all respects be governed by, and construed in accordance with, the laws of the Cayman Islands.

ARTICLE 8 (AMENDMENT)

This Agreement and its terms may not be amended, supplemented, waived or modified orally, but only by an instrument in writing signed by all the parties hereto.

ARTICLE 9 (COUNTERPARTS)

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement. This Agreement shall take effect only when all parties have executed and delivered it.

ARTICLE 10 (HEADINGS)

The headings of this Agreement are for convenience of reference only and shall not define, modify or otherwise affect any of the provisions hereof.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement the day and year first above written.

YONGHUA SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yonghua Lu
Name:
a duly authorised signatory

YONGLIANG SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yongliang Gu
Name:
a duly authorised signatory

YONGQIANG SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Rongqiang Cui
Name:
a duly authorised signatory

WHF INVESTMENT CO., LTD

By: /s/ Hanfei Wang
Name:
a duly authorised signatory

YONGFA SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Haijuan Yu
Name:
a duly authorised signatory

YONGGUAN SOLAR POWER INVESTMENT HOLDING LTD

By: /s/ Yuting Wang
Name:
a duly authorised signatory

FOREVER-BRIGHTNESS INVESTMENTS LIMITED

By: /s/ Min Cao
Name:
a duly authorised signatory

YONGXING SOLAR POWER INVESTMENT HOLDING LTD

By: */s/ Xingxue Tong*

Name:
a duly authorised signatory

LINYANG SOLAR POWER INVESTMENT HOLDING LTD

By: */s/ Yonghua Lu*

Name:
a duly authorised signatory

SOLARFUN SOLAR POWER HOLDINGS CO., LTD

By: */s/ Yonghua Lu*

Name:
a duly authorised signatory

Exhibit 10.16

DEED OF SHARE TRANSFER

THIS AGREEMENT is SUPPLEMENTAL TO THE SHARE TRANSFER AGREEMENT DATED 9 JUNE 2006 between the parties hereto and is made and entered into as a deed on this 18 day of August 2006, with effect as of 15 July 2006, and between:-

(1) Yonghua Solar Power Investment Holding Ltd ("YONGHUA");

(2) Yongliang Solar Power Investment Holding Ltd ("YONGLIANG");

(3) Yongqiang Solar Power Investment Holding Ltd ("YONGQIANG");

(4) WHF Investment Co., Ltd ("WHF");

(5) Yongfa Solar Power Investment Holding Ltd ("YONGFA");

(6) YongGuan Solar Power Investment Holding Ltd ("YONGGUAN");

(7) Forever-brightness Investments Limited ("FOREVER");

(8) YongXing Solar Power Investment Holding Ltd ("YONGXING");

(9) Linyang Solar Power Investment Holding Ltd ("LINYANG"), together with all of the parties listed in (1) to (8) inclusive above, having their registered office at PO Box 173, Kingston Chambers, Road Town, Tortola, British Virgin Islands; and

(10) Sze Hiu Shun, an individual identified by Hong Kong passport number H01298365 and residing at FLAT 6A, Po Yang Mansion, TaiKoo Shing, Hong Kong.

WITNESSETH:-

WHEREAS on 9 June 2006, the parties hereto entered into a share transfer agreement in respect of the transfer of shares in Linyang then held by Sze Hiu Shun, Yongqiang and Yongliang respectively (the "SHARE TRANSFER AGREEMENT"), a signed copy of which is attached to this Agreement as Schedule 1;

WHEREAS Article 3 of the Share Transfer Agreement has stipulated the consideration for the share transfers contemplated thereunder, which were calculated with reference to the consideration paid by Linyang in respect of its acquisition of Jiangsu Linyang Solar Power Co., Ltd.;

WHEREAS upon renegotiation between the parties, the parties hereto entered into a supplemental share transfer agreement in the Chinese language on 15 July 2006 (the "CHINESE AGREEMENT") to amend and supplement the Share Transfer Agreement for the sole purpose of adjusting the consideration paid for the share transfers that took place pursuant to the Share Transfer Agreement (by valuing Linyang at RMB4.032 billion based on the 2006 net profit of

RMB1.2 billion, using a profit earning ratio of 3.36 and a payment exchange rate of 1:8). A signed copy of the Chinese Agreement is attached to this Agreement as Schedule 2;

WHEREAS subsequent to the execution of the Chinese Agreement, Linyang's Cayman Islands Counsel has advised that the Chinese Agreement, if governed by Cayman Islands law, may be void for want of consideration;

NOW, THEREFORE, by executing and delivering this Agreement as a deed governed by the laws of the Cayman Islands, the parties hereto wish to record and confirm the content of the Chinese Agreement as follows:

ARTICLE 1 CONSIDERATION

Each party hereto agrees to adjust the consideration payable for the share transfers set forth in Article 3 of the Share Transfer Agreement. The adjusted consideration for each such share transfer is as set forth in the Chinese Agreement and is based upon the new valuation of Linyang referred to in the Chinese Agreement and the percentage of shareholding and is as follows:

(i) in consideration of 24.5 Linyang shares, Yonghua shall pay to Sze Hiu Shun RMB98,800,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement;

(ii) in consideration of 12.5 Linyang shares, WHF shall pay to Sze Hiu Shun RMB50,400,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement;

(iii) in consideration of 5.0 Linyang shares, Yongfa shall pay to Sze Hiu Shun RMB20,160,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement;

(iv) in consideration of 0.5 Linyang share, YongGuan shall pay to Sze Hiu Shun RMB2,016,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement;

(v) in consideration of 1.0 Linyang shares, Forever shall pay to Yongqiang RMB4,032,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement;

(vi) in consideration of 0.5 Linyang shares, YongXing shall pay to Yongqiang RMB2,016,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement;

(vii) in consideration of 1.0 Linyang shares, Yongqiang shall pay to Yongliang RMB4,032,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement; and

(viii) in consideration of 0.5 Linyang shares, YongXing shall pay to Yongliang RMB2,016,000 for the shares transferred in accordance with the Share Transfer Agreement and this Agreement.

ARTICLE 2 PAYMENT

[The adjusted consideration described in Article 1, to the extent not already received by the relevant transferors, must be paid and received by the relevant transferors within 30 days from the date of execution of this Agreement.]

ARTICLE 3 MISCELLANEOUS

3.1 Save as described herein, all other provisions in the Share Transfer Agreement shall continue to apply.

3.2 For the avoidance of doubt, this Agreement shall in all respects be governed by, and construed in accordance with, the laws of the Cayman Islands.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute and deliver this Agreement as a deed on the day and year first above written, effective as of 15 July 2006.

EXECUTED AS A DEED

For and on behalf of)
YONGHUA SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
)
)
)
)
)

/s/ Yonghua Lu

Yonghua Lu
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
YONGLIANG SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
)
)
)
)
)

/s/ Yongliang Gu

Yongliang Gu
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
YONGQIANG SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
)
)
)
)

/s/ Rongqiang Cui

Rongqiang
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
WHF INVESTMENT CO., LTD)
)
)
)
)
)
)

/s/ Hanfei Wang

Hanfei Wang
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
YONGFA SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
)
)
)
)

/s/ Haijuan Yu

Haijuan Yu
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
YONGGUAN SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
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)
)

/s/ Yuting Wang

Yuting Wang
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
FOREVER-BRIGHTNESS INVESTMENT LIMITED)
)
)
)
)
)
)

/s/ Min Cao

Min Cao
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
YONGXING SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
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)

/s/ Xingxue Tong

Xingxue Tong
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

For and on behalf of)
LINYANG SOLAR POWER)
INVESTMENT HOLDING LTD)
)
)
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)
)

/s/ Yonghua Lu

Yonghua Lu
Authorised Signatory

in the presence of:

/s/ Xiangchun Wang

Witness

SZE HIU SHUN)
)
)
)
)
)
)
)

/s/ Sze Hiu Shun

Sze Hiu Shun

in the presence of:

/s/ Xiangchun Wang

Witness

Exhibit 10.17

MANAGEMENT CONSULTING SERVICE AGREEMENT

PARTY A: Solarfun Power Holdings Co., Ltd.
ADDRESS: No.666 Linyang Road, Development Zone, Qidong, Jiangsu, China
LEGAL REPRESENTATIVE: Lu Yonghua
TELEPHONE: 0513-83307688
FAX: 0513-83110367

PARTY B: Hony Capital II, L.P.
ADDRESS: 7F, Tower A, Raycom InfoTech Park, No.2, Ke Xue Yuan Road (South), Haidian District, Beijing
LEGAL REPRESENTATIVE: Liu Chuanzhi
TELEPHONE: 010-62509929
FAX: 010-62509181

In order to assist Party A to improve its operations, after friendly communication and negotiation between two parties, Party B has agreed to provide Party A management consulting services on the following terms:

ARTICLE 1. Party A hereby hires Party B as its management consultant. Based on this agreement, Party B will offer management consulting services to Party
A.

ARTICLE 2 Party B's consulting services include:

2.1 Management consulting services: assisting Party A in its strategic development, improvement of internal management; and assisting Party A to achieve more international standards with regard to its operation to ensure its sustainable development.

2.2 Sharing with Party A the management knowledge and experience of Party B and its parent company, Legend Holdings;

2.3 Assisting in the IPO process by aiding the underwriters' team for Party A's IPO and facilitating the cooperation between Party A and the underwriter and helping to resolve any difficulties during the IPO.

2.4 Party B will assign one of its partners, Deng Xihong (hereinafter, referred to as "Ms. Deng") to serve as the Executive Vice President of Party A for one year on a full-time basis. Ms. Deng shall assist Party A to build up a high quality international professional

team for the International Business Division covering areas of purchasing of silicon materials and sales of silicon modules in the international market. Ms. Deng shall help facilitate the technical cooperation between Party A and leading solar energy or photovoltaic research institutes and assist in the formation of close cooperation R&D projects and help to introduce global talent to Party A. Ms. Deng shall also participate in the road show of Party A's IPO. Ms. Deng will report directly to the CEO of Party A, Lu Yonghua. During the employment period, Ms. Deng should assisting in identifying and recruiting suitable talent with a skill set comparable to Ms. Deng who could take over Ms. Deng's position and lead the expansion of the international business division in the future.

ARTICLE 3. Based on the services offered by Party B in this agreement, Party A will pay a service fee in the aggregate amount of RMB 2,000,000 (RMB Two Million) to Party B, which will be paid evenly on a monthly basis beginning upon signing of this agreement. Party B will also receive extra RMB 2,000,000 (RMB Two Million) by the end of the services period, and that could be accelerated in case of the quality of Party B's services reach Party A's request. Ms. Deng will receive from Party A a housing allowance and reimbursement of business trip expenses as incurred for rendering the services under this agreement. Such allowance and reimbursement will be provided by Party A to Ms. Deng and Party B will be responsible for the payment of any individual income taxes associated with providing the services under this agreement.

ARTICLE 5. Party B and Ms. Deng acknowledge that the information received from Party A pursuant to this agreement may be confidential and is for its use only, and Party B or Ms. Deng will not use such confidential information for purposes other than for purposes consistent with and in furtherance of this agreement or reproduce, disclose or disseminate such information to any other person (other than its affiliates, employees or agents having a need to know the contents of such information, and its attorneys), except in connection with the exercise of rights under this agreement, unless (i) Party A has made such information available to the public generally; or
(ii) Party B or Ms. Deng is required to disclose such information by a law, Governmental Order or Governmental Authority.

ARTICLE 6. This agreement is effective as of November 18, 2006 and will terminate on

December 31, 2007 and the services described above shall be provided over this entire term.

ARTICLE 7. Party A and Party B further agree that:

1. Party B hereby guarantees that Ms. Deng is available to work in Party A until the end of 2007. If Party B identifies a capable candidate that Party A confirms to be a suitable replacement of Ms. Deng, Party A will permit Ms. Deng to leave Party A ahead of the completion of the period set forth herein.

2. If Ms. Deng decides to leave Party A on her volition prior to the expiration of the employment period, Party A may reduce the corresponding service fee paid to Party B in proportion to Ms. Deng's actual working period.

ARTICLE 8. This agreement shall be governed by and be interpreted in accordance with the laws of the People's Republic of China. The parties hereto shall settle any dispute arising from this agreement through friendly negotiation. If agreement cannot be reached, the parties may plight any disputes to the Court in the venue that sign this agreement.

ARTICLE 9. This agreement is signed in the English language in two (2) originals, and in the Chinese language in two (2) originals. The English language version shall govern. Each party will hold one original copy of the English version and one original copy of the Chinese version.

Party A: Solarfun Power Holdings Co., Ltd.

Authorized Representative: /s/ Yonghua Lu

Party B: Hony Capital II, L. P.

Authorized Representative: /s/ authorized representative of Hony Capital II, L.P.

Exhibit 10.18

Bid Invitation and Letter of Acceptance for Shanghai Chongming Qianwei Village 960kW Solar PV Power Generation Model Project, dated September 28, 2006 and November 9, 2006, respectively

English Translation of the Original Contract

Shanghai Environmentally Friendly Energy Engineering Co., Ltd.

BID INVITATION

Shanghai Environmentally Friendly Energy Engineering Co., Ltd. hereby invites qualified bidders to participate into the closed bidding for the 960kW solar panels to be used in Shanghai Chongming Qianwei Village Solar PV Power Generation Model Project.

1. Reference No. of the Bid Invitation Documents: [2006] 1023

2. Release and Sale of the Bid Invitation Documents:

Any invitee who is willing to participate into the subject bidding may, against the copy of its business license affixed with the company seal and relevant documents evidencing its qualifications, purchase the whole set of the bid invitation documents at the price of RMB3,000/set at the following time and in the following place: 9:00am-11:00am in the morning and 01:00pm-04:30pm in the afternoon, from September 28, 2006 to September 29, 2006, and in the office of Shanghai Environmentally Friendly Energy Engineering Co., Ltd. located in Rm. 1806, 319 Changde Road, Shanghai. The bid invitation documents are not refundable.

3. The contents and scope of the bid invitation and bid submission for the subject bidding for solar panels to be used in Shanghai Chongming Qianwei Village Solar PV Power Generation Model Project are set forth in detail in the bid invitation documents and technical requirements. Any bidder who has any question about any bid invitation document may submit such question to us in writing prior to 10:00am on October 11, 2006 and we will answer all such questions so submitted on a centralized basis.

4. The pre-bidding meeting for the subject bidding is scheduled for 9:00am on October 13, 2006 in our meeting room. Representatives from relevant bidders are requested to show up at such meeting punctually.

4. Deadline for Bid Submission:

16:00pm on October 20, 2006 (Beijing Time). Any bidding document submitted after the deadline will be rejected.

5. Venue for Bid Submission:

Shanghai Environmentally Friendly Energy Engineering Co., Ltd.

Address: Rm. 1806, 319 Changde Road

Contact person: Ms. Shen, Ms. Lu

Telephone: (021) 62172616

6. The bid opening ceremony will be held at 10:00am on October 23, 2006 in the meeting room of Shanghai Environmentally Friendly Energy Engineering Co., Ltd. Authorized representatives of bidders are requested to be present thereat punctually and sign in on arrival at the bid opening ceremony.

The bid invitation, bid submission and bid opening set forth above follow the statutory sequence. In case of any change in the schedule specified herein above, we will notify you thereof in writing.

SHANGHAI ENVIRONMENTALLY FRIENDLY ENERGY ENGINEERING CO., LTD. (affixed with the company seal)

September 28, 2006

Invitees (this list does not represent the order of priority)

Shanghai Solar Energy S&T Co., Ltd.

Suntech Power Holdings Co., Ltd.

Jiangsu Linyang Solarfun Co., Ltd.

BIDDING FOR SOLAR PANELS

IN

SHANGHAI CHONGMING QIANWEI VILLAGE SOLAR PV POWER GENERATION MODEL PROJECT

LETTER OF ACCEPTANCE

Shanghai Linyang Solar Technology Co., Ltd.:

The bidding for solar panels set forth in the Bid Invitation Documents [2006] 1023 has been concluded up to date. After evaluation, your company has been selected as the No. 1 bid winner.

The total price of the bid shall be calculated in accordance with the offer set forth in the bidding documents. The period of the project under the bid shall last from November 10, 2006 to January 31, 2007. Quality of the relevant equipment shall comply with the parameters promised in the bidding documents and applicable superior standards conforming to the equipment quality testing specifications of the State. As soon as practicable following your receipt of this letter, you shall send your acknowledgement of receipt to us and come to Rm. 1806, 319 Changde Road, Shanghai to execute an equipment procurement contract with and pay a performance bond to Shanghai Environmentally Friendly Energy Engineering Co., Ltd.

SHANGHAI QIANWEI NEW ENERGY DEVELOPMENT CO., LTD. (affixed with the company seal)

November 9, 2006

Exhibit 10.19

Letter of Acceptance for Suyuan Group 74KW On-grid application system project, dated September 12, 2006

English Translation of the Original Contract

LETTER OF ACCEPTANCE

Attention: Shanghai Linyang Solar Technology Co., Ltd.:

We, Suyuan Group, has finished evaluating the bids for Suyuan Group 74 KW on-grid application system project and have decided, according to the relevant laws, rules and regulations regarding bidding and the provisions of the Bid-invitation Documents for this project, to select your Company as the contractor.

We will enter into the contract with your Company on the basis of the Bid-invitation Documents for this project and your bidding document, within thirty (30) days from the date of this Letter of Acceptance.

Please come to Suyuan Group before October 12, 2006 to negotiate and execute the contract.

The winning of the bid shall be subject to the following:

1. the scope and content of the bid include the provision of the equipments for the system of roof solar PV power generation, as well as the installation thereof and other related services (for details, see the Bid-invitation Documents);

2. the bid price is RMB 4,764,958.

the Bid Invitor(official seal of the Bid Invitor): Suyuan Group

Date: September 12, 2006

the Bid-invitor Agent (official seal of the Bid-ivitor Agent): Xinyuan Power Construction Supervision Co., Ltd.

Date: September 12, 2006

Exhibit 10.20

Contract Between Jiangsu Linyang Solarfun Co., Ltd. and ISC Konstanz, dated September 5, 2006

CONTRACT

JIANGSU LINYANG SOLARFUN CO. LTD.,

No.666, Linyang Road, Qidong, Jiangsu Province, 226200, P.R China

and

ISC KONSTANZ,

Rudolf-Diesel-Straae 15, 78467, Konstanz, Germany

agree to cooperate in order to improve the Solarfun's mc-Si and Cz-Si solar cell processes. For this end the following work program will be implemented:

DELIVERY NO	PROCESS	REMARK	COST [EUR]
(1)	VISIT SOLARFUN (August 2006) RECORD OF CURRENT PROCESSES Two scientists from ISC Konstanz will visit Solarfun for one week and analyse the current cell process. They will give a first estimation of possible improvements.	Travelling: ISC Konstanz co-workers use economy class and cheap flight connections. Max. 2500(euro) for travelling and accommodation 4250(euro) for two person weeks	6.750(euro)

DELIVERY NO	PROCESS	REMARK	COST [EUR]
(2)	LOSS ANALYSIS (Start: September 2006) On five typical Si solar cells: - illuminated and dark IV-characteristics -IQE (internal quantum efficiency) -Reflection on cell surface -LBIC (light induced current) -Emitter and BSF profile by ECV -optical inspection of metal fingers -measurement of contact resistivities -lifetime measurements on wafers -Computer simulation to determine the further potential of such devices	Detailed characterization of at least five typical Si solar cells. Determination of electrical and optical losses of such devices. 4250(euro) for two person weeks 25(euro) for chemicals and small spare parts 225(euro) for equipment depreciation 1 person, 2 weeks	4.500(euro)
(3)	STANDARD CELL PROCESS AT ISC KONSTANZ Standard cell process on 50 monowafers and characterisation. Wafer size: 125mm. Target: 16,5-17% efficiency for Cz-Si	4250(euro) for two person weeks 50(euro) for chemicals 400(euro) for equipment depreciation	4.700(euro)
(4)	STANDARD CELL PROCESS AT ISC KONSTANZ Standard cell process on 50 monowafers and characrerisation of different Solarfun providers. Wafer size: 125mm Target: 16,5-17% efficiency for Cz-Si	4250 (euro) for two person weeks 50(euro) for chemicals 400(euro) for equipment depreciation	option
(5)	STANDARD CELL PROCESS AT ISC KONSTANZ Standard cell process on 50 mc-wafers and characterisation. Wafer size: 125mm Target: 15-15,5% efficiency	4250(euro) for two person weeks 50(euro) for chemicals 400(euro) for equipment depreciation	4.700(euro)
(6)	STANDARD CELL PROCESS AT ISC KONSTANZ Standard cell process on 50 mc-wafers and characterisation of different Solarfun providers.	4250 (euro) for two person weeks	option

DELIVERY NO	PROCESS	REMARK	COST [EUR]
	Wafer size: 125mm Target: 15-15,5% efficiency	50(euro) for chemicals 400(euro) for equipment depreciation	
(7)	Process improvement and troubleshooting at Solarfun	on a time and travel cost basis	
(8)	ESTIMATION OF HIGH TEMPERATURE PROCESS STEPS High temperature treatment (e.g. 900(0)C/300min) of Solarfun wafers and wafers from at least two further providers for comparison Lifetime measurements for characterisation	Wafers from different providers react different on high temperature process steps. High temp. process are necessary for some advanced cell concepts.	2.100(euro)
(9)	IMPROVEMENT OF METALLISATION Solarfun wafers will be metallised with newly developed pastes and screens on improved emitters to increase the spectral response of the cells especially in the short wavelength range.	4250(euro) for two person weeks 100(euro) for chemicals 400(euro) for equipment depreciation	4.750(euro)
(10)	WORKSHOP 1-2 scientists from ISC Konstanz will held a 3 days workshop at Solarfun based on the achieved results and possible implementations	on a time and travel cost basis	
(11)	REPORTING Summary and recommendation	Publication only if agreed between all parties	Included
(12)	Others on request	on a time (and travel cost) basis	

It is envisaged to agree a 36 months framework program.

The prices are net. Additional VAT (currently 16%) must be charged for the person hours spent in Germany (Konstanz).

Conditions:

1/3 advanced payment

1/3 after mid term when at least half the work has been delivered

1/3 after finalization and reporting

Details of the work program are confidential and must not be disclosed to third parties or the publicity unless it is agreed by both parties in a written notice.

Date: 05.09.2006

/s/ Yonghua Lu	*/s/ Kristian Peter*
Yonghua Lu	*Dr. Kristian Peter*

Jiangsu Linyang Solarfun Co. Ltd ISC Konstanz

EXHIBIT 10.21

English Translation of the Original Contract

ENTRUSTED LOAN CONTRACT

Contract No. [2006] Zhong Yin Wei Dai Zi QD26001

Entrustor: Jiangsu Linyang Electronics Co., Ltd.

Legal Representative: Lu Yonghua

Registered Address: 1259 Renmin Xilu, Qidong, Jiangsu Province

Entrustee: Bank of China Co., Ltd., Qidong Subbranch

Legal Representative or Responsible Officer: Li Ping

Registered Address: 552 Renmin Zhonglu, Qidong, Jiangsu Province

Borrower: Jiangsu Linyang Solarfun Co., Ltd

Legal Representative: Lu Yonghua

Registered Address: 666 Linyang Road, Economic Development Zone, Qidong, Jiangsu Province

To effectively make use of its self-owned funds, the Entrustor entrusted the Entrustee with the provision of loans to the Borrower (the "Entrusted Loan"), and the three parties enter into the following agreement:

ARTICLE 1 GENERAL PROVISIONS

Under this contract (this "Contract"), the Entrustor will entrust its self-owned funds with the Entrustee, and the Entrustee shall provide Entrusted Loan to the Borrower identified by the Entrustor, according to the specific conditions determined by the Entrustor, including the purpose, amount, term and interest rate of the Entrusted Loan, assist the Entrustor to collect the Entrusted Loan and handle the relevant procedures in respect thereof.

The Entrustor shall be solely responsible for the due diligence investigation with respect to the credit standing and financial conditions of the Borrower, and the feasibility of the project for which the loan is to be used, and the Entrustee shall not be liable for any such investigation.

The Entrustor shall also be solely responsible for the due diligence investigation with respect to the credit standing of the guarantor and the conditions, as well as the custody of the

collaterals, and the Entrustee shall not assume any of such responsibilities. (Remarks: This is an optional provision, which shall be applied together with Article 13 hereunder).

The responsibility of the Entrustee hereunder shall be limited to the provision of the Entrusted Loan to the Borrower and assisting the Entrustor to supervise the use of the Entrusted Loan. Collection and preservation of the Entrusted Loan shall be the sole responsibility of the Entrustor, and the responsibility of the Entrustee with respect thereto shall only be to assist the Entrustor to issue and mail the interest list and loan collection notice.

Any dispute between the Entrustor and the Borrower arising from this Contract shall have no relevance to the Entrustee. Any losses arising from such dispute, including without limitation, the risk that the principal of the Entrusted Loan and the interest accrued thereon may not be repaid on time when it falls due, shall solely be borne by the Entrustor and the Borrower. The Entrustee shall not bear any risk arising from any Entrusted Loan or any losses therefrom.

The execution of this Contract by the Entrustee shall not be deemed the provision by the Entrustee of any guarantee for the Borrower with respect to the repayment of the Entrusted Loan. In case the Entrustee does not exhaust all its rights hereunder, it shall not be deemed to breach this Contract.

ARTICLE 2 CURRENCY, AMOUNT AND TERM OF THE ENTRUSTED LOAN

The currency of the Entrusted Loan hereunder shall be Renminbi (RMB).

The amount of the Entrusted Loan hereunder shall be twenty million Renminbi (RMB 20,000,000).

The term of the Entrusted Loan hereunder shall be six months, which shall commence from the date agreed by the parties the Borrower may draw the Entrusted Loan (the "Drawdown Date") from the Entrustee , and shall expire as of the last date agreed by the parties that the Borrower shall make the repayment . If the drawdown time agreed by the parties is a specified period of time, the above "Drawdown Date" shall refer to the commencement date of such specified period.

ARTICLE 3 PURPOSE OF THE LOAN

The Entrusted Loan shall be used

(a) as working capital to solve the problem of insufficient working capital faced by the Borrower; and

(b) (N/A).

Without consent of the Entrustor and the written notice from the Entrustor to the Entrustee, the Borrower shall not change the purpose of the Entrusted Loan provided hereunder.

ARTICLE 4 INTEREST RATE AND INTEREST CALCULATION METHOD

The annual rate of the Entrusted Loan shall be 6.138%. If the Entrustor and the Borrower agree to adjust the interest rate of or change the interest calculation method for the Entrusted Loan during the term of this Contract, the Entrustor shall inform the Entrustee such

adjustment or change in writing. The interest shall accrue on the basis of the adjusted interest rate from the workday immediately following the date the Entrustee receives such notice from the Entrustor.

Interest calculation method: The interest shall accrue on the amount of the Entrusted Loan actually drawn by the Borrower from the first Drawdown Date to the date the interest is finally determined. For purpose of determining the interest hereunder, one year shall be 360 days.

Interest Payment: The interest shall be paid on a quarterly basis. Each March 20, June 20, September 20 and December 20 shall be the date for the Borrower to pay the interest (the "Interest Payment Date"). If the last date to repay the principal of the Entrusted Loan by the Borrower is not an Interest Payment Date, the Borrower shall pay off all the interest payable at the last date it that shall repay the principal of the Entrusted Loan. The Borrower shall pay the interest on each Interest Payment Date. In case the Borrower fails to make timely and full payment of the interest, and the balance in the deposit account of the Borrower is not enough for the current interest payable, upon written authorization by the Entrustor, the Entrustee may charge liquidated damages against the Borrower for the amount of the due but outstanding interest at the rate of 0.05%/day.

ARTICLE 5 SERVICE FEE

The fees for the services provided by the Entrustee to the Entrustor hereunder ("Service Fee") shall be paid on the basis of 0.01% of the total amount of the Entrusted Loan on a monthly basis. For the Entrusted Loan with a term less than one month, the Fee shall be paid on the basis of 0.01% of the total amount of Entrusted Loan.

The Entrustor shall pay the Service Fee to the Entrustee on a monthly/quarterly basis from the date the Entrusted Loan is released to the Borrower [or in a lump sum within 10 days from the date the Entrusted Loan is released]. If the Entrustor fails to make such payment, it shall pay liquidated damages in a amount of 0.0[/]% of the overdue and outstanding payment. The Entrustee shall be entitled to deduct the Service Fee and liquidated damages from the Entrusted Loan Account opened with the Entrustor (the "Entrusted Loan Account"), the principal or interest collected or any other amount with respect to which the Entrustor enjoys the right of claim against the Entrustee.

ARTICLE 6 ENTRUSTED LOAN ACCOUNT

The Entrustor shall, within three days as of the date of this Contract, open the Entrusted Loan Account with the Entrustee or a designated branch thereof, which shall be used for drawdown, money transfer, receipt of principal and interest, and payment of charges.

The Entrustor shall, within five days as of the date of this Contract, deposit into the Entrusted Loan Account in full in a lump sum the total amount of the Entrusted Loan of RMB20,000,000, [or it may, in accordance with the Borrower's Drawdown Schedule, no less than three workdays prior to each drawdown, deposit into the Entrusted Loan Account in full in a lump sum the amount to be drawn].

In no event may any drawdown by the Borrower exceed the balance of deposit in the Entrusted Loan Account.

The Entrustee shall transfer each repayment of the principal and each payment of the interest (including default interest) received by it into the Entrusted Loan Account.

ARTICLE 7 BORROWER'S ACCOUNT

Following the effectiveness of this Contract, the Borrower shall open an account with the Entrustee or a designated branch thereof, which shall be used for such purposes as drawdown, repayment of principal and payment of interest.

The Borrower shall, no less than five days prior to the expiry of each drawdown, deposit into the Entrusted Loan Account a sufficient amount for the repayment of the principal and the payment of the interest as they fall due.

The settlement of the accounts and settlement and sale of foreign exchange in connection with the sale of relevant products from the projects [or trading] financed by the Entrusted Loan, shall be handled with the Entrustee or any of its branches. [Optional]

Or:

The Borrower shall, procure from the Entrustee or any of its branches such intermediate services as local and foreign currency depositing, international and domestic settlement, foreign exchange settlement and sale in a proportion no lower than the ratio of the Entrusted Loan to the aggregate of all the outstanding borrowings by the Borrower from the other banks. [Optional]

ARTICLE 8 DRAWDOWN SCHEDULE

The Borrower shall make the drawdown under the Entrusted Loan in accordance with the Drawdown Schedule set forth in Item (a) below:

(a) The Borrower shall draw the proceeds under the Entrusted Loan in a lump sum on October 13, 2006.

(b) The Borrower shall draw completely all the proceeds under the Entrusted Loan commencing from N/A in accordance with the following drawdown schedule (the "Drawdown Schedule"):

Times of Drawdown	Date of Drawdown	Amount of Drawdown
1		
2		
3		
.....		

Where the Borrower needs to make any drawdown prior to the applicable scheduled drawdown date, it shall obtain the consent of both the Entrustor and the Entrustee.

Without the consent of the Entrustor and the written notice from the Entrustor to the Entrustee, any amount that fails to be drawn on the applicable scheduled drawdown date set forth above may not be drawn after such scheduled drawdown date. In the event the Entrustor agrees to release such amount that fails to be drawn on the applicable scheduled drawdown date, the Entrustee may pursuant to the written authorization from the Entrustor, charge liquidated damages on such amount at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

In case the Entrustor fails to deposit the sufficient amount for any scheduled drawdown into the Entrusted Loan Account prior to such drawdown so that the Borrower cannot make such drawdown in accordance with the Drawdown Schedule, the Entrustor shall pay liquidated damages to the Borrower at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

ARTICLE 9 PRECONDITIONS TO DRAWDOWN

Any drawdown by the Borrower under the Entrusted Loan shall be subject to the satisfaction of each of the following conditions:

(a) The Entrustor shall have opened the Entrusted Loan Account with the Entrustee or a designated branch thereof and deposited thereinto the Entrusted Loan Account in full;

(b) The Borrower shall have opened an account with the Entrustee or any branch thereof;

(c) This Contract shall be in due force and effect;

(d) The Guarantee Contract, the Mortgage Contract and the Pledge Contract executed pursuant to Article 13 herein below shall be in force and effect; (Notes: this item shall be optional and selected accordingly by referring to Article 13.)

(e) The Borrower shall have submitted to the Entrustee resolutions and authorizations of its board of directors or other governing body approving the execution and performance of this Contract by the Borrower;

(f) The Borrower shall have submitted to the Entrustee the name list and signature specimens of the persons with the authority to execute this Contract and documents and instruments relating hereto;

(g) The Entrustee shall have received from the Borrower the "Application for Drawdown under Entrusted Loan" that shall be valid; and

(h) Any other conditions to drawdown agreed between the parties hereto.

ARTICLE 10 REPAYMENT AND PRE-REPAYMENT OF THE ENTRUSTED LOAN

After any drawdown under the Entrusted Loan, the Borrower shall repay such drawdown strictly in accordance with the repayment schedule set forth below (the "Repayment Schedule"). In case the Borrower intends to make any adjustment to the Repayment Schedule, it shall submit a written application to the Entrustor 30 days prior to the applicable scheduled repayment date and obtain the written consent from the Entrustor.

Times of Repayment	Date of Repayment	Amount of Repayment
1	April 10, 2007	RMB20,000,000
2	/	/
3	/	/
.....	/	/

In case the Borrower intends to pre-repay any drawdown hereunder, it shall submit a written application to the Entrustor therefor and the Entrustor shall respond thereto in writing. Where the Entrustor accepts such application, it shall notify the Entrustee of such decision. Any amount pre-repaid by the Borrower subject to the consent from the Entrustor shall be applied against the drawdown that falls due last, which means that pre-repayment shall be applied in a reverse order.

Any amount pre-repaid subject to the consent from the Entrustor may not be drawn by the Borrower.

ARTICLE 11 OVERDUE PENALTY AND MISAPPROPRIATION PENALTY

If the Borrower fails to repay any amount of the Entrusted Loan pursuant to the Repayment Schedule, to reach an agreement on extension with the Entrustor, and to notify the Entrustee in writing, such amount shall be considered overdue. Pursuant to the written authorization of the Entrustor, the Entrustee can charge an overdue interest at a rate 40% higher than the original loan interest rate for the overdue portion of the loan in RMB [Or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the overdue portion of the loan in foreign currency].

If the Borrower uses any amount of the Entrusted Loan for purposes other than those set forth in this Contract, pursuant to the written authorization of the Entrustor, the Entrustee can charge a misappropriation interest at a rate 70% higher than the original loan interest rate, for the misappropriated amount in RMB [or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the misappropriated amount in foreign currency].

ARTICLE 12 CERTIFICATE OF INDEBTEDNESS

The Entrustee should record the principal, interest, expenses and any other items owed by the Borrower under this Contract on the Entrustee's internal books. The above-mentioned records as well as bills and certificates issued and kept by the Entrustee when processing the Borrower's drawdown, repayments, and interest payments are effective certificates of creditor's right and indebtedness between the Entrustor and the Borrower.

ARTICLE 13 GUARANTEE [THIS ARTICLE IS OPTIONAL. THE ENTRUSTOR CAN DECIDE WHETHER TO CHOOSE ANY GUARANTEE AND WHAT TYPE OF GUARANTEE TO CHOOSE.]

Debt under this Contract will use N/A type of guarantee:

(a) N/A will provide [joint and several liability] repayment guarantee and sign a separate Guarantee Contract;

(b) N/A will provide mortgage guarantee and sign a separate Mortgage Contract; or

(c) N/A will provide pledge guarantee and sign a separate Pledge Contract.

ARTICLE 14 BORROWER'S REPRESENTATIONS AND WARRANTIES

14.1 The Borrower hereby represents as follows:

(a) The Borrower is duly incorporated and validly existing under applicable laws;

(b) The Borrower has necessary power for the execution of this Contract;

(c) All documents, materials, statements, and certificates provided by the Borrower to the Entrustor and the Entrustee are accurate, true, complete and effective; and

(d) The Borrower shall use the proceeds from the Entrust Loan in compliance with relevant laws, statutes, regulations and policies of the government.

14.2 The Borrower hereby warrants as follows:

(a) It shall, at the request of the Entrustor, provide the Entrustor with its latest financial statements, documents and materials including but not limited to reports and statements reflecting the Borrower's operating result and financial conditions;

(b) It shall notify the Entrustor and the Entrustee in writing prior to any reduction in its registered capital or material change to its ownership or any adjustment to its business mode;

(c) The Borrower undertakes to notify the Entrustor and the Entrustee immediately upon the occurrence of any of the following events:

(i) defaults under this Contract or other contracts with the Entrustee; and

(ii) when the Borrower has operating difficulties or its financial conditions deteriorate;

(d) All settlements of the Borrower under the Entrusted Loan shall be handled by the Entrustee or any branch of the Bank of China and the settlement business amount shall meet the requirements of the Entrustee.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES BY THE ENTRUSTOR

15.1 The Entrustor represents that:

(a) The Entrusted Loan is provided with its own legally obtained money fully at its discretion;

(b) It is entitled to perform under this Contract in accordance with PRC laws, policies and its own rules and regulations;

(c) It voluntarily concludes and executes this Contract that expresses its true intentions under all the necessary authorizations, and it has completed all procedures required to conclude and execute this Contract; and

(d) It is its own responsibility to determine the Borrower, loan use, loan rate and tenor under this Contract.

15.2 The Entrustor undertakes that:

(a) It shall deposit its own money into the Entrusted Loan Account as specified under Article 4, and ensure that deposits in the Entrusted Loan Account will not be less than the amount to be drawn by the Borrower under this Contract;

(b) It shall pay the Entrustee the Service Fee as agreed under this Contract; and

(c) It shall indemnify the Entrustee against and hold the Entrustee harmless from, any claims, rights and lawsuits brought by the Borrower and relevant damages, reimbursements, costs, expenses, losses and liabilities suffered by the Borrower as a result of the Entrustor's gross negligence, misconduct or implementation of the Entrustor's instructions.

ARTICLE 16 BREACH OF CONTRACT AND LIABILITY FOR BREACH

16.1 Breach by the Borrower and Liability for Breach

Occurrence of any of the following events shall constitute the Borrower's breach of this Contract:

(a) The Borrower fails to use the Entrusted Loan for the purposes specified by this Contract;

(b) The Borrower fails to repay principal due or pay interests due, fees or any other amount payable in accordance with the terms herein; or

(c) The Borrower breaches any other provision herein relating to its obligations hereunder.

In case of any breach by the Borrower as set forth above, the Entrustee, subject to the authorization from the Entrustor, may take the following remedies either separately or simultaneously:

(a) request the Borrower to cure the breach within a specified period;

(b) stop releasing loans or cancel the facilities not yet used by the Borrower; and/or

(c) declare that the principal and interests under this Contract become due and request the Borrower to forthwith pay off the principal and interests and fees that fall due.

16.2 Breach by the Entrustee and Liability for Breach

Any refusal by the Entrustee of any application of the Borrower for any drawdown pursuant hereto without good cause shall constitute a breach by the Entrustee hereunder, and in such case, the Entrustor or the Borrower can take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period; and/or

(b) the Entrustor have the right to dismiss the Entrustee;

16.3 Breach by the Entrustor and Liability

Occurrence of any of the following events shall constitute a breach by the Entrustor hereunder:

(a) The Entrustor fails to deposit (or remit) the fund in full into the Entrusted Loan Account opened with the Entrustee or any of its branches in accordance with this Contract;

(b) The source of the funds for the Entrusted Loan is illegal or noncompliant;

(c) The Entrustor fails to pay the Service Fee to the Entrustee in time according to the Contract terms;

In case of any of the above events, the Entrustee or the Borrower shall have the right to take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period;

(b) The Entrustee may refuse to handle the Entrusted Loan business for the Entrustor;

(c) The Entrustee may deduct any Service Fee payable to it by the Entrustor; and/or

(d) Each of the Entrusee and the Borrower shall have the right to claim compensation for any losses suffered by it.

16.4 claim against the Borrower for the payment of liquidated damages and compensation in accordance with this Contract.

ARTICLE 17 TAXES

Any taxes and fees in connection with the execution and performance of this Contract and settlement of dispute hereunder, including but not limited to stamp duty, interest withholding tax, legal costs, enforcement expenses and notarization fees shall be paid or reimbursed by the Borrower.

ARTICLE 18 ASSIGNMENT

Any obligation under this Contract may not be assigned by the Borrower to a third party without written consent of the Entrustee and the Entrustor.

ARTICLE 19 SUPPLEMENTS, AMENDMENTS AND INTERPRETATION

This Contract may be amended or supplemented by written agreement among all the parties hereto. Any amendment and supplement to this Contract shall constitute an integral part of this Contract.

Invalidity of any provision in this Contract shall not affect the validity of any remaining provision.

In case any provision in this Contract is rendered illegal, invalid or unenforceable as a result of any change in any national law, regulation or judicial practice, the legality, validity and enforceability of the remaining provisions herein shall not be affected. In such case, the parties hereto shall cooperate with each other closely to amend this Contract as soon as practicable the provision that is illegal, invalid or unenforceable.

ARTICLE 20 GOVERNING LAW, DISPUTE SETTLEMENT AND JURISDICTION

The Contract shall be governed by the laws of the People's Republic of China.

All disputes and controversies arising from the performance of this Contract shall be resolved through negotiations among the parties. Where no settlement is reached through negotiations, the parties agree that such dispute shall be resolved in the manners set forth in Item N/A below:

(a) directly bring an action before a competent court in the place where the Entrustor is located;

(b) submit the dispute to N/A Arbitration Commission for arbitration.

ARTICLE 21 APPENDIX

The following appendix(es) and other appendix(es) confirmed by each party shall be an integral part of this Contract and have the equal effect.

(a) N/A

(b) N/A

(c) N/A

(d) N/A

ARTICLE 22 MISCELLANEOUS

22.1 N/A

22.2 N/A

ARTICLE 23 EFFECTIVENESS

This Contract shall take effect upon being affixed with the signature or personal seal of the legal or authorized representative of, and the company of, each party hereto.

This Contract shall be executed in three counterparts with equal force, with each party to hold one.

Entrustor: JIANGSU LINYANG ELECTRONICS CO., LTD. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Entrustee: BANK OF CHINA CO., LTD., QIDONG SUBBRANCH (affixed with the company seal)

Legal representative (or authorized signatory): Li Ping (signature)

Borrower: Jiangsu Linyang Solarfun Co., Ltd. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Dated: 13th October, 2006

EXHIBIT 10.22

English Translation of the Original Contract

ENTRUSTED LOAN CONTRACT

Contract No. [2006] Zhong Yin Wei Dai Zi QD26002

Entrustor: Jiangsu Linyang Electronics Co., Ltd.

Legal Representative: Lu Yonghua

Registered Address: 1259 Renmin Xilu, Qidong, Jiangsu Province

Entrustee: Bank of China Co., Ltd., Qidong Subbranch

Legal Representative or Responsible Officer: Li Ping

Registered Address: 552 Renmin Zhonglu, Qidong, Jiangsu Province

Borrower: Jiangsu Linyang Solarfun Co., Ltd

Legal Representative: Lu Yonghua

Registered Address: 666 Linyang Road, Economic Development Zone, Qidong, Jiangsu

Province

To effectively make use of its self-owned funds, the Entrustor entrusted the Entrustee with the provision of loans to the Borrower (the "Entrusted Loan"), and the three parties enter into the following agreement:

ARTICLE 1 GENERAL PROVISIONS

Under this contract (this "Contract"), the Entrustor will entrust its self-owned funds with the Entrustee, and the Entrustee shall provide Entrusted Loan to the Borrower identified by the Entrustor, according to the specific conditions determined by the Entrustor, including the purpose, amount, term and interest rate of the Entrusted Loan, assist the Entrustor to collect the Entrusted Loan and handle the relevant procedures in respect thereof.

The Entrustor shall be solely responsible for the due diligence investigation with respect to the credit standing and financial conditions of the Borrower, and the feasibility of the project for which the loan is to be used, and the Entrustee shall not be liable for any such investigation.

The Entrustor shall also be solely responsible for the due diligence investigation with respect to the credit standing of the guarantor and the conditions, as well as the custody of the collaterals, and the Entrustee shall not assume any of such responsibilities. (Remarks: This is an optional provision, which shall be applied together with Article 13 hereunder).

The responsibility of the Entrustee hereunder shall be limited to the provision of the Entrusted Loan to the Borrower and assisting the Entrustor to supervise the use of the Entrusted Loan. Collection and preservation of the Entrusted Loan shall be the sole responsibility of the Entrustor, and the responsibility of the Entrustee with respect thereto shall only be to assist the Entrustor to issue and mail the interest list and loan collection notice.

Any dispute between the Entrustor and the Borrower arising from this Contract shall have no relevance to the Entrustee. Any losses arising from such dispute, including without limitation, the risk that the principal of the Entrusted Loan and the interest accrued thereon may not be repaid on time when it falls due, shall solely be borne by the Entrustor and the Borrower. The Entrustee shall not bear any risk arising from any Entrusted Loan or any losses therefrom.

The execution of this Contract by the Entrustee shall not be deemed the provision by the Entrustee of any guarantee for the Borrower with respect to the repayment of the Entrusted Loan. In case the Entrustee does not exhaust all its rights hereunder, it shall not be deemed to breach this Contract.

ARTICLE 2 CURRENCY, AMOUNT AND TERM OF THE ENTRUSTED LOAN

The currency of the Entrusted Loan hereunder shall be Renminbi (RMB).

The amount of the Entrusted Loan hereunder shall be twenty million Renminbi (RMB 20,000,000).

The term of the Entrusted Loan hereunder shall be six months, which shall commence from the date agreed by the parties the Borrower may draw the Entrusted Loan (the "Drawdown Date") from the Entrustee , and shall expire as of the last date agreed by the parties that the Borrower shall make the repayment . If the drawdown time agreed by the parties is a specified period of time, the above "Drawdown Date" shall refer to the commencement date of such specified period.

ARTICLE 3 PURPOSE OF THE LOAN

The Entrusted Loan shall be used

(a) as working capital to solve the problem of insufficient working capital faced by the Borrower; and

(b) (N/A).

Without consent of the Entrustor and the written notice from the Entrustor to the Entrustee, the Borrower shall not change the purpose of the Entrusted Loan provided hereunder.

ARTICLE 4 INTEREST RATE AND INTEREST CALCULATION METHOD

The annual rate of the Entrusted Loan shall be 6.138%. If the Entrustor and the Borrower agree to adjust the interest rate of or change the interest calculation method for the Entrusted Loan during the term of this Contract, the Entrustor shall inform the Entrustee such adjustment or change in writing. The interest shall accrue on the basis of the adjusted interest rate from the workday immediately following the date the Entrustee receives such notice from the Entrustor.

Interest calculation method: The interest shall accrue on the amount of the Entrusted Loan actually drawn by the Borrower from the first Drawdown Date to the date the interest is finally determined. For purpose of determining the interest hereunder, one year shall be 360 days.

Interest Payment: The interest shall be paid on a quarterly basis. Each March 20, June 20, September 20 and December 20 shall be the date for the Borrower to pay the interest (the "Interest Payment Date"). If the last date to repay the principal of the Entrusted Loan by the Borrower is not an Interest Payment Date, the Borrower shall pay off all the interest payable at the last date it that shall repay the principal of the Entrusted Loan. The Borrower shall pay the interest on each Interest Payment Date. In case the Borrower fails to make timely and full payment of the interest, and the balance in the deposit account of the Borrower is not enough for the current interest payable, upon written authorization by the Entrustor, the Entrustee may charge liquidated damages against the Borrower for the amount of the due but outstanding interest at the rate of 0.05%/day.

ARTICLE 5 SERVICE FEE

The fees for the services provided by the Entrustee to the Entrustor hereunder ("Service Fee") shall be paid on the basis of 0.01% of the total amount of the Entrusted Loan on a monthly basis. For the Entrusted Loan with a term less than one month, the Fee shall be paid on the basis of 0.01% of the total amount of Entrusted Loan.

The Entrustor shall pay the Service Fee to the Entrustee on a monthly/quarterly basis from the date the Entrusted Loan is released to the Borrower [or in a lump sum within 10 days from the date the Entrusted Loan is released]. If the Entrustor fails to make such payment, it shall pay liquidated damages in a amount of 0.0[/]% of the overdue and outstanding payment. The Entrustee shall be entitled to deduct the Service Fee and liquidated damages from the Entrusted Loan Account opened with the Entrustor (the "Entrusted Loan Account"), the principal or interest collected or any other amount with respect to which the Entrustor enjoys the right of claim against the Entrustee.

ARTICLE 6 ENTRUSTED LOAN ACCOUNT

The Entrustor shall, within three days as of the date of this Contract, open the Entrusted Loan Account with the Entrustee or a designated branch thereof, which shall be used for drawdown, money transfer, receipt of principal and interest, and payment of charges.

The Entrustor shall, within five days as of the date of this Contract, deposit into the Entrusted Loan Account in full in a lump sum the total amount of the Entrusted Loan of RMB20,000,000, [or it may, in accordance with the Borrower's Drawdown Schedule, no less than three workdays prior to each drawdown, deposit into the Entrusted Loan Account in full in a lump sum the amount to be drawn].

In no event may any drawdown by the Borrower exceed the balance of deposit in the Entrusted Loan Account.

The Entrustee shall transfer each repayment of the principal and each payment of the interest (including default interest) received by it into the Entrusted Loan Account.

ARTICLE 7 BORROWER'S ACCOUNT

Following the effectiveness of this Contract, the Borrower shall open an account with the Entrustee or a designated branch thereof, which shall be used for such purposes as drawdown, repayment of principal and payment of interest.

The Borrower shall, no less than five days prior to the expiry of each drawdown, deposit into the Entrusted Loan Account a sufficient amount for the repayment of the principal and the payment of the interest as they fall due.

The settlement of the accounts and settlement and sale of foreign exchange in connection with the sale of relevant products from the projects [or trading] financed by the Entrusted Loan, shall be handled with the Entrustee or any of its branches. [Optional]

Or:

The Borrower shall, procure from the Entrustee or any of its branches such intermediate services as local and foreign currency depositing, international and domestic settlement, foreign exchange settlement and sale in a proportion no lower than the ratio of the Entrusted Loan to the aggregate of all the outstanding borrowings by the Borrower from the other banks. [Optional]

ARTICLE 8 DRAWDOWN SCHEDULE

The Borrower shall make the drawdown under the Entrusted Loan in accordance with the Drawdown Schedule set forth in Item (a) below:

(a) The Borrower shall draw the proceeds under the Entrusted Loan in a lump sum on October 18, 2006.

(b) The Borrower shall draw completely all the proceeds under the Entrusted Loan commencing from N/A in accordance with the following drawdown schedule (the "Drawdown Schedule"):

Times of Drawdown	Date of Drawdown	Amount of Drawdown
1		
2		
3		
.....		

Where the Borrower needs to make any drawdown prior to the applicable scheduled drawdown date, it shall obtain the consent of both the Entrustor and the Entrustee.

Without the consent of the Entrustor and the written notice from the Entrustor to the Entrustee, any amount that fails to be drawn on the applicable scheduled drawdown date set forth above may not be drawn after such scheduled drawdown date. In the event the Entrustor agrees to release such amount that fails to be drawn on the applicable scheduled drawdown date, the Entrustee may pursuant to the written authorization from the Entrustor, charge liquidated damages on such amount at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

In case the Entrustor fails to deposit the sufficient amount for any scheduled drawdown into the Entrusted Loan Account prior to such drawdown so that the Borrower cannot make such drawdown in accordance with the Drawdown Schedule, the Entrustor shall pay liquidated damages to the Borrower at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

ARTICLE 9 PRECONDITIONS TO DRAWDOWN

Any drawdown by the Borrower under the Entrusted Loan shall be subject to the satisfaction of each of the following conditions:

(a) The Entrustor shall have opened the Entrusted Loan Account with the Entrustee or a designated branch thereof and deposited thereinto the Entrusted Loan Account in full;

(b) The Borrower shall have opened an account with the Entrustee or any branch thereof;

(c) This Contract shall be in due force and effect;

(d) The Guarantee Contract, the Mortgage Contract and the Pledge Contract executed pursuant to Article 13 herein below shall be in force and effect; (Notes: this item shall be optional and selected accordingly by referring to Article 13.)

(e) The Borrower shall have submitted to the Entrustee resolutions and authorizations of its board of directors or other governing body approving the execution and performance of this Contract by the Borrower;

(f) The Borrower shall have submitted to the Entrustee the name list and signature specimens of the persons with the authority to execute this Contract and documents and instruments relating hereto;

(g) The Entrustee shall have received from the Borrower the "Application for Drawdown under Entrusted Loan" that shall be valid; and

(h) Any other conditions to drawdown agreed between the parties hereto.

ARTICLE 10 REPAYMENT AND PRE-REPAYMENT OF THE ENTRUSTED LOAN

After any drawdown under the Entrusted Loan, the Borrower shall repay such drawdown strictly in accordance with the repayment schedule set forth below (the "Repayment Schedule"). In case the Borrower intends to make any adjustment to the Repayment Schedule, it shall submit a written application to the Entrustor 30 days prior to the applicable scheduled repayment date and obtain the written consent from the Entrustor.

Times of Repayment	Date of Repayment	Amount of Repayment
1	April 16, 2007	RMB20,000,000
2	/	/
3	/	/
.....	/	/

In case the Borrower intends to pre-repay any drawdown hereunder, it shall submit a written application to the Entrustor therefor and the Entrustor shall respond thereto in writing. Where the Entrustor accepts such application, it shall notify the Entrustee of such decision. Any amount pre-repaid by the Borrower subject to the consent from the Entrustor shall be applied against the drawdown that falls due last, which means that pre-repayment shall be applied in a reverse order.

Any amount pre-repaid subject to the consent from the Entrustor may not be drawn by the Borrower.

ARTICLE 11 OVERDUE PENALTY AND MISAPPROPRIATION PENALTY

If the Borrower fails to repay any amount of the Entrusted Loan pursuant to the Repayment Schedule, to reach an agreement on extension with the Entrustor, and to notify the Entrustee in writing, such amount shall be considered overdue. Pursuant to the written authorization of the Entrustor, the Entrustee can charge an overdue interest at a rate 40% higher than the original loan interest rate for the overdue portion of the loan in RMB [Or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the overdue portion of the loan in foreign currency].

If the Borrower uses any amount of the Entrusted Loan for purposes other than those set forth in this Contract, pursuant to the written authorization of the Entrustor, the Entrustee can charge a misappropriation interest at a rate 70% higher than the original loan interest rate, for the misappropriated amount in RMB [or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the misappropriated amount in foreign currency].

ARTICLE 12 CERTIFICATE OF INDEBTEDNESS

The Entrustee should record the principal, interest, expenses and any other items owed by the Borrower under this Contract on the Entrustee's internal books. The above-mentioned records as well as bills and certificates issued and kept by the Entrustee when processing the Borrower's drawdown, repayments, and interest payments are effective certificates of creditor's right and indebtedness between the Entrustor and the Borrower.

ARTICLE 13 GUARANTEE [THIS ARTICLE IS OPTIONAL. THEENTRUSTOR CAN DECIDE WHETHER TO CHOOSE ANY GUARANTEE AND WHAT TYPE OF GUARANTEE TO CHOOSE.]

Debt under this Contract will use N/A type of guarantee:

(a) N/A will provide [joint and several liability] repayment guarantee and sign a separate Guarantee Contract;

(b) N/A will provide mortgage guarantee and sign a separate Mortgage Contract; or

(c) N/A will provide pledge guarantee and sign a separate Pledge Contract.

ARTICLE 14 BORROWER'S REPRESENTATIONS AND WARRANTIES

14.1 The Borrower hereby represents as follows:

(a) The Borrower is duly incorporated and validly existing under applicable laws;

(b) The Borrower has necessary power for the execution of this Contract;

(c) All documents, materials, statements, and certificates provided by the Borrower to the Entrustor and the Entrustee are accurate, true, complete and effective; and

(d) The Borrower shall use the proceeds from the Entrust Loan in compliance with relevant laws, statutes, regulations and policies of the government.

14.2 The Borrower hereby warrants as follows:

(a) It shall, at the request of the Entrustor, provide the Entrustor with its latest financial statements, documents and materials including but not limited to reports and statements reflecting the Borrower's operating result and financial conditions;

(b) It shall notify the Entrustor and the Entrustee in writing prior to any reduction in its registered capital or material change to its ownership or any adjustment to its business mode;

(c) The Borrower undertakes to notify the Entrustor and the Entrustee immediately upon the occurrence of any of the following events:

(i) defaults under this Contract or other contracts with the Entrustee; and

(ii) when the Borrower has operating difficulties or its financial conditions deteriorate;

(d) All settlements of the Borrower under the Entrusted Loan shall be handled by the Entrustee or any branch of the Bank of China and the settlement business amount shall meet the requirements of the Entrustee.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES BY THE ENTRUSTOR

15.1 The Entrustor represents that:

(a) The Entrusted Loan is provided with its own legally obtained money fully at its discretion;

(b) It is entitled to perform under this Contract in accordance with PRC laws, policies and its own rules and regulations;

(c) It voluntarily concludes and executes this Contract that expresses its true intentions under all the necessary authorizations, and it has completed all procedures required to conclude and execute this Contract; and

(d) It is its own responsibility to determine the Borrower, loan use, loan rate and tenor under this Contract.

15.2 The Entrustor undertakes that:

(a) It shall deposit its own money into the Entrusted Loan Account as specified under Article 4, and ensure that deposits in the Entrusted Loan Account will not be less than the amount to be drawn by the Borrower under this Contract;

(b) It shall pay the Entrustee the Service Fee as agreed under this Contract; and

(c) It shall indemnify the Entrustee against and hold the Entrustee harmless from, any claims, rights and lawsuits brought by the Borrower and relevant damages, reimbursements, costs, expenses, losses and liabilities suffered by the Borrower as a result of the Entrustor's gross negligence, misconduct or implementation of the Entrustor's instructions.

ARTICLE 16 BREACH OF CONTRACT AND LIABILITY FOR BREACH

16.1 Breach by the Borrower and Liability for Breach

Occurrence of any of the following events shall constitute the Borrower's breach of this Contract:

(a) The Borrower fails to use the Entrusted Loan for the purposes specified by this Contract;

(b) The Borrower fails to repay principal due or pay interests due, fees or any other amount payable in accordance with the terms herein; or

(c) The Borrower breaches any other provision herein relating to its obligations hereunder.

In case of any breach by the Borrower as set forth above, the Entrustee, subject to the authorization from the Entrustor, may take the following remedies either separately or simultaneously:

(a) request the Borrower to cure the breach within a specified period;

(b) stop releasing loans or cancel the facilities not yet used by the Borrower; and/or

(c) declare that the principal and interests under this Contract become due and request the Borrower to forthwith pay off the principal and interests and fees that fall due.

16.2 Breach by the Entrustee and Liability for Breach

Any refusal by the Entrustee of any application of the Borrower for any drawdown pursuant hereto without good cause shall constitute a breach by the Entrustee hereunder, and in such case, the Entrustor or the Borrower can take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period; and/or

(b) the Entrustor have the right to dismiss the Entrustee;

16.3 Breach by the Entrustor and Liability

Occurrence of any of the following events shall constitute a breach by the Entrustor hereunder:

(a) The Entrustor fails to deposit (or remit) the fund in full into the Entrusted Loan Account opened with the Entrustee or any of its branches in accordance with this Contract;

(b) The source of the funds for the Entrusted Loan is illegal or noncompliant;

(c) The Entrustor fails to pay the Service Fee to the Entrustee in time according to the Contract terms;

In case of any of the above events, the Entrustee or the Borrower shall have the right to take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period;

(b) The Entrustee may refuse to handle the Entrusted Loan business for the Entrustor;

(c) The Entrustee may deduct any Service Fee payable to it by the Entrustor; and/or

(d) Each of the Entrusee and the Borrower shall have the right to claim compensation for any losses suffered by it.

16.4 claim against the Borrower for the payment of liquidated damages and compensation in accordance with this Contract.

ARTICLE 17 TAXES

Any taxes and fees in connection with the execution and performance of this Contract and settlement of dispute hereunder, including but not limited to stamp duty, interest withholding tax, legal costs, enforcement expenses and notarization fees shall be paid or reimbursed by the Borrower.

ARTICLE 18 ASSIGNMENT

Any obligation under this Contract may not be assigned by the Borrower to a third party without written consent of the Entrustee and the Entrustor.

ARTICLE 19 SUPPLEMENTS, AMENDMENTS AND INTERPRETATION

This Contract may be amended or supplemented by written agreement among all the parties hereto. Any amendment and supplement to this Contract shall constitute an integral part of this Contract.

Invalidity of any provision in this Contract shall not affect the validity of any remaining provision.

In case any provision in this Contract is rendered illegal, invalid or unenforceable as a result of any change in any national law, regulation or judicial practice, the legality, validity and enforceability of the remaining provisions herein shall not be affected. In such case, the parties hereto shall cooperate with each other closely to amend this Contract as soon as practicable the provision that is illegal, invalid or unenforceable.

ARTICLE 20 GOVERNING LAW, DISPUTE SETTLEMENT AND JURISDICTION

The Contract shall be governed by the laws of the People's Republic of China.

All disputes and controversies arising from the performance of this Contract shall be resolved through negotiations among the parties. Where no settlement is reached through negotiations, the parties agree that such dispute shall be resolved in the manners set forth in Item N/A below:

(a) directly bring an action before a competent court in the place where the Entrustor is located;

(b) submit the dispute to N/A Arbitration Commission for arbitration.

ARTICLE 21 APPENDIX

The following appendix(es) and other appendix(es) confirmed by each party shall be an integral part of this Contract and have the equal effect.

(a) N/A

(b) N/A

(c) N/A

(d) N/A

ARTICLE 22 MISCELLANEOUS

22.1 N/A

22.2 N/A

ARTICLE 23 EFFECTIVENESS

This Contract shall take effect upon being affixed with the signature or personal seal of the legal or authorized representative of, and the company of, each party hereto.

This Contract shall be executed in three counterparts with equal force, with each party to hold one.

Entrustor: JIANGSU LINYANG ELECTRONICS CO., LTD. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Entrustee: BANK OF CHINA CO., LTD., QIDONG SUBBRANCH (affixed with the company seal)

Legal representative (or authorized signatory): Li Ping (signature)

Borrower: Jiangsu Linyang Solarfun Co., Ltd. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Dated: 18th October, 2006

EXHIBIT 10.23

English Translation of the Original Contract

ENTRUSTED LOAN CONTRACT

Contract No. [2006] Zhong Yin Wei Dai Zi QD26003

Entrustor: Jiangsu Linyang Electronics Co., Ltd.

Legal Representative: Lu Yonghua

Registered Address: 1259 Renmin Xilu, Qidong, Jiangsu Province

Entrustee: Bank of China Co., Ltd., Qidong Subbranch

Legal Representative or Responsible Officer: Li Ping

Registered Address: 552 Renmin Zhonglu, Qidong, Jiangsu Province

Borrower: Jiangsu Linyang Solarfun Co., Ltd

Legal Representative: Lu Yonghua

Registered Address: 666 Linyang Road, Economic Development Zone, Qidong, Jiangsu Province

To effectively make use of its self-owned funds, the Entrustor entrusted the Entrustee with the provision of loans to the Borrower (the "Entrusted Loan"), and the three parties enter into the following agreement:

ARTICLE 1 GENERAL PROVISIONS

Under this contract (this "Contract"), the Entrustor will entrust its self-owned funds with the Entrustee, and the Entrustee shall provide Entrusted Loan to the Borrower identified by the Entrustor, according to the specific conditions determined by the Entrustor, including the purpose, amount, term and interest rate of the Entrusted Loan, assist the Entrustor to collect the Entrusted Loan and handle the relevant procedures in respect thereof.

The Entrustor shall be solely responsible for the due diligence investigation with respect to the credit standing and financial conditions of the Borrower, and the feasibility of the project for which the loan is to be used, and the Entrustee shall not be liable for any such investigation.

The Entrustor shall also be solely responsible for the due diligence investigation with respect to the credit standing of the guarantor and the conditions, as well as the custody of the

collaterals, and the Entrustee shall not assume any of such responsibilities. (Remarks: This is an optional provision, which shall be applied together with Article 13 hereunder).

The responsibility of the Entrustee hereunder shall be limited to the provision of the Entrusted Loan to the Borrower and assisting the Entrustor to supervise the use of the Entrusted Loan. Collection and preservation of the Entrusted Loan shall be the sole responsibility of the Entrustor, and the responsibility of the Entrustee with respect thereto shall only be to assist the Entrustor to issue and mail the interest list and loan collection notice.

Any dispute between the Entrustor and the Borrower arising from this Contract shall have no relevance to the Entrustee. Any losses arising from such dispute, including without limitation, the risk that the principal of the Entrusted Loan and the interest accrued thereon may not be repaid on time when it falls due, shall solely be borne by the Entrustor and the Borrower. The Entrustee shall not bear any risk arising from any Entrusted Loan or any losses therefrom.

The execution of this Contract by the Entrustee shall not be deemed the provision by the Entrustee of any guarantee for the Borrower with respect to the repayment of the Entrusted Loan. In case the Entrustee does not exhaust all its rights hereunder, it shall not be deemed to breach this Contract.

ARTICLE 2 CURRENCY, AMOUNT AND TERM OF THE ENTRUSTED LOAN

The currency of the Entrusted Loan hereunder shall be Renminbi (RMB).

The amount of the Entrusted Loan hereunder shall be twenty million Renminbi (RMB 20,000,000).

The term of the Entrusted Loan hereunder shall be six months, which shall commence from the date agreed by the parties the Borrower may draw the Entrusted Loan (the "Drawdown Date") from the Entrustee , and shall expire as of the last date agreed by the parties that the Borrower shall make the repayment . If the drawdown time agreed by the parties is a specified period of time, the above "Drawdown Date" shall refer to the commencement date of such specified period.

ARTICLE 3 PURPOSE OF THE LOAN

The Entrusted Loan shall be used

(a) as working capital to solve the problem of insufficient working capital faced by the Borrower; and

(b) (N/A).

Without consent of the Entrustor and the written notice from the Entrustor to the Entrustee, the Borrower shall not change the purpose of the Entrusted Loan provided hereunder.

ARTICLE 4 INTEREST RATE AND INTEREST CALCULATION METHOD

The annual rate of the Entrusted Loan shall be 6.138%. If the Entrustor and the Borrower agree to adjust the interest rate of or change the interest calculation method for the Entrusted Loan during the term of this Contract, the Entrustor shall inform the Entrustee such

adjustment or change in writing. The interest shall accrue on the basis of the adjusted interest rate from the workday immediately following the date the Entrustee receives such notice from the Entrustor.

Interest calculation method: The interest shall accrue on the amount of the Entrusted Loan actually drawn by the Borrower from the first Drawdown Date to the date the interest is finally determined. For purpose of determining the interest hereunder, one year shall be 360 days.

Interest Payment: The interest shall be paid on a quarterly basis. Each March 20, June 20, September 20 and December 20 shall be the date for the Borrower to pay the interest (the "Interest Payment Date"). If the last date to repay the principal of the Entrusted Loan by the Borrower is not an Interest Payment Date, the Borrower shall pay off all the interest payable at the last date it that shall repay the principal of the Entrusted Loan. The Borrower shall pay the interest on each Interest Payment Date. In case the Borrower fails to make timely and full payment of the interest, and the balance in the deposit account of the Borrower is not enough for the current interest payable, upon written authorization by the Entrustor, the Entrustee may charge liquidated damages against the Borrower for the amount of the due but outstanding interest at the rate of 0.05%/day.

ARTICLE 5 SERVICE FEE

The fees for the services provided by the Entrustee to the Entrustor hereunder ("Service Fee") shall be paid on the basis of 0.01% of the total amount of the Entrusted Loan on a monthly basis. For the Entrusted Loan with a term less than one month, the Fee shall be paid on the basis of 0.01% of the total amount of Entrusted Loan.

The Entrustor shall pay the Service Fee to the Entrustee on a monthly/quarterly basis from the date the Entrusted Loan is released to the Borrower [or in a lump sum within 10 days from the date the Entrusted Loan is released]. If the Entrustor fails to make such payment, it shall pay liquidated damages in a amount of 0.0[/]% of the overdue and outstanding payment. The Entrustee shall be entitled to deduct the Service Fee and liquidated damages from the Entrusted Loan Account opened with the Entrustor (the "Entrusted Loan Account"), the principal or interest collected or any other amount with respect to which the Entrustor enjoys the right of claim against the Entrustee.

ARTICLE 6 ENTRUSTED LOAN ACCOUNT

The Entrustor shall, within three days as of the date of this Contract, open the Entrusted Loan Account with the Entrustee or a designated branch thereof, which shall be used for drawdown, money transfer, receipt of principal and interest, and payment of charges.

The Entrustor shall, within five days as of the date of this Contract, deposit into the Entrusted Loan Account in full in a lump sum the total amount of the Entrusted Loan of RMB20,000,000, [or it may, in accordance with the Borrower's Drawdown Schedule, no less than three workdays prior to each drawdown, deposit into the Entrusted Loan Account in full in a lump sum the amount to be drawn].

In no event may any drawdown by the Borrower exceed the balance of deposit in the Entrusted Loan Account.

The Entrustee shall transfer each repayment of the principal and each payment of the interest (including default interest) received by it into the Entrusted Loan Account.

ARTICLE 7 BORROWER'S ACCOUNT

Following the effectiveness of this Contract, the Borrower shall open an account with the Entrustee or a designated branch thereof, which shall be used for such purposes as drawdown, repayment of principal and payment of interest.

The Borrower shall, no less than five days prior to the expiry of each drawdown, deposit into the Entrusted Loan Account a sufficient amount for the repayment of the principal and the payment of the interest as they fall due.

The settlement of the accounts and settlement and sale of foreign exchange in connection with the sale of relevant products from the projects [or trading] financed by the Entrusted Loan, shall be handled with the Entrustee or any of its branches. [Optional]

Or:

The Borrower shall, procure from the Entrustee or any of its branches such intermediate services as local and foreign currency depositing, international and domestic settlement, foreign exchange settlement and sale in a proportion no lower than the ratio of the Entrusted Loan to the aggregate of all the outstanding borrowings by the Borrower from the other banks. [Optional]

ARTICLE 8 DRAWDOWN SCHEDULE

The Borrower shall make the drawdown under the Entrusted Loan in accordance with the Drawdown Schedule set forth in Item (a) below:

(a) The Borrower shall draw the proceeds under the Entrusted Loan in a lump sum on October 26, 2006.

(b) The Borrower shall draw completely all the proceeds under the Entrusted Loan commencing from N/A in accordance with the following drawdown schedule (the "Drawdown Schedule"):

Times of Drawdown	Date of Drawdown	Amount of Drawdown
1		
2		
3		
.....		

Where the Borrower needs to make any drawdown prior to the applicable scheduled drawdown date, it shall obtain the consent of both the Entrustor and the Entrustee.

Without the consent of the Entrustor and the written notice from the Entrustor to the Entrustee, any amount that fails to be drawn on the applicable scheduled drawdown date set forth above may not be drawn after such scheduled drawdown date. In the event the Entrustor agrees to release such amount that fails to be drawn on the applicable scheduled drawdown date, the Entrustee may pursuant to the written authorization from the Entrustor, charge liquidated damages on such amount at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

In case the Entrustor fails to deposit the sufficient amount for any scheduled drawdown into the Entrusted Loan Account prior to such drawdown so that the Borrower cannot make such drawdown in accordance with the Drawdown Schedule, the Entrustor shall pay liquidated damages to the Borrower at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

ARTICLE 9 PRECONDITIONS TO DRAWDOWN

Any drawdown by the Borrower under the Entrusted Loan shall be subject to the satisfaction of each of the following conditions:

(a) The Entrustor shall have opened the Entrusted Loan Account with the Entrustee or a designated branch thereof and deposited thereinto the Entrusted Loan Account in full;

(b) The Borrower shall have opened an account with the Entrustee or any branch thereof;

(c) This Contract shall be in due force and effect;

(d) The Guarantee Contract, the Mortgage Contract and the Pledge Contract executed pursuant to Article 13 herein below shall be in force and effect; (Notes: this item shall be optional and selected accordingly by referring to Article 13.)

(e) The Borrower shall have submitted to the Entrustee resolutions and authorizations of its board of directors or other governing body approving the execution and performance of this Contract by the Borrower;

(f) The Borrower shall have submitted to the Entrustee the name list and signature specimens of the persons with the authority to execute this Contract and documents and instruments relating hereto;

(g) The Entrustee shall have received from the Borrower the "Application for Drawdown under Entrusted Loan" that shall be valid; and

(h) Any other conditions to drawdown agreed between the parties hereto.

ARTICLE 10 REPAYMENT AND PRE-REPAYMENT OF THE ENTRUSTED LOAN

After any drawdown under the Entrusted Loan, the Borrower shall repay such drawdown strictly in accordance with the repayment schedule set forth below (the "Repayment Schedule"). In case the Borrower intends to make any adjustment to the Repayment Schedule, it shall submit a written application to the Entrustor 30 days prior to the applicable scheduled repayment date and obtain the written consent from the Entrustor.

Times of Repayment	Date of Repayment	Amount of Repayment
1	April 25, 2007	RMB20,000,000
2	/	/
3	/	/
.....	/	/

In case the Borrower intends to pre-repay any drawdown hereunder, it shall submit a written application to the Entrustor therefor and the Entrustor shall respond thereto in writing. Where the Entrustor accepts such application, it shall notify the Entrustee of such decision. Any amount pre-repaid by the Borrower subject to the consent from the Entrustor shall be applied against the drawdown that falls due last, which means that pre-repayment shall be applied in a reverse order.

Any amount pre-repaid subject to the consent from the Entrustor may not be drawn by the Borrower.

ARTICLE 11 OVERDUE PENALTY AND MISAPPROPRIATION PENALTY

If the Borrower fails to repay any amount of the Entrusted Loan pursuant to the Repayment Schedule, to reach an agreement on extension with the Entrustor, and to notify the Entrustee in writing, such amount shall be considered overdue. Pursuant to the written authorization of the Entrustor, the Entrustee can charge an overdue interest at a rate 40% higher than the original loan interest rate for the overdue portion of the loan in RMB [Or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the overdue portion of the loan in foreign currency].

If the Borrower uses any amount of the Entrusted Loan for purposes other than those set forth in this Contract, pursuant to the written authorization of the Entrustor, the Entrustee can charge a misappropriation interest at a rate 70% higher than the original loan interest rate, for the misappropriated amount in RMB [or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the misappropriated amount in foreign currency].

ARTICLE 12 CERTIFICATE OF INDEBTEDNESS

The Entrustee should record the principal, interest, expenses and any other items owed by the Borrower under this Contract on the Entrustee's internal books. The above-mentioned records as well as bills and certificates issued and kept by the Entrustee when processing the Borrower's drawdown, repayments, and interest payments are effective certificates of creditor's right and indebtedness between the Entrustor and the Borrower.

ARTICLE 13 GUARANTEE [THIS ARTICLE IS OPTIONAL. THE ENTRUSTOR CAN DECIDE WHETHER TO CHOOSE ANY GUARANTEE AND WHAT TYPE OF GUARANTEE TO CHOOSE.]

Debt under this Contract will use N/A type of guarantee:

(a) N/A will provide [joint and several liability] repayment guarantee and sign a separate Guarantee Contract;

(b) N/A will provide mortgage guarantee and sign a separate Mortgage Contract; or

(c) N/A will provide pledge guarantee and sign a separate Pledge Contract.

ARTICLE 14 BORROWER'S REPRESENTATIONS AND WARRANTIES

14.1 The Borrower hereby represents as follows:

(a) The Borrower is duly incorporated and validly existing under applicable laws;

(b) The Borrower has necessary power for the execution of this Contract;

(c) All documents, materials, statements, and certificates provided by the Borrower to the Entrustor and the Entrustee are accurate, true, complete and effective; and

(d) The Borrower shall use the proceeds from the Entrust Loan in compliance with relevant laws, statutes, regulations and policies of the government.

14.2 The Borrower hereby warrants as follows:

(a) It shall, at the request of the Entrustor, provide the Entrustor with its latest financial statements, documents and materials including but not limited to reports and statements reflecting the Borrower's operating result and financial conditions;

(b) It shall notify the Entrustor and the Entrustee in writing prior to any reduction in its registered capital or material change to its ownership or any adjustment to its business mode;

(c) The Borrower undertakes to notify the Entrustor and the Entrustee immediately upon the occurrence of any of the following events:

(i) defaults under this Contract or other contracts with the Entrustee; and

(ii) when the Borrower has operating difficulties or its financial conditions deteriorate;

(d) All settlements of the Borrower under the Entrusted Loan shall be handled by the Entrustee or any branch of the Bank of China and the settlement business amount shall meet the requirements of the Entrustee.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES BY THE ENTRUSTOR

15.1 The Entrustor represents that:

(a) The Entrusted Loan is provided with its own legally obtained money fully at its discretion;

(b) It is entitled to perform under this Contract in accordance with PRC laws, policies and its own rules and regulations;

(c) It voluntarily concludes and executes this Contract that expresses its true intentions under all the necessary authorizations, and it has completed all procedures required to conclude and execute this Contract; and

(d) It is its own responsibility to determine the Borrower, loan use, loan rate and tenor under this Contract.

15.2 The Entrustor undertakes that:

(a) It shall deposit its own money into the Entrusted Loan Account as specified under Article 4, and ensure that deposits in the Entrusted Loan Account will not be less than the amount to be drawn by the Borrower under this Contract;

(b) It shall pay the Entrustee the Service Fee as agreed under this Contract; and

(c) It shall indemnify the Entrustee against and hold the Entrustee harmless from, any claims, rights and lawsuits brought by the Borrower and relevant damages, reimbursements, costs, expenses, losses and liabilities suffered by the Borrower as a result of the Entrustor's gross negligence, misconduct or implementation of the Entrustor's instructions.

ARTICLE 16 BREACH OF CONTRACT AND LIABILITY FOR BREACH

16.1 Breach by the Borrower and Liability for Breach

Occurrence of any of the following events shall constitute the Borrower's breach of this Contract:

(a) The Borrower fails to use the Entrusted Loan for the purposes specified by this Contract;

(b) The Borrower fails to repay principal due or pay interests due, fees or any other amount payable in accordance with the terms herein; or

(c) The Borrower breaches any other provision herein relating to its obligations hereunder.

In case of any breach by the Borrower as set forth above, the Entrustee, subject to the authorization from the Entrustor, may take the following remedies either separately or simultaneously:

(a) request the Borrower to cure the breach within a specified period;

(b) stop releasing loans or cancel the facilities not yet used by the Borrower; and/or

(c) declare that the principal and interests under this Contract become due and request the Borrower to forthwith pay off the principal and interests and fees that fall due.

16.2 Breach by the Entrustee and Liability for Breach

Any refusal by the Entrustee of any application of the Borrower for any drawdown pursuant hereto without good cause shall constitute a breach by the Entrustee hereunder, and in such case, the Entrustor or the Borrower can take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period; and/or

(b) the Entrustor have the right to dismiss the Entrustee;

16.3 Breach by the Entrustor and Liability

Occurrence of any of the following events shall constitute a breach by the Entrustor hereunder:

(a) The Entrustor fails to deposit (or remit) the fund in full into the Entrusted Loan Account opened with the Entrustee or any of its branches in accordance with this Contract;

(b) The source of the funds for the Entrusted Loan is illegal or noncompliant;

(c) The Entrustor fails to pay the Service Fee to the Entrustee in time according to the Contract terms;

In case of any of the above events, the Entrustee or the Borrower shall have the right to take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period;

(b) The Entrustee may refuse to handle the Entrusted Loan business for the Entrustor;

(c) The Entrustee may deduct any Service Fee payable to it by the Entrustor; and/or

(d) Each of the Entrusee and the Borrower shall have the right to claim compensation for any losses suffered by it.

16.4 claim against the Borrower for the payment of liquidated damages and compensation in accordance with this Contract.

ARTICLE 17 TAXES

Any taxes and fees in connection with the execution and performance of this Contract and settlement of dispute hereunder, including but not limited to stamp duty, interest withholding tax, legal costs, enforcement expenses and notarization fees shall be paid or reimbursed by the Borrower.

ARTICLE 18 ASSIGNMENT

Any obligation under this Contract may not be assigned by the Borrower to a third party without written consent of the Entrustee and the Entrustor.

ARTICLE 19 SUPPLEMENTS, AMENDMENTS AND INTERPRETATION

This Contract may be amended or supplemented by written agreement among all the parties hereto. Any amendment and supplement to this Contract shall constitute an integral part of this Contract.

Invalidity of any provision in this Contract shall not affect the validity of any remaining provision.

In case any provision in this Contract is rendered illegal, invalid or unenforceable as a result of any change in any national law, regulation or judicial practice, the legality, validity and enforceability of the remaining provisions herein shall not be affected. In such case, the parties hereto shall cooperate with each other closely to amend this Contract as soon as practicable the provision that is illegal, invalid or unenforceable.

ARTICLE 20 GOVERNING LAW, DISPUTE SETTLEMENT AND JURISDICTION

The Contract shall be governed by the laws of the People's Republic of China.

All disputes and controversies arising from the performance of this Contract shall be resolved through negotiations among the parties. Where no settlement is reached through negotiations, the parties agree that such dispute shall be resolved in the manners set forth in Item N/A below:

(a) directly bring an action before a competent court in the place where the Entrustor is located;

(b) submit the dispute to N/A Arbitration Commission for arbitration.

ARTICLE 21 APPENDIX

The following appendix(es) and other appendix(es) confirmed by each party shall be an integral part of this Contract and have the equal effect.

(a) N/A

(b) N/A

(c) N/A

(d) N/A

ARTICLE 22 MISCELLANEOUS

22.1 N/A

22.2 N/A

ARTICLE 23 EFFECTIVENESS

This Contract shall take effect upon being affixed with the signature or personal seal of the legal or authorized representative of, and the company of, each party hereto.

This Contract shall be executed in three counterparts with equal force, with each party to hold one.

Entrustor: JIANGSU LINYANG ELECTRONICS CO., LTD. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Entrustee: BANK OF CHINA CO., LTD., QIDONG SUBBRANCH (affixed with the company seal)

Legal representative (or authorized signatory): Li Ping (signature)

Borrower: Jiangsu Linyang Solarfun Co., Ltd. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Dated: 25th October, 2006

EXHIBIT 10.24

English Translation of the Original Contract

ENTRUSTED LOAN CONTRACT

Contract No. [2006] Zhong Yin Wei Dai Zi QD26004

Entrustor: Jiangsu Linyang Electronics Co., Ltd.

Legal Representative: Lu Yonghua

Registered Address: 1259 Renmin Xilu, Qidong, Jiangsu Province

Entrustee: Bank of China Co., Ltd., Qidong Subbranch

Legal Representative or Responsible Officer: Li Ping

Registered Address: 552 Renmin Zhonglu, Qidong, Jiangsu Province

Borrower: Jiangsu Linyang Solarfun Co., Ltd

Legal Representative: Lu Yonghua

Registered Address: 666 Linyang Road, Economic Development Zone, Qidong, Jiangsu Province

To effectively make use of its self-owned funds, the Entrustor entrusted the Entrustee with the provision of loans to the Borrower (the "Entrusted Loan"), and the three parties enter into the following agreement:

ARTICLE 1 GENERAL PROVISIONS

Under this contract (this "Contract"), the Entrustor will entrust its self-owned funds with the Entrustee, and the Entrustee shall provide Entrusted Loan to the Borrower identified by the Entrustor, according to the specific conditions determined by the Entrustor, including the purpose, amount, term and interest rate of the Entrusted Loan, assist the Entrustor to collect the Entrusted Loan and handle the relevant procedures in respect thereof.

The Entrustor shall be solely responsible for the due diligence investigation with respect to the credit standing and financial conditions of the Borrower, and the feasibility of the project for which the loan is to be used, and the Entrustee shall not be liable for any such investigation.

The Entrustor shall also be solely responsible for the due diligence investigation with respect to the credit standing of the guarantor and the conditions, as well as the custody of the

collaterals, and the Entrustee shall not assume any of such responsibilities. (Remarks: This is an optional provision, which shall be applied together with Article 13 hereunder).

The responsibility of the Entrustee hereunder shall be limited to the provision of the Entrusted Loan to the Borrower and assisting the Entrustor to supervise the use of the Entrusted Loan. Collection and preservation of the Entrusted Loan shall be the sole responsibility of the Entrustor, and the responsibility of the Entrustee with respect thereto shall only be to assist the Entrustor to issue and mail the interest list and loan collection notice.

Any dispute between the Entrustor and the Borrower arising from this Contract shall have no relevance to the Entrustee. Any losses arising from such dispute, including without limitation, the risk that the principal of the Entrusted Loan and the interest accrued thereon may not be repaid on time when it falls due, shall solely be borne by the Entrustor and the Borrower. The Entrustee shall not bear any risk arising from any Entrusted Loan or any losses therefrom.

The execution of this Contract by the Entrustee shall not be deemed the provision by the Entrustee of any guarantee for the Borrower with respect to the repayment of the Entrusted Loan. In case the Entrustee does not exhaust all its rights hereunder, it shall not be deemed to breach this Contract.

ARTICLE 2 CURRENCY, AMOUNT AND TERM OF THE ENTRUSTED LOAN

The currency of the Entrusted Loan hereunder shall be Renminbi (RMB).

The amount of the Entrusted Loan hereunder shall be twenty million Renminbi (RMB 20,000,000).

The term of the Entrusted Loan hereunder shall be six months, which shall commence from the date agreed by the parties the Borrower may draw the Entrusted Loan (the "Drawdown Date") from the Entrustee , and shall expire as of the last date agreed by the parties that the Borrower shall make the repayment . If the drawdown time agreed by the parties is a specified period of time, the above "Drawdown Date" shall refer to the commencement date of such specified period.

ARTICLE 3 PURPOSE OF THE LOAN

The Entrusted Loan shall be used

(a) as working capital to solve the problem of insufficient working capital faced by the Borrower; and

(b) (N/A).

Without consent of the Entrustor and the written notice from the Entrustor to the Entrustee, the Borrower shall not change the purpose of the Entrusted Loan provided hereunder.

ARTICLE 4 INTEREST RATE AND INTEREST CALCULATION METHOD

The annual rate of the Entrusted Loan shall be 6.138%. If the Entrustor and the Borrower agree to adjust the interest rate of or change the interest calculation method for the Entrusted Loan during the term of this Contract, the Entrustor shall inform the Entrustee such

adjustment or change in writing. The interest shall accrue on the basis of the adjusted interest rate from the workday immediately following the date the Entrustee receives such notice from the Entrustor.

Interest calculation method: The interest shall accrue on the amount of the Entrusted Loan actually drawn by the Borrower from the first Drawdown Date to the date the interest is finally determined. For purpose of determining the interest hereunder, one year shall be 360 days.

Interest Payment: The interest shall be paid on a quarterly basis. Each March 20, June 20, September 20 and December 20 shall be the date for the Borrower to pay the interest (the "Interest Payment Date"). If the last date to repay the principal of the Entrusted Loan by the Borrower is not an Interest Payment Date, the Borrower shall pay off all the interest payable at the last date it that shall repay the principal of the Entrusted Loan. The Borrower shall pay the interest on each Interest Payment Date. In case the Borrower fails to make timely and full payment of the interest, and the balance in the deposit account of the Borrower is not enough for the current interest payable, upon written authorization by the Entrustor, the Entrustee may charge liquidated damages against the Borrower for the amount of the due but outstanding interest at the rate of 0.05%/day.

ARTICLE 5 SERVICE FEE

The fees for the services provided by the Entrustee to the Entrustor hereunder ("Service Fee") shall be paid on the basis of 0.01% of the total amount of the Entrusted Loan on a monthly basis. For the Entrusted Loan with a term less than one month, the Fee shall be paid on the basis of 0.01% of the total amount of Entrusted Loan.

The Entrustor shall pay the Service Fee to the Entrustee on a monthly/quarterly basis from the date the Entrusted Loan is released to the Borrower [or in a lump sum within 10 days from the date the Entrusted Loan is released]. If the Entrustor fails to make such payment, it shall pay liquidated damages in a amount of 0.0[/]% of the overdue and outstanding payment. The Entrustee shall be entitled to deduct the Service Fee and liquidated damages from the Entrusted Loan Account opened with the Entrustor (the "Entrusted Loan Account"), the principal or interest collected or any other amount with respect to which the Entrustor enjoys the right of claim against the Entrustee.

ARTICLE 6 ENTRUSTED LOAN ACCOUNT

The Entrustor shall, within three days as of the date of this Contract, open the Entrusted Loan Account with the Entrustee or a designated branch thereof, which shall be used for drawdown, money transfer, receipt of principal and interest, and payment of charges.

The Entrustor shall, within five days as of the date of this Contract, deposit into the Entrusted Loan Account in full in a lump sum the total amount of the Entrusted Loan of RMB20,000,000, [or it may, in accordance with the Borrower's Drawdown Schedule, no less than three workdays prior to each drawdown, deposit into the Entrusted Loan Account in full in a lump sum the amount to be drawn].

In no event may any drawdown by the Borrower exceed the balance of deposit in the Entrusted Loan Account.

The Entrustee shall transfer each repayment of the principal and each payment of the interest (including default interest) received by it into the Entrusted Loan Account.

ARTICLE 7 BORROWER'S ACCOUNT

Following the effectiveness of this Contract, the Borrower shall open an account with the Entrustee or a designated branch thereof, which shall be used for such purposes as drawdown, repayment of principal and payment of interest.

The Borrower shall, no less than five days prior to the expiry of each drawdown, deposit into the Entrusted Loan Account a sufficient amount for the repayment of the principal and the payment of the interest as they fall due.

The settlement of the accounts and settlement and sale of foreign exchange in connection with the sale of relevant products from the projects [or trading] financed by the Entrusted Loan, shall be handled with the Entrustee or any of its branches. [Optional]

Or:

The Borrower shall, procure from the Entrustee or any of its branches such intermediate services as local and foreign currency depositing, international and domestic settlement, foreign exchange settlement and sale in a proportion no lower than the ratio of the Entrusted Loan to the aggregate of all the outstanding borrowings by the Borrower from the other banks. [Optional]

ARTICLE 8 DRAWDOWN SCHEDULE

The Borrower shall make the drawdown under the Entrusted Loan in accordance with the Drawdown Schedule set forth in Item (a) below:

(a) The Borrower shall draw the proceeds under the Entrusted Loan in a lump sum in November 2006.

(b) The Borrower shall draw completely all the proceeds under the Entrusted Loan commencing from N/A in accordance with the following drawdown schedule (the "Drawdown Schedule"):

Times of Drawdown	Date of Drawdown	Amount of Drawdown
1		
2		
3		
.....		

Where the Borrower needs to make any drawdown prior to the applicable scheduled drawdown date, it shall obtain the consent of both the Entrustor and the Entrustee.

Without the consent of the Entrustor and the written notice from the Entrustor to the Entrustee, any amount that fails to be drawn on the applicable scheduled drawdown date set forth above may not be drawn after such scheduled drawdown date. In the event the Entrustor agrees to release such amount that fails to be drawn on the applicable scheduled drawdown date, the Entrustee may pursuant to the written authorization from the Entrustor, charge liquidated damages on such amount at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

In case the Entrustor fails to deposit the sufficient amount for any scheduled drawdown into the Entrusted Loan Account prior to such drawdown so that the Borrower cannot make such drawdown in accordance with the Drawdown Schedule, the Entrustor shall pay liquidated damages to the Borrower at the rate of 0.05%/day and on the basis of the number of days actually delayed and 360 days a year.

ARTICLE 9 PRECONDITIONS TO DRAWDOWN

Any drawdown by the Borrower under the Entrusted Loan shall be subject to the satisfaction of each of the following conditions:

(a) The Entrustor shall have opened the Entrusted Loan Account with the Entrustee or a designated branch thereof and deposited thereinto the Entrusted Loan Account in full;

(b) The Borrower shall have opened an account with the Entrustee or any branch thereof;

(c) This Contract shall be in due force and effect;

(d) The Guarantee Contract, the Mortgage Contract and the Pledge Contract executed pursuant to Article 13 herein below shall be in force and effect; (Notes: this item shall be optional and selected accordingly by referring to Article 13.)

(e) The Borrower shall have submitted to the Entrustee resolutions and authorizations of its board of directors or other governing body approving the execution and performance of this Contract by the Borrower;

(f) The Borrower shall have submitted to the Entrustee the name list and signature specimens of the persons with the authority to execute this Contract and documents and instruments relating hereto;

(g) The Entrustee shall have received from the Borrower the "Application for Drawdown under Entrusted Loan" that shall be valid; and

(h) Any other conditions to drawdown agreed between the parties hereto.

ARTICLE 10 REPAYMENT AND PRE-REPAYMENT OF THE ENTRUSTED LOAN

After any drawdown under the Entrusted Loan, the Borrower shall repay such drawdown strictly in accordance with the repayment schedule set forth below (the "Repayment Schedule"). In case the Borrower intends to make any adjustment to the Repayment Schedule, it shall submit a written application to the Entrustor 30 days prior to the applicable scheduled repayment date and obtain the written consent from the Entrustor.

Times of Repayment	Date of Repayment	Amount of Repayment
1	May 18, 2007	RMB20,000,000
2	/	/
3	/	/
.....	/	/

In case the Borrower intends to pre-repay any drawdown hereunder, it shall submit a written application to the Entrustor therefor and the Entrustor shall respond thereto in writing. Where the Entrustor accepts such application, it shall notify the Entrustee of such decision. Any amount pre-repaid by the Borrower subject to the consent from the Entrustor shall be applied against the drawdown that falls due last, which means that pre-repayment shall be applied in a reverse order.

Any amount pre-repaid subject to the consent from the Entrustor may not be drawn by the Borrower.

ARTICLE 11 OVERDUE PENALTY AND MISAPPROPRIATION PENALTY

If the Borrower fails to repay any amount of the Entrusted Loan pursuant to the Repayment Schedule, to reach an agreement on extension with the Entrustor, and to notify the Entrustee in writing, such amount shall be considered overdue. Pursuant to the written authorization of the Entrustor, the Entrustee can charge an overdue interest at a rate 40% higher than the original loan interest rate for the overdue portion of the loan in RMB [Or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the overdue portion of the loan in foreign currency].

If the Borrower uses any amount of the Entrusted Loan for purposes other than those set forth in this Contract, pursuant to the written authorization of the Entrustor, the Entrustee can charge a misappropriation interest at a rate 70% higher than the original loan interest rate, for the misappropriated amount in RMB [or a penalty interest at a rate N/A higher than the original loan interest rate shall be charged for the misappropriated amount in foreign currency].

ARTICLE 12 CERTIFICATE OF INDEBTEDNESS

The Entrustee should record the principal, interest, expenses and any other items owed by the Borrower under this Contract on the Entrustee's internal books. The above-mentioned records as well as bills and certificates issued and kept by the Entrustee when processing the Borrower's drawdown, repayments, and interest payments are effective certificates of creditor's right and indebtedness between the Entrustor and the Borrower.

ARTICLE 13 GUARANTEE [THIS ARTICLE IS OPTIONAL. THE ENTRUSTOR CAN DECIDE WHETHER TO CHOOSE ANY GUARANTEE AND WHAT TYPE OF GUARANTEE TO CHOOSE.]

Debt under this Contract will use N/A type of guarantee:

(a) N/A will provide [joint and several liability] repayment guarantee and sign a separate Guarantee Contract;

(b) N/A will provide mortgage guarantee and sign a separate Mortgage Contract; or

(c) N/A will provide pledge guarantee and sign a separate Pledge Contract.

ARTICLE 14 BORROWER'S REPRESENTATIONS AND WARRANTIES

14.1 The Borrower hereby represents as follows:

(a) The Borrower is duly incorporated and validly existing under applicable laws;

(b) The Borrower has necessary power for the execution of this Contract;

(c) All documents, materials, statements, and certificates provided by the Borrower to the Entrustor and the Entrustee are accurate, true, complete and effective; and

(d) The Borrower shall use the proceeds from the Entrust Loan in compliance with relevant laws, statutes, regulations and policies of the government.

14.2 The Borrower hereby warrants as follows:

(a) It shall, at the request of the Entrustor, provide the Entrustor with its latest financial statements, documents and materials including but not limited to reports and statements reflecting the Borrower's operating result and financial conditions;

(b) It shall notify the Entrustor and the Entrustee in writing prior to any reduction in its registered capital or material change to its ownership or any adjustment to its business mode;

(c) The Borrower undertakes to notify the Entrustor and the Entrustee immediately upon the occurrence of any of the following events:

(i) defaults under this Contract or other contracts with the Entrustee; and

(ii) when the Borrower has operating difficulties or its financial conditions deteriorate;

(d) All settlements of the Borrower under the Entrusted Loan shall be handled by the Entrustee or any branch of the Bank of China and the settlement business amount shall meet the requirements of the Entrustee.

ARTICLE 15 REPRESENTATIONS AND WARRANTIES BY THE ENTRUSTOR

15.1 The Entrustor represents that:

(a) The Entrusted Loan is provided with its own legally obtained money fully at its discretion;

(b) It is entitled to perform under this Contract in accordance with PRC laws, policies and its own rules and regulations;

(c) It voluntarily concludes and executes this Contract that expresses its true intentions under all the necessary authorizations, and it has completed all procedures required to conclude and execute this Contract; and

(d) It is its own responsibility to determine the Borrower, loan use, loan rate and tenor under this Contract.

15.2 The Entrustor undertakes that:

(a) It shall deposit its own money into the Entrusted Loan Account as specified under Article 4, and ensure that deposits in the Entrusted Loan Account will not be less than the amount to be drawn by the Borrower under this Contract;

(b) It shall pay the Entrustee the Service Fee as agreed under this Contract; and

(c) It shall indemnify the Entrustee against and hold the Entrustee harmless from, any claims, rights and lawsuits brought by the Borrower and relevant damages, reimbursements, costs, expenses, losses and liabilities suffered by the Borrower as a result of the Entrustor's gross negligence, misconduct or implementation of the Entrustor's instructions.

ARTICLE 16 BREACH OF CONTRACT AND LIABILITY FOR BREACH

16.1 Breach by the Borrower and Liability for Breach

Occurrence of any of the following events shall constitute the Borrower's breach of this Contract:

(a) The Borrower fails to use the Entrusted Loan for the purposes specified by this Contract;

(b) The Borrower fails to repay principal due or pay interests due, fees or any other amount payable in accordance with the terms herein; or

(c) The Borrower breaches any other provision herein relating to its obligations hereunder.

In case of any breach by the Borrower as set forth above, the Entrustee, subject to the authorization from the Entrustor, may take the following remedies either separately or simultaneously:

(a) request the Borrower to cure the breach within a specified period;

(b) stop releasing loans or cancel the facilities not yet used by the Borrower; and/or

(c) declare that the principal and interests under this Contract become due and request the Borrower to forthwith pay off the principal and interests and fees that fall due.

16.2 Breach by the Entrustee and Liability for Breach

Any refusal by the Entrustee of any application of the Borrower for any drawdown pursuant hereto without good cause shall constitute a breach by the Entrustee hereunder, and in such case, the Entrustor or the Borrower can take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period; and/or

(b) the Entrustor have the right to dismiss the Entrustee;

16.3 Breach by the Entrustor and Liability

Occurrence of any of the following events shall constitute a breach by the Entrustor hereunder:

(a) The Entrustor fails to deposit (or remit) the fund in full into the Entrusted Loan Account opened with the Entrustee or any of its branches in accordance with this Contract;

(b) The source of the funds for the Entrusted Loan is illegal or noncompliant;

(c) The Entrustor fails to pay the Service Fee to the Entrustee in time according to the Contract terms;

In case of any of the above events, the Entrustee or the Borrower shall have the right to take the following remedies either separately or simultaneously:

(a) request the Entrustee to cure such breach within a specified period;

(b) The Entrustee may refuse to handle the Entrusted Loan business for the Entrustor;

(c) The Entrustee may deduct any Service Fee payable to it by the Entrustor; and/or

(d) Each of the Entrusee and the Borrower shall have the right to claim compensation for any losses suffered by it.

16.4 claim against the Borrower for the payment of liquidated damages and compensation in accordance with this Contract.

ARTICLE 17 TAXES

Any taxes and fees in connection with the execution and performance of this Contract and settlement of dispute hereunder, including but not limited to stamp duty, interest withholding tax, legal costs, enforcement expenses and notarization fees shall be paid or reimbursed by the Borrower.

ARTICLE 18 ASSIGNMENT

Any obligation under this Contract may not be assigned by the Borrower to a third party without written consent of the Entrustee and the Entrustor.

ARTICLE 19 SUPPLEMENTS, AMENDMENTS AND INTERPRETATION

This Contract may be amended or supplemented by written agreement among all the parties hereto. Any amendment and supplement to this Contract shall constitute an integral part of this Contract.

Invalidity of any provision in this Contract shall not affect the validity of any remaining provision.

In case any provision in this Contract is rendered illegal, invalid or unenforceable as a result of any change in any national law, regulation or judicial practice, the legality, validity and enforceability of the remaining provisions herein shall not be affected. In such case, the parties hereto shall cooperate with each other closely to amend this Contract as soon as practicable the provision that is illegal, invalid or unenforceable.

ARTICLE 20 GOVERNING LAW, DISPUTE SETTLEMENT AND JURISDICTION

The Contract shall be governed by the laws of the People's Republic of China.

All disputes and controversies arising from the performance of this Contract shall be resolved through negotiations among the parties. Where no settlement is reached through negotiations, the parties agree that such dispute shall be resolved in the manners set forth in Item N/A_ below:

(a) directly bring an action before a competent court in the place where the Entrustor is located;

(b) submit the dispute to N/A Arbitration Commission for arbitration.

ARTICLE 21 APPENDIX

The following appendix(es) and other appendix(es) confirmed by each party shall be an integral part of this Contract and have the equal effect.

(a) N/A

(b) N/A

(c) N/A

(d) N/A

ARTICLE 22 MISCELLANEOUS

22.1 N/A

22.2 N/A

ARTICLE 23 EFFECTIVENESS

This Contract shall take effect upon being affixed with the signature or personal seal of the legal or authorized representative of, and the company of, each party hereto.

This Contract shall be executed in three counterparts with equal force, with each party to hold one.

Entrustor: JIANGSU LINYANG ELECTRONICS CO., LTD. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Entrustee: BANK OF CHINA CO., LTD., QIDONG SUBBRANCH (affixed with the company seal)

Legal representative (or authorized signatory): Li Ping (signature)

Borrower: Jiangsu Linyang Solarfun Co., Ltd. (affixed with the company seal):

Legal representative (or authorized signatory): Lu Yonghua (seal)

Dated: 20th November, 2006

EXHIBIT 10.25

(English Translation of the Original Contract in Chinese)

PRODUCT PURCHASE CONTRACT

Contract Number: 2005-006

The Buyer: Jiangsu Linyang Solarfun Co., Ltd. The Seller: Huaerli (Nantong) Electronics Co., Ltd.

Article 1 Name of Products, Specifications, Quantity and Price:

NAME OF PRODUCTS	SPECIFICATIONS	MEASURING UNIT	QUANTITY	UNIT PRICE (RMB)	TOTAL PRICE
Silicon rod	6 inches	KG	10,000	1,420.00	14,200,000.00
	Total Price	RMB14,200,000.00			

Article 2. Quality Requirements and Technical Standards: National standard.

Article 3. Time of Delivery: Before August 31, 2005.

Article 4. Place of Delivery: In the premise of Jiangsu Linyang Solarfun Co., Ltd.

Article 5. Manner and Cost of Transportation: The Seller shall be responsible for the delivery to places designated by the Buyer and bear the cost.

Article 6. Manner and Terms of Payment: Payment shall be paid up before August 31, 2005.

Article 7. Standard of Inspection and Raise of Objection: In compliance with national standard of relevant products.

Article 8. Miscellaneous:

1. Dispute Resolution: Any dispute in connection with the performance of this Contract shall be settled through negotiations between the parties hereto.

2. Matters which are not specified herein shall be resolved through negotiations between the parties hereto.

3. This Contract shall take effect as of the date it is signed. This Contract shall be executed in two originals, with each party to hold one.

4. The unit price set forth above includes a 17% VAT, and the Seller shall issue a legal VAT invoice for each payment.

Buyer (seal): Jiangsu Linyang Solarfun Co., Ltd.	Seller (seal): Huaerli (Nantong) Electronics Co., Ltd.
Representative: (signature)	Representative: (signature)
Tel: 0513-3118888 Fax: 0513-3307011 Date: May 15, 2005	Tel: 0513-3318329 Fax: 0513-3118329 Date: May 15, 2005

EXHIBIT 10.26

(English Translation of the Original Contract in Chinese)

PRODUCT PURCHASE CONTRACT

Contract Number: 2006-001

The Buyer: Jiangsu Linyang Solarfun Co., Ltd. The Seller: Huaerli (Nantong) Electronics Co., Ltd.

Article 1 Name of Products, Specifications, Quantity and Price:

NAME OF PRODUCTS	SPECIFICATIONS	MEASURING UNIT	QUANTITY	UNIT PRICE (RMB YUAN/PIECE)	TOTAL PRICE
Silicon wafer		Piece	30,000	45.00	1,350,000.00
Silicon rod		Ton	4	1,700.00	6,800,000.00
Silicon rod		Ton	2	1,780.00	3,560,000.00
Silicon wafer		Piece	45,918	45.00	2,066,310.00
Silicon material		KG	500	400.00	200,000.00
Silicon wafer		Piece	10,000	30.00	300,000.00
Silicon rod		Ton	2	2,000.00	4,000,000.00
	Total Price	RMB18,276,310.00			

Article 2. Quality Requirements and Technical Standards: national standard.

Article 3. Time of Delivery: as specified in delivery request.

Article 4. Place of Delivery: 666 Linyang Road, Qidong, Jiangsu Province.

Article 5. Manner and Cost of Transportation: The Seller shall be responsible for the delivery to places designated by the Buyer and bear the cost.

Article 6. Manner and Terms of Payment: Payment shall be paid up before June 31, 2006.

Article 7. Standard of Inspection and Raise of Objection: in compliance with national standard of relevant products.

Article 8. Miscellaneous:

(a) Dispute Resolution: Any dispute in connection with the performance of this Contract shall be settled through negotiations between the parties hereto.

(b) Matters which are not specified herein shall be resolved through mutual negotiation between the parties hereto.

(c) This Contract shall take effect as of the date on which it is signed. This Contract shall be executed in two originals, with each party holding one.

(d) The unit price set forth above includes a 17% VAT, and the Seller shall issue legal VAT invoice for each payment.

Buyer (seal): Jiangsu Linyang Solarfun Co., Ltd.	Seller (seal): Huaerli (Nantong) Electronics Co., Ltd.
Representative: (signature)	Representative: (signature)
Tel: 0513-3118888 Fax: 0513-3310816 Date: January 12, 2006	Tel: 0513-3318329 Fax: 0513-3110329 Date: January 12, 2006

EXHIBIT 10.27

(English Translation of the Original Contract in Chinese)

PRODUCT SUPPLY CONTRACT

Contract Number: SF-HRL-060702
Place of Signing: Qidong
Date of Signing: July 2, 2006

The Seller: Huaerli (Nantong) Electronics Co., Ltd. The Buyer: Jiangsu Linyang Solarfun Co., Ltd.

This Contract is entered into by and between the Buyer and the Seller after friendly negotiations, whereby the Seller agrees to supply silicon wafers to the Buyer as follows.

Article 1 Name of Products, Technical Specifications, Quantity, Price and Delivery Schedule:

NAME OF PRODUCTS	TECHNICAL SPECIFICATIONS	MEASURING UNIT	QUANTITY	UNIT PRICE INCLUDING TAX (RMB YUAN/PIECE)	DELIVERY SCHEDULE
Monocrystalline Silicon Wafer	1. Type: Type P 2. Width of silicon wafers: 125+/-0.5mm 3. Diameter of silicon wafers: 150+/-0.5mm 4. Thickness of silicon wafers: 240+/-30(mu)m 5. Resistivity: 0.5 ~ 3 (omega) cm, 3 ~6 (omega) cm 6. Minority carrier lifetime: > or = 8 (mu)s 7. Surface damage: <15 (mu)m 8. Cutting mode: multi-thread cutting 9. Crystal orientation: (100)+/-1 degrees 10. TTV < or = 30 (mu)m 11. Vertical angle: 90 degrees+/-0.3 degrees 12. Degree of curvature: < or = 0.035mm 13. Oxygen concentration: < 1x10(18)at/cm(3) 14. Carbon concentration: < 5x10(16)at/cm(3) 15. Dislocation Density: < or = 3x10(3)/cm(2) 16. Notch: notch of crystal orientation shall be no bigger than 1x0.3mm, and there shall be no more than one notch on each wafer. 15. Broken edge: broken edge of wafers shall be no bigger than 1x0.5 mm, and there shall be no more than one on each wafer. 16. No stain and abnormal spot on surface. No curve under naked eyes.	piece	130,000	55.00	
Total Price		RMB7,150,000.00			

Article 2. Quality Requirements and Technical Standards: as set forth above in this Contract.

Article 3. Place and Manner of Delivery: The products shall be delivered to the warehouse of the Buyer.

Article 4. Manner and Cost of Transportation: The Seller shall be responsible for delivery and bear the cost.

Article 5. Packaging Standard and Category of Packaging Material: Suitable for long-distance transportation of solar-grade monocrystalline silicon wafers.

Article 6. Standard and Manner of Inspection and Period for Objection: Within 7 days as of receipt of the silicon wafers in the warehouse of the Buyer, the Buyer shall conduct full inspection of such silicon wafers pursuant to the technical requirements set forth herein before warehousing. Silicon wafers shall be deemed defective if they are not in conformity with the technical requirements set forth herein, and the Seller shall remedy the defect by one-to-one replacement within 7 days. If the Buyer discovers during the inspection that the quantity of any silicon wafers delivered is lower than the contract stipulated quantity, the Seller shall make up such shortfall within 7 days.

Article 7. Manner and Terms of Payment: The Seller shall deliver goods following receipt of payment, and the Seller shall issue VAT invoice of the amount of 17% the total price of each batch.

Article 8. Effectiveness of the Contract: This Contract shall take effect upon execution and terminate when all the obligations under this Contract have been performed.

Article 9. Liabilities for Breach of Contract: (1) If there is delay of payment by the Buyer, then this Contract shall be terminated. (2) If either party fails to perform any of its obligations under this Contract, the breaching party shall pay the non-breaching party liquidated damages equal to 1% of the total amount of the Contract and this Contract shall continue in effect. (3) If this Contract is rendered unable to be performed due to a breach by either party hereto, the breaching party shall be liable under the Contract Law of the People's Republic of China.

Article 10. Any dispute in connection with the performance of this Contract shall be settled through negotiations between the parties hereto. If no settlement can be reached, the dispute shall be submitted for arbitration to the arbitration commission in the place where this Contract is signed.

Article 11. Miscellaneous: This Contract shall become effective after being signed by and affixed with company seals of the parties hereto. This Contract shall be executed in two originals, with each party to hold one. This Contract can be signed by fax.

The Seller	The Buyer
Name of the Company (seal): HUAERLI (NANTONG) ELECTRONICS CO., LTD.	Name of the Company (seal): JIANGSU LINYANG SOLARFUN CO., LTD.
Address:	Address: 666 Linyang Road, Qidong, Jiangsu Province
Legal Representative: Authorized Agent:	Legal Representative: Authorized Agent:
Tel: Fax:	Tel: 0513-83135089 Fax: 0513-83307011
Bank Name: Account No.: Tax No.: Code:	Bank Name: Bank of China, Qidong Branch, Business Department Account No.: 647032159808091001 Tax No.: 320681765140726 Zip Code: 226200

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

1. Jiangsu Linyang Solarfun Co., Ltd. (PRC)

2. Linyang Solar Power Investment Holding Ltd. (BVI)

3. Shanghai Linyang Solar Technology Co., Ltd. (PRC)

4. Sichuan Leshan Jiayang New Energy Co., Ltd. (PRC)

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the captions "Experts", "Summary Consolidated Financial and Operating Data", "Selected Consolidated Financial and Operating Data" and to the use of our report dated December 11, 2006, in the Registration Statement (Form F-1 No.333-) and related Prospectus of Solarfun Power Holdings Co., Ltd. dated December 11, 2006.

/s/ Ernst & Young Hua Ming
Shanghai, People's Republic of China
December 11, 2006

Exhibit 23.4

(Letterhead of Censere Holdings Limited)

Letter of Consent

27th October 2006

The Directors
Jiangsu Linyang Solarfun Co., Ltd.
No. 666, Linyang Road,
Qidong City, Jiangsu Province
China

Dear Sirs,

We consent to the reference to our firm in the "Consolidated Financial Statements" and to the use of our Valuation Report dated 4th August 2006, in the Registration Statement (Form F-1 No.333) and related Prospectus of Solarfun Power Holdings Co., Ltd, dated 27th October 2006.

Yours faithfully
For and on behalf of
Censere Holdings Limited

/s/ Brett Shadbolt

Brett Shadbolt
Managing Director

Exhibit 23.5

(GRANDALL LEGAL GROUP (SHANGHAI) LETTERHEAD)

November 20, 2006

SOLARFUN POWER HOLDINGS CO., LTD.
666 Linyang Road
Qidong City, Jiangsu Province
People's Republic of China

Dear Sir or Madam:

We have acted as the People's Republic of China ("PRC") legal counsel to Solarfun Power Holdings Co., Ltd., a company incorporated under the laws of the Cayman Islands (the "Company" or "Solarfun"). In connection with the initial public offering (the "Offering") of American Depositary Shares (the "ADSs") of the Company, and the proposed listing and trading of the ADSs on the Nasdaq Global Market and the public filing of the Company's registration statement on Form F-1 with the U.S. Securities and Exchange Commission (the "Commission"), you have requested us to furnish an opinion as to the matters set forth below. For purposes of this opinion, we have examined such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. In addition, we have considered the PRC laws, rules and regulations that may be relevant to the interpretation of the Rules (as defined below).

1. On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission ("CSRC"), the Ministry of Commerce ("MOC") and the State Administration of Foreign Exchange ("SAFE"), promulgated the Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "Rules"), which became effective on September 8, 2006. The Rules clearly require that an offshore special purpose vehicle formed for listing purposes and controlled directly or indirectly by PRC companies or individuals ("SPV") using its shares to acquire an equity interest in a PRC company (i.e., through a share swap) shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an

overseas stock exchange. However, the Rules do not clearly provide whether an SPV, such as the Company, using cash to acquire an equity interest in a PRC company, needs to obtain approval from the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange.

2. The Company acquired its 100%-owned PRC subsidiary, Jiangsu Linyang Solarfun Co., Ltd. ("Linyang China"), through cash acquisitions of equity interests in Linyang China and obtained all necessary approvals from PRC regulatory agencies, including the MOC and the SAFE, prior to the effective date of the Rules.

3. Based on our understanding of current PRC laws, regulations and the Rules:

3.1 CSRC has not issued any definitive rules or interpretation concerning whether offerings by an SPV, such as the Company, under this prospectus shall be subject to the above new procedures provided in the Rules;

3.2 In spite of the above, given that the Company has completed its restructuring through cash acquisition before September 8, 2006, the effective date of the Rules, the Rules do not require an application to be submitted to the CSRC for the approval of the listing and trading of the Company's ADSs on the Nasdaq Global Market, unless the Company is clearly required to do so by possible later rules of the CSRC.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement and to the use of and references to our name under the captions "Risk Factors", "Regulation", "Enforcement of Civil Liabilities", "Legal Matters" and "Experts" in the prospectus included in the registration statement on Form F-1, filed by Solarfun Power Holdings Co., Ltd., with the Commission under the Securities Act of 1933, as amended.

Sincerely yours,

by: /s/ Grandall Legal Group (Shanghai)
Grandall Legal Group (Shanghai)

Exhibit 99.1

SOLARFUN POWER HOLDINGS CO., LTD

CODE OF BUSINESS CONDUCT AND ETHICS

I. INTRODUCTION

This Code of Business Conduct and Ethics helps ensure compliance with legal requirements and our standards of business conduct. All Company employees are expected to read and understand this Code of Business Conduct and Ethics, uphold these standards in day-to-day activities, comply with all applicable policies and procedures, and ensure that all agents and contractors are aware of, understand and adhere to these standards.

Because the principles described in this Code of Business Conduct and Ethics are general in nature, you should also review all applicable Company policies and procedures for more specific instruction, and contact the Human Resources Department or Legal Department if you have any questions.

Nothing in this Code of Business Conduct and Ethics, in any company policies and procedures, or in other related communications (verbal or written) creates or implies an employment contract or term of employment.

We are committed to continuously reviewing and updating our policies and procedures. Therefore, this Code of Business Conduct and Ethics is subject to modification. This Code of Business Conduct and Ethics supersedes all other such codes, policies, procedures, instructions, practices, rules or written or verbal representations to the extent they are inconsistent.

Please sign the acknowledgment form at the end of this Code of Business Conduct and Ethics and return the form to the Human Resources Department indicating that you have received, read, understand and agree to comply with the Code of Business Conduct and Ethics. The signed acknowledgment form will be located in your personnel file. EACH YEAR AS PART OF YOUR ANNUAL REVIEW YOU WILL BE ASKED TO SIGN AN ACKNOWLEDGMENT INDICATING YOUR CONTINUED UNDERSTANDING OF THE CODE OF BUSINESS CONDUCT AND ETHICS.

II. COMPLIANCE IS EVERYONE'S BUSINESS

Ethical business conduct is critical to our business. As an employee, your responsibility is to respect and adhere to these practices. Many of these practices reflect legal or regulatory requirements. Violations of these laws and regulations can create significant liability for you, the Company, its directors, officers, and other employees.

Part of your job and ethical responsibility is to help enforce this Code of Business Conduct and Ethics. You should be alert to possible violations and report possible violations to the Human Resources Department or the Legal Department. You must cooperate in any internal or external investigations of possible violations. Reprisal, threats, retribution or retaliation against any person who has in good faith reported a violation or a suspected violation of law, this Code of Business

Conduct or other Company policies, or against any person who is assisting in any investigation or process with respect to such a violation, is prohibited.

Violations of law, this Code of Business Conduct and Ethics, or other Company policies or procedures should be reported to the Human Resources Department or the Legal Department.

Violations of law, this Code of Business Conduct and Ethics or other Company policies or procedures by Company employees can lead to disciplinary action up to and including termination.

In trying to determine whether any given action is appropriate, use the following test. Imagine that the words you are using or the action you are taking is going to be fully disclosed in the media with all the details, including your photo. If you are uncomfortable with the idea of this information being made public, perhaps you should think again about your words or your course of action.

In all cases, if you are unsure about the appropriateness of an event or action, please seek assistance in interpreting the requirements of these practices by contacting the Legal Department.

III. YOUR RESPONSIBILITIES TO THE COMPANY AND ITS STOCKHOLDERS

A. GENERAL STANDARDS OF CONDUCT

The Company expects all employees, agents and contractors to exercise good judgment to ensure the safety and welfare of employees, agents and contractors and to maintain a cooperative, efficient, positive, harmonious and productive work environment and business organization. These standards apply while working on our premises, at offsite locations where our business is being conducted, at Company-sponsored business and social events, or at any other place where you are a representative of the Company. Employees, agents or contractors who engage in misconduct or whose performance is unsatisfactory may be subject to corrective action, up to and including termination. You should review our employment handbook for more detailed information.

B. APPLICABLE LAWS

All Company employees, agents and contractors must comply with all applicable laws, regulations, rules and regulatory orders. Company employees located outside of the United States must still comply with laws, regulations, rules and regulatory orders of the United States, including the Foreign Corrupt Practices Act and the U.S. Export Control Act, in addition to applicable local laws. Each employee, agent and contractor must acquire appropriate knowledge of the requirements relating to his or her duties sufficient to enable him or her to recognize potential dangers and to know when to seek advice from the Legal Department on specific Company policies and procedures. Violations of laws, regulations, rules and orders may subject the employee, agent or contractor to individual criminal or civil liability, as well as to discipline by the Company. Such individual violations may also subject the Company to civil or criminal liability or the loss of business.

C. CONFLICTS OF INTEREST

Each of us has a responsibility to the Company, our stockholders and each other. Although this duty does not prevent us from engaging in personal transactions and investments, it does demand that we avoid situations where a conflict of interest might occur or appear to occur. The Company is subject to scrutiny from many different individuals and organizations. We should always strive to avoid even the appearance of impropriety.

What constitutes conflict of interest? A conflict of interest exists where the interests or benefits of one person or entity conflict with the interests or benefits of the Company. Examples include:

(i) EMPLOYMENT/OUTSIDE EMPLOYMENT. In consideration of your employment with the Company, you are expected to devote your full attention to the business interests of the Company. You are prohibited from engaging in any activity that interferes with your performance or responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company. Our policies prohibit any employee from accepting simultaneous employment with a Company supplier, customer, developer or competitor, or from taking part in any activity that enhances or supports a competitor's position. Additionally, you must disclose to the Company any interest that you have that may conflict with the business of the Company. If you have any questions on this requirement, you should contact your supervisor or the Human Resources Department.

(ii) OUTSIDE DIRECTORSHIPS. Except as provided in the immediately following sentence, it is a conflict of interest to serve as a director of any company that competes with the Company. However, directors of the Company shall not be deemed to have a conflict of interest solely as the result of serving as a director of a competitor of the Company if such directorship with the Company's competitor is disclosed to the other members of the Company's board of directors. Although you may serve as a director of a Company supplier, customer, developer, or other business partner, our policy requires that you first obtain approval from the Company's General Counsel before accepting a directorship. Any compensation you receive should be commensurate to your responsibilities. Such approval may be conditioned upon the completion of specified actions.

(iii) BUSINESS INTERESTS. If you are considering investing in a Company customer, supplier, developer or competitor, you must first take great care to ensure that these investments do not compromise your responsibilities to the Company. Many factors should be considered in determining whether a conflict exists, including the size and nature of the investment; your ability to influence the Company's decisions; your access to confidential information of the Company or of the other company; and the nature of the relationship between the Company and the other company.

(iv) RELATED PARTIES. As a general rule, you should avoid conducting Company business with a relative or significant other, or with a business in which a relative or significant other is associated in any significant role. Relatives include spouse, sister, brother, daughter, son, mother, father, grandparents, aunts, uncles, nieces, nephews, cousins, step

relationships, and in-laws. Significant others include persons living in a spousal (including same sex) or familial fashion with an employee.

If such a related party transaction is unavoidable, you must fully disclose the nature of the related party transaction to the Company's chief financial officer. If determined to be material to the Company by the chief financial officer, the Company's Audit Committee must review and approve in writing in advance such related party transactions. The most significant related party transactions, particularly those involving the Company's directors or executive officers, must be reviewed and approved in writing in advance by the Company's Board of Directors. The Company must report all such material related party transactions under applicable accounting rules, Federal securities laws, SEC rules and regulations, and securities market rules. Any dealings with a related party must be conducted in such a way that no preferential treatment is given to this business.

The Company discourages the employment of relatives and significant others in positions or assignments within the same department and prohibits the employment of such individuals in positions that have a financial dependence or influence (e.g., an auditing or control relationship, or a supervisor/subordinate relationship). The purpose of this policy is to prevent the organizational impairment and conflicts that are a likely outcome of the employment of relatives or significant others, especially in a supervisor/subordinate relationship. If a question arises about whether a relationship is covered by this policy, the Human Resources Department is responsible for determining whether an applicant's or transferee's acknowledged relationship is covered by this policy. The Human Resources Department shall advise all affected applicants and transferees of this policy. Willful withholding of information regarding a prohibited relationship/reporting arrangement may be subject to corrective action, up to and including termination. If a prohibited relationship exists or develops between two employees, the employee in the senior position must bring this to the attention of his/her supervisor. The Company retains the prerogative to separate the individuals at the earliest possible time, either by reassignment or by termination, if necessary.

(v) OTHER SITUATIONS. Because other conflicts of interest may arise, it would be impractical to attempt to list all possible situations. If a proposed transaction or situation raises any questions or doubts in your mind you should consult the Legal Department.

D. CORPORATE OPPORTUNITIES

Employees, officers and directors may not exploit for their own personal gain opportunities that are discovered through the use of corporate property, information or position unless the opportunity is disclosed fully in writing to the Company's Board of Directors and the Board of Directors declines to pursue such opportunity.

E. PROTECTING THE COMPANY'S CONFIDENTIAL INFORMATION

The Company's confidential information is a valuable asset. The Company's confidential information includes product architectures; source codes; product plans and road maps; names and lists of customers, dealers, and employees; and financial information. This information is the property of the Company and may be protected by patent, trademark, copyright and trade secret laws. All confidential information must be used for Company business purposes only. Every

employee, agent and contractor must safeguard it. THIS RESPONSIBILITY INCLUDES NOT DISCLOSING THE COMPANY CONFIDENTIAL INFORMATION SUCH AS INFORMATION REGARDING THE COMPANY'S PRODUCTS OR BUSINESS OVER THE INTERNET. You are also responsible for properly labeling any and all documentation shared with or correspondence sent to the Company's Legal Department or outside counsel as "Attorney-Client Privileged." This responsibility includes the safeguarding, securing and proper disposal of confidential information in accordance with the Company's policy on Maintaining and Managing Records set forth in Section III.I of this Code of Business Conduct and Ethics. This obligation extends to confidential information of third parties, which the Company has rightfully received under Non-Disclosure Agreements. See the Company's policy dealing with Handling Confidential Information of Others set forth in Section IV.D of this Code of Business Conduct and Ethics.

(i) PROPRIETARY INFORMATION AND INVENTION AGREEMENT. When you joined the Company, you signed an agreement to protect and hold confidential the Company's proprietary information. This agreement remains in effect for as long as you work for the Company and after you leave the Company. Under this agreement, you may not disclose the Company's confidential information to anyone or use it to benefit anyone other than the Company without the prior written consent of an authorized Company officer.

(ii) DISCLOSURE OF COMPANY CONFIDENTIAL INFORMATION. To further the Company's business, from time to time our confidential information may be disclosed to potential business partners. However, such disclosure should never be done without carefully considering its potential benefits and risks. If you determine in consultation with your manager and other appropriate Company management that disclosure of confidential information is necessary, you must then contact the Legal Department to ensure that an appropriate written nondisclosure agreement is signed prior to the disclosure. The Company has standard nondisclosure agreements suitable for most disclosures. You must not sign a third party's nondisclosure agreement or accept changes to the Company's standard nondisclosure agreements without review and approval by the Company's Legal Department. In addition, all Company materials that contain Company confidential information, including presentations, must be reviewed and approved by the Company's Legal Department prior to publication or use. Furthermore, any employee publication or publicly made statement that might be perceived or construed as attributable to the Company, made outside the scope of his or her employment with the Company must be reviewed and approved in writing in advance by the Company's Legal Department and must include the Company's standard disclaimer that the publication or statement represents the views of the specific author and not of the Company.

(iii) REQUESTS BY REGULATORY AUTHORITIES. The Company and its employees, agents and contractors must cooperate with appropriate government inquiries and investigations. In this context, however, it is important to protect the legal rights of the Company with respect to its confidential information. All government requests for information, documents or investigative interviews must be referred to the Company's Legal Department. No financial information may be disclosed without the prior approval of the chief financial officer.

(iv) COMPANY SPOKESPEOPLE. Specific policies have been established regarding who may communicate information to the press and the financial analyst community. All

inquiries or calls from the press and financial analysts should be referred to the chief financial officer or Investor Relations Department. The Company has designated its chief executive officer, chief financial officer and Investor Relations Department as official Company spokespeople for financial matters. The Company has designated its Public Relations Department as official Company spokespeople for marketing, technical and other such information. These designees are the only people who may communicate with the press on behalf of the Company.

F. OBLIGATIONS UNDER SECURITIES LAWS-"INSIDER" TRADING

Obligations under the U.S. securities laws apply to everyone. In the normal course of business, officers, directors, employees, agents, contractors and consultants of the Company may come into possession of significant, sensitive information. This information is the property of the Company -- you have been entrusted with it. You may not profit from it by buying or selling securities yourself, or passing on the information to others to enable them to profit or for them to profit on your behalf. The purpose of this policy is both to inform you of your legal responsibilities and to make clear to you that the misuse of sensitive information is contrary to Company policy and U.S. securities laws.

Insider trading is a crime, penalized by fines of up to US$5,000,000 and 20 years in jail for individuals. In addition, the SEC may seek the imposition of a civil penalty of up to three times the profits made or losses avoided from the trading. Insider traders must also disgorge any profits made, and are often subjected to an injunction against future violations. Finally, insider traders may be subjected to civil liability in private lawsuits.

Employers and other controlling persons (including supervisory personnel) are also at risk under U.S. securities laws. Controlling persons may, among other things, face penalties of the greater of US$5,000,000 or three times the profits made or losses avoided by the trader if they recklessly fail to take preventive steps to control insider trading.

Thus, it is important both to you and the Company that insider-trading violations not occur. You should be aware that stock market surveillance techniques are becoming increasingly sophisticated, and the chance that U.S. federal or other regulatory authorities will detect and prosecute even small-level trading is significant. Insider trading rules are strictly enforced, even in instances when the financial transactions seem small. You should contact the chief financial officer or the Legal Department if you are unsure as to whether or not you are free to trade.

THE COMPANY HAS IMPOSED A TRADING BLACKOUT PERIOD ON MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND CERTAIN DESIGNATED EMPLOYEES WHO, AS A CONSEQUENCE OF THEIR POSITION WITH THE COMPANY, ARE MORE LIKELY TO BE EXPOSED TO MATERIAL NONPUBLIC INFORMATION ABOUT THE COMPANY. THESE DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES GENERALLY MAY NOT TRADE IN COMPANY SECURITIES DURING THE BLACKOUT PERIOD.

For more details, and to determine if you are restricted from trading during trading blackout periods, you should review the Company's Statement of Policies, Governing Material, Non-Public Information and the Prevention of Insider Trading. You can request a copy of this policy from the Legal Department. You should take a few minutes to read the Statement of Policies carefully,

paying particular attention to the specific policies and the potential criminal and civil liability and/or disciplinary action for insider trading violations. Employees, agents and contractors of the Company who violate this Statement of Policies are also be subject to disciplinary action by the Company, which may include termination of employment or of business relationship. All questions regarding this Statement of Policies should be directed to the Company's chief financial officer.

G. PROHIBITION AGAINST SHORT SELLING OF COMPANY STOCK

No Company director, officer or other employee, agent or contractor may, directly or indirectly, sell any equity security, including derivatives, of the Company if he or she (1) does not own the security sold, or (2) if he or she owns the security, does not deliver it against such sale (a "short sale against the box") within twenty days thereafter, or does not within five days after such sale deposit it in the mails or other usual channels of transportation. NO COMPANY DIRECTOR, OFFICER OR OTHER EMPLOYEE, AGENT OR CONTRACTOR MAY ENGAGE IN SHORT SALES. A SHORT SALE, AS DEFINED IN THIS POLICY, MEANS ANY TRANSACTION WHEREBY ONE MAY BENEFIT FROM A DECLINE IN THE COMPANY'S STOCK PRICE. WHILE EMPLOYEES WHO ARE NOT EXECUTIVE OFFICERS OR DIRECTORS ARE NOT PROHIBITED BY LAW FROM ENGAGING IN SHORT SALES OF COMPANY'S SECURITIES, THE COMPANY HAS ADOPTED A POLICY THAT EMPLOYEES MAY NOT DO SO.

H. USE OF COMPANY'S ASSETS

(i) GENERAL. Protecting the Company's assets is a key fiduciary responsibility of every employee, agent and contractor. Care should be taken to ensure that assets are not misappropriated, loaned to others, or sold or donated, without appropriate authorization. All Company employees, agents and contractors are responsible for the proper use of Company assets, and must safeguard such assets against loss, damage, misuse or theft. Employees, agents or contractors who violate any aspect of this policy or who demonstrate poor judgment in the manner in which they use any Company asset may be subject to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion. Company equipment and assets are to be used for Company business purposes only. Employees, agents and contractors may not use Company assets for personal use, nor may they allow any other person to use Company assets. Employees who have any questions regarding this policy should bring them to the attention of the Company's Human Resources Department.

(ii) PHYSICAL ACCESS CONTROL. The Company has and will continue to develop procedures covering physical access control to ensure privacy of communications, maintenance of the security of the Company communication equipment, and safeguard Company assets from theft, misuse and destruction. You are personally responsible for complying with the level of access control that has been implemented in the facility where you work on a permanent or temporary basis. You must not defeat or cause to be defeated the purpose for which the access control was implemented.

(iii) COMPANY FUNDS. Every Company employee is personally responsible for all Company funds over which he or she exercises control. Company agents and contractors should not be allowed to exercise control over Company funds. Company funds must be used only for Company business purposes. Every Company employee, agent and contractor must

take reasonable steps to ensure that the Company receives good value for Company funds spent, and must maintain accurate and timely records of each and every expenditure. Expense reports must be accurate and submitted in a timely manner. Company employees, agents and contractors must not use Company funds for any personal purpose.

(iv) COMPUTERS AND OTHER EQUIPMENT. The Company strives to furnish employees with the equipment necessary to efficiently and effectively do their jobs. You must care for that equipment and to use it responsibly only for Company business purposes. If you use Company equipment at your home or off site, take precautions to protect it from theft or damage, just as if it were your own. If the Company no longer employs you, you must immediately return all Company equipment. While computers and other electronic devices are made accessible to employees to assist them to perform their jobs and to promote Company's interests, all such computers and electronic devices, whether used entirely or partially on the Company's premises or with the aid of the Company's equipment or resources, must remain fully accessible to the Company and, to the maximum extent permitted by law, will remain the sole and exclusive property of the Company.

Employees, agents and contractors should not maintain any expectation of privacy with respect to information transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of the Company. To the extent permitted by applicable law, the Company retains the right to gain access to any information received by, transmitted by, or stored in any such electronic communications device, by and through its employees, agents, contractors, or representatives, at any time, either with or without an employee's or third party's knowledge, consent or approval.

(v) SOFTWARE. All software used by employees to conduct Company business must be appropriately licensed. Never make or use illegal or unauthorized copies of any software, whether in the office, at home, or on the road, since doing so may constitute copyright infringement and may expose you and the Company to potential civil and criminal liability. In addition, use of illegal or unauthorized copies of software may subject the employee to disciplinary action, up to and including termination. The Company's IT Department will inspect Company computers periodically to verify that only approved and licensed software has been installed. Any non-licensed/supported software will be removed.

(vi) ELECTRONIC USAGE. The purpose of this policy is to make certain that employees utilize electronic communication devices in a legal, ethical, and appropriate manner. This policy addresses the Company's responsibilities and concerns regarding the fair and proper use of all electronic communications devices within the organization, including computers, e-mail, connections to the Internet, intranet and extranet and any other public or private networks, voice mail, video conferencing, facsimiles, and telephones. Posting or discussing information concerning the Company's products or business on the Internet without the prior written consent of the Company's chief financial officer is prohibited. Any other form of electronic communication used by employees currently or in the future is also intended to be encompassed under this policy. It is not possible to identify every standard and rule applicable to the use of electronic communications devices. Employees are therefore encouraged to use sound judgment whenever using any feature of our communications systems. The complete set of policies with respect to electronic usage of the

Company's assets is located at the office of the Company's chief executive officer. You are expected to review, understand and follow such policies and procedures.

I. MAINTAINING AND MANAGING RECORDS

The purpose of this policy is to set forth and convey the Company's business and legal requirements in managing records, including all recorded information regardless of medium or characteristics. Records include paper documents, CDs, computer hard disks, email, floppy disks, microfiche, microfilm or all other media. The Company is required by local, state, federal, foreign and other applicable laws, rules and regulations to retain certain records and to follow specific guidelines in managing its records. Civil and criminal penalties for failure to comply with such guidelines can be severe for employees, agents, contractors and the Company, and failure to comply with such guidelines may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion. See also the Company's Document Retention Policy.

J. RECORDS ON LEGAL HOLD

A legal hold suspends all document destruction procedures in order to preserve appropriate records under special circumstances, such as litigation or government investigations. The Company's Legal Department determines and identifies what types of Company records or documents are required to be placed under a legal hold. Every Company employee, agent and contractor must comply with this policy. Failure to comply with this policy may subject the employee, agent or contractor to disciplinary action, up to and including termination of employment or business relationship at the Company's sole discretion.

The Company's Legal Department will notify you if a legal hold is placed on records for which you are responsible. You then must preserve and protect the necessary records in accordance with instructions from the Company's Legal Department. RECORDS OR SUPPORTING DOCUMENTS THAT HAVE BEEN PLACED UNDER A LEGAL HOLD MUST NOT BE DESTROYED, ALTERED OR MODIFIED UNDER ANY CIRCUMSTANCES. A legal hold remains effective until it is officially released in writing by the Company's Legal Department. If you are unsure whether a document has been placed under a legal hold, you should preserve and protect that document while you check with the Company's Legal Department.

If you have any questions about this policy you should contact the Company's Legal Department.

K. PAYMENT PRACTICES

(i) ACCOUNTING PRACTICES. The Company's responsibilities to its stockholders and the investing public require that all transactions be fully and accurately recorded in the Company's books and records in compliance with all applicable laws. False or misleading entries, unrecorded funds or assets, or payments without appropriate supporting documentation and approval are strictly prohibited and violate Company policy and the law. Additionally, all

documentation supporting a transaction should fully and accurately describe the nature of the transaction and be processed in a timely fashion.

(ii) POLITICAL CONTRIBUTIONS. The Company reserves the right to communicate its position on important issues to elected representatives and other government officials. It is the Company's policy to comply fully with all local, state, federal, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for, or be contributed to, political campaigns or political practices under any circumstances without the prior written approval of the Company's General Counsel and, if required, the Board of Directors.

(iii) PROHIBITION OF INDUCEMENTS. Under no circumstances may employees, agents or contractors offer to pay, make payment, promise to pay, or issue authorization to pay any money, gift, or anything of value to customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to improperly influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy should be directed to Human Resources or the Legal Department.

L. FOREIGN CORRUPT PRACTICES ACT

The Company requires full compliance with the Foreign Corrupt Practices Act (FCPA) by all of its employees, agents, and contractors.

The anti-bribery and corrupt payment provisions of the FCPA make illegal any corrupt offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value to any foreign official, or any foreign political party, candidate or official, for the purpose of: influencing any act or failure to act, in the official capacity of that foreign official or party; or inducing the foreign official or party to use influence to affect a decision of a foreign government or agency, in order to obtain or retain business for anyone, or direct business to anyone.

All Company employees, agents and contractors whether or not located within the United States, are responsible for FCPA compliance and the procedures to ensure FCPA compliance. All managers and supervisory personnel are expected to monitor continued compliance with the FCPA to ensure compliance with the highest moral, ethical and professional standards of the Company. FCPA compliance includes the Company's policy on Maintaining and Managing Records in Section
III.I of this Code of Business Conduct and Ethics.

Laws in most countries outside of the United States, including China, also prohibit or restrict government officials or employees of government agencies from receiving payments, entertainment, or gifts for the purpose of winning or keeping business. No contract or agreement may be made with any business in which a government official or employee holds a significant interest, without the prior approval of the Company's General Counsel.

M. EXPORT CONTROLS

A number of countries maintain controls on the destinations to which products or software may be exported. Some of the strictest export controls are maintained by the United States against countries that the U.S. government considers unfriendly or as supporting international terrorism. The U.S. regulations are complex and apply both to exports from the United States and to exports of products from other countries, when those products contain U.S.-origin components or technology. Software created in the United States is subject to these regulations even if duplicated and packaged abroad. In some circumstances, an oral presentation containing technical data made to foreign nationals in the United States may constitute a controlled export. The Legal Department can provide you with guidance on which countries are prohibited destinations for Company products or whether a proposed technical presentation to foreign nationals may require a U.S. Government license.

III. RESPONSIBILITIES TO OUR CUSTOMERS AND OUR SUPPLIERS

A. CUSTOMER RELATIONSHIPS

If your job puts you in contact with any Company customers or potential customers, it is critical for you to remember that you represent the Company to the people with whom you are dealing. Act in a manner that creates value for our customers and helps to build a relationship based upon trust. The Company and its employees have provided products and services for many years and have built up significant goodwill over that time. This goodwill is one of our most important assets, and the Company employees, agents and contractors must act to preserve and enhance our reputation.

B. PAYMENTS OR GIFTS FROM OTHERS

Under no circumstances may employees, agents or contractors accept any offer, payment, promise to pay, or authorization to pay any money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision, any act or failure to act, any commitment of fraud, or opportunity for the commission of any fraud. Inexpensive gifts, infrequent business meals, celebratory events and entertainment, provided that they are not excessive or create an appearance of impropriety, do not violate this policy. Questions regarding whether a particular payment or gift violates this policy are to be directed to Human Resources or the Legal Department.

Gifts given by the Company to suppliers or customers or received from suppliers or customers should always be appropriate to the circumstances and should never be of a kind that could create an appearance of impropriety. The nature and cost must always be accurately recorded in the Company's books and records.

C. PUBLICATIONS OF OTHERS

The Company subscribes to many publications that help employees do their jobs better. These include newsletters, reference works, online reference services, magazines, books, and other digital and printed works. Copyright law generally protects these works, and their unauthorized copying and distribution constitute copyright infringement. You must first obtain the consent of the

publisher of a publication before copying publications or significant parts of them. When in doubt about whether you may copy a publication, consult the Legal Department.

D. HANDLING THE CONFIDENTIAL INFORMATION OF OTHERS

The Company has many kinds of business relationships with many companies and individuals. Sometimes, they will volunteer confidential information about their products or business plans to induce the Company to enter into a business relationship. At other times, we may request that a third party provide confidential information to permit the Company to evaluate a potential business relationship with that party. Whatever the situation, we must take special care to handle the confidential information of others responsibly. We handle such confidential information in accordance with our agreements with such third parties. See also the Company's policy on Maintaining and Managing Records in Section III.I of this Code of Business Conduct and Ethics.

(i) APPROPRIATE NONDISCLOSURE AGREEMENTS. Confidential information may take many forms. An oral presentation about a company's product development plans may contain protected trade secrets. A customer list or employee list may be a protected trade secret. A demo of an alpha version of a company's new software may contain information protected by trade secret and copyright laws.

You should never accept information offered by a third party that is represented as confidential, or which appears from the context or circumstances to be confidential, unless an appropriate nondisclosure agreement has been signed with the party offering the information. THE LEGAL DEPARTMENT CAN PROVIDE NONDISCLOSURE AGREEMENTS TO FIT ANY PARTICULAR SITUATION, AND WILL COORDINATE APPROPRIATE EXECUTION OF SUCH AGREEMENTS ON BEHALF OF THE COMPANY. Even after a nondisclosure agreement is in place, you should accept only the information necessary to accomplish the purpose of receiving it, such as a decision on whether to proceed to negotiate a deal. If more detailed or extensive confidential information is offered and it is not necessary, for your immediate purposes, it should be refused.

(ii) NEED-TO-KNOW. Once a third party's confidential information has been disclosed to the Company, we have an obligation to abide by the terms of the relevant nondisclosure agreement and limit its use to the specific purpose for which it was disclosed and to disseminate it only to other Company employees with a need to know the information. Every employee, agent and contractor involved in a potential business relationship with a third party must understand and strictly observe the restrictions on the use and handling of confidential information. When in doubt, consult the Legal Department.

(iii) NOTES AND REPORTS. When reviewing the confidential information of a third party under a nondisclosure agreement, it is natural to take notes or prepare reports summarizing the results of the review and, based partly on those notes or reports, to draw conclusions about the suitability of a business relationship. Notes or reports, however, can include confidential information disclosed by the other party and so should be retained only long enough to complete the evaluation of the potential business relationship. Subsequently, they should be either destroyed or turned over to the Legal Department for safekeeping or destruction. They should be

treated just as any other disclosure of confidential information is treated:
marked as confidential and distributed only to those the Company employees with a need to know.

(iv) COMPETITIVE INFORMATION. You should never attempt to obtain a competitor's confidential information by improper means, and you should especially never contact a competitor regarding their confidential information. While the Company may, and does, employ former employees of competitors, we recognize and respect the obligations of those employees not to use or disclose the confidential information of their former employers.

E. SELECTING SUPPLIERS

The Company's suppliers make significant contributions to our success. To create an environment where our suppliers have an incentive to work with the Company, they must be confident that they will be treated lawfully and in an ethical manner. The Company's policy is to purchase supplies based on need, quality, service, price and terms and conditions. The Company's policy is to select significant suppliers or enter into significant supplier agreements though a competitive bid process where possible. Under no circumstances should any Company employee, agent or contractor attempt to coerce suppliers in any way. The confidential information of a supplier is entitled to the same protection as that of any other third party and must not be received before an appropriate nondisclosure agreement has been signed. A supplier's performance should never be discussed with anyone outside the Company. A supplier to the Company is generally free to sell its products or services to any other party, including competitors of the Company. In some cases where the products or services have been designed, fabricated, or developed to our specifications the agreement between the parties may contain restrictions on sales.

F. GOVERNMENT RELATIONS

It is the Company's policy to comply fully with all applicable laws and regulations governing contact and dealings with government employees and public officials, and to adhere to high ethical, moral and legal standards of business conduct. This policy includes strict compliance with all local, state, federal, foreign and other applicable laws, rules and regulations. If you have any questions concerning government relations you should contact the Company's Legal Department.

G. LOBBYING

Employees, agents or contractors whose work requires lobbying communication with any member or employee of a legislative body or with any government official or employee in the formulation of legislation must have prior written approval of such activity from the Company's General Counsel. Activity covered by this policy includes meetings with legislators or members of their staffs or with senior executive branch officials. Preparation, research, and other background activities that are done in support of lobbying communication are also covered by this policy even if the communication ultimately is not made.

H. GOVERNMENT CONTRACTS

It is the Company's policy to comply fully with all applicable laws and regulations that apply to government contracting. It is also necessary to strictly adhere to all terms and conditions of any

contract with local, state, federal, foreign or other applicable governments. The Company's Legal Department must review and approve all contracts with any government entity.

I. FREE AND FAIR COMPETITION

Most countries have well-developed bodies of law designed to encourage and protect free and fair competition. The Company is committed to obeying both the letter and spirit of these laws. The consequences of not doing so can be severe for all of us.

These laws often regulate the Company's relationships with its distributors, resellers, dealers, and customers. Competition laws generally address the following areas: pricing practices (including price discrimination), discounting, terms of sale, credit terms, promotional allowances, secret rebates, exclusive dealerships or distributorships, product bundling, restrictions on carrying competing products, termination, and many other practices.

Competition laws also govern, usually quite strictly, relationships between the Company and its competitors. As a general rule, contacts with competitors should be limited and should always avoid subjects such as prices or other terms and conditions of sale, customers, and suppliers. Employees, agents or contractors of the Company may not knowingly make false or misleading statements regarding its competitors or the products of its competitors, customers or suppliers. Participating with competitors in a trade association or in a standards creation body is acceptable when the association has been properly established, has a legitimate purpose, and has limited its activities to that purpose.

No employee, agent or contractor shall at any time or under any circumstances enter into an agreement or understanding, written or oral, express or implied, with any competitor concerning prices, discounts, other terms or conditions of sale, profits or profit margins, costs, allocation of product or geographic markets, allocation of customers, limitations on production, boycotts of customers or suppliers, or bids or the intent to bid or even discuss or exchange information on these subjects. In some cases, legitimate joint ventures with competitors may permit exceptions to these rules as may bona fide purchases from or sales to competitors on non-competitive products, but the Company's Legal Department must review all such proposed ventures in advance. These prohibitions are absolute and strict observance is required. Collusion among competitors is illegal, and the consequences of a violation are severe.

Although the spirit of these laws, known as "antitrust," "competition," or "consumer protection" or unfair competition laws, is straightforward, their application to particular situations can be quite complex. To ensure that the Company complies fully with these laws, each of us should have a basic knowledge of them and should involve our Legal Department early on when questionable situations arise.

J. INDUSTRIAL ESPIONAGE

It is the Company's policy to lawfully compete in the marketplace. This commitment to fairness includes respecting the rights of our competitors and abiding by all applicable laws in the course of competing. The purpose of this policy is to maintain the Company's reputation as a lawful

competitor and to help ensure the integrity of the competitive marketplace. The Company expects its competitors to respect our rights to compete lawfully in the marketplace, and we must respect their rights equally. Company employees, agents and contractors may not steal or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors.

IV. WAIVERS

Any waiver of any provision of this Code of Business Conduct and Ethics for a member of the Company's Board of Directors or an executive officer must be approved in writing by the Company's Board of Directors and promptly disclosed. Any waiver of any provision of this Code of Business Conduct and Ethics with respect any other employee, agent or contractor must be approved in writing by the Company's General Counsel.

V. DISCIPLINARY ACTIONS

The matters covered in this Code of Business Conduct and Ethics are of the utmost importance to the Company, its stockholders and its business partners, and are essential to the Company's ability to conduct its business in accordance with its stated values. We expect all of our employees, agents, contractors and consultants to adhere to these rules in carrying out their duties for the Company.

The Company will take appropriate action against any employee, agent, contractor or consultant whose actions are found to violate these policies or any other policies of the Company. Disciplinary actions may include immediate termination of employment or business relationship at the Company's sole discretion. Where the Company has suffered a loss, it may pursue its remedies against the individuals or entities responsible. Where laws have been violated, the Company will cooperate fully with the appropriate authorities.

VI. ACKNOWLEDGMENT OF RECEIPT OF CODE OF BUSINESS CONDUCT AND ETHICS

I have received and read the Company's Code of Business Conduct and Ethics. I understand the standards and policies contained in the Company Code of Business Conduct and Ethics and understand that there may be additional policies or laws specific to my job. I further agree to comply with the Company Code of Business Conduct and Ethics.

If I have questions concerning the meaning or application of the Company Code of Business Conduct and Ethics, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult my manager, the Human Resources Department or the Legal Department, knowing that my questions or reports to these sources will be maintained in confidence.

Employee Name _____

Signature _____

Date _____

Please sign and return this form to the Human Resources Department.