

Qingdao Inter-Credit Services Pte Co., Ltd.

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Date of Report : July 30, 2009

Client's ref. :

Our ref. : 127814-207

JIANGSU LINYANG SOLARFUN CO., LTD.

江苏林洋新能源有限公司

NO. 666 LINYANG ROAD, QIDONG ECONOMIC DEVELOPMENT ZONE,
JIANGSU PROVINCE, 226200 PR CHINA

江苏省启东经济开发区林洋路 666 号

TEL: 86 (0) 513-83126888 FAX: 86 (0) 513-83115763

EXECUTIVE SUMMARY

INCORPORATION DATE : AUGUST 27, 2004
REGISTRATION NO. : 320681400000356
REGISTERED LEGAL FORM : WHOLLY FOREIGN-OWNED ENTERPRISE
CHIEF EXECUTIVE : MR. LU YONGHUA (CHAIRMAN)
STAFF STRENGTH : 900
REGISTERED CAPITAL : USD 308,000,000
BUSINESS LINE : MANUFACTURING
TURNOVER : CNY 5,621,747,000 (AS OF DEC. 31, 2008)
EQUITIES : CNY 2,583,192,000 (AS OF DEC. 31, 2008)
PAYMENT : AVERAGE
RECOMM. CREDIT RANGE : UP TO USD 10,000,000
MARKET CONDITION : COMPETITIVE
FINANCIAL CONDITION : FAIRLY GOOD
OPERATIONAL TREND : STEADY
GENERAL REPUTATION : WELL-KNOWN
EXCHANGE RATE : CNY 6.83 =US\$ AS OF 2009-7-30

CREDIT RATING : CA2- (see below explanatory notes)

RATING KEY	CREDIT RISK ASSESSMENT		PROPOSED CREDIT LIMIT (in concerned business field)
CA1	Minimal	Credit can proceed with favorable terms	Large amount
CA2	Low	Credit can proceed promptly	Fairly large amount
CA3	Average	Credit can proceed normally	Moderate amount
CA4	Above average	Credit should proceed with monitor	Small amount – periodical review
CA5	Fairly High	Credit should be extended under guarantee	C.O.D. To small amount
CA6	High	Credit is not recommended	C.O.D.
NR	Assessment not conducted	Insufficient data available	No recommendation

This rating serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors and their relative weights (as indicated through %) in our credit analysis are as follows:

Financial condition (40%)

Ownership background (20%)

Payment record (10%)

Credit history (10%)

Market trend (10%)

Operational size (10%)

In case of unlimited companies, newly established companies, or lack of financial data, more weight is given to 'Ownership background' and 'Payment record' in our analysis.

Adopted abbreviations:

ANS – amount not stated

NS – not stated

SC – subject company (the company inquired by you)

NA – not available

CNY – China Yuan Renminbi

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HISTORY

SC was registered as a wholly foreign-owned enterprise at local Administration for Industry & Commerce (AIC – The official body of issuing and renewing business license) on August 27, 2004.

Company Status: Wholly foreign-owned enterprise

This form of business in PR China is defined as a legal person. It is a limited co. established within the territories of PR China with capital provided totally by the foreign investors. More than one foreign investor may jointly invest in a wholly foreign-owned enterprise. The investing party/parties solely exercise management, reap profit and bear risks and liabilities by themselves. This form of companies usually have a limited duration is extendible upon approval of Examination and Approval Authorities.

SC's registered business scope includes research and development of energy conservation technology, manufacturing polycrystalline and single crystal silicon chips, PV components, photovoltaic cells, solar walls, PV reset and corollary equipment, solar and PV systems, BIPV installing and debugging, selling its products, international trade. (该公司的法定经营范围包括: 节约能源技术研发, 制造多晶及单晶硅片、光伏组件、光伏电池、太阳能幕墙, 光伏复位及配套设备、太阳能光伏系统、光伏建筑一体化安装、调试, 销售自产产品, 进出口业务。)

SC is mainly engaged in R&D, manufacturing and selling solar cells and cell modules. (该公司目前主要从事研发, 生产, 销售太阳能电池片、电池组件。)

Mr. Lu Yonghua (陆永华) has been chairman of SC since 2004.

SC is known to have approx. 900 employees at present.

SC is currently operating at the above stated address, and this address houses its operating office and factory in the economic development zone of Qidong. Our checks reveal that SC owns the total premise about 25,000 square meters.

WEB SITE

<http://www.solarfun.com.cn/> The web belongs to Solarfun Power Holdings Co., Ltd. The design is professional and the content is well organized. At present it is in both Chinese, French, Spanish, Deutsch, and English versions.

KEY EVENTS/RECENT DEVELOPMENT

Changes of its registered information:

Date of change	Item	Before the change	After the change
2008	Registration No.	005771	320681400000356

***To what extent is your company affected by the current Credit Crisis?**

SC's management refuses to make any comments.

OWNERSHIP/MANAGEMENT

MAIN SHAREHOLDERS:

Name	% of Shareholding
Solarfun Power Hong Kong Limited	100

EXECUTIVE SUMMARY

Incorporation Date: May 16, 2007

Registration No.: 1133065

Registered Legal Form: Private

MANAGEMENT

- **Chairman:**



Mr. Lu Yonghua (陆永华), born in 1963, with university education. He is currently responsible for the overall management of SC.

Working Experience(s):

From 2004 to present Working in SC as chairman.

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● **General Manager:**



Mr. Wang Hanfei (王汉飞), born in 1964, with university education. He is currently responsible for the daily management of SC.

Working Experience(s):

From 2006 to present Working in SC as general manager.

● **Directors:**

John Breckenridge (Passport No. 039651030)
Tang Haimei 汤海美 (ID#320626197608060021)
Alexm Vanderpol (Passport No. 443330456)

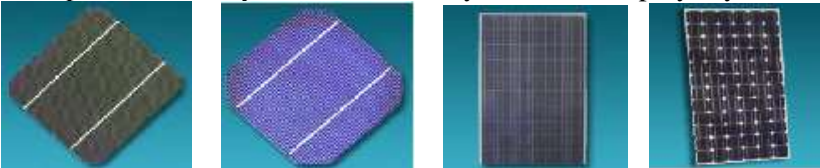
● **Supervisor:**

Yu Haijuan (ID#320626197204019620)
虞海娟

BUSINESS OPERATIONS

SC is mainly engaged in R&D, manufacturing and selling solar cells and cell modules. (该公司目前主要从事研发，生产，销售太阳能电池片、电池组件。)

SC's products mainly include: mono-crystalline cells, poly-crystalline cells, PV modules, BIPV.



SC sources its materials 80% from domestic market, 20% from the overseas market. SC sells 80% of its products in domestic market, and 20% to overseas market, mainly Europe and Southeast Asia market.

The buying terms of SC include T/T, L/C and Credit of 30-60 days. The payment terms of SC include T/T, L/C and Credit of 30-60 days.

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RELATED COMPANIES

SC is known to have a subsidiary and a branch at present:

Jiangsu Linyang Solar cells and Applied Engineering Technology Research Center Co., Ltd.
江苏林洋太阳能电池及应用工程技术研究中心有限公司

Jiangsu Linyang Solarfun Co., Ltd. Shanghai Branch
江苏林洋新能源有限公司上海分公司

According to the above stated website, SC is known to have the following relative companies:

Shanghai

218 Wusong Road 26th Floor BM Tower, Shanghai, China 200080

Tel: (86 21) 6307 0222

Fax: (86 21) 6393-3099

sales@solarfun-power.com

Solarfun - Spain

Paseo de Gracia 78, 3-2^a 08007 Barcelona, Spain

Tel: +34 934 673 778

Fax: +34 934 673 789

sales@solarfun-power.com

Solarfun Power USA

3655 Torrance Blvd, Suite 435 Torrance, CA 90503

Tel: + (310) 792-5678

sales@solarfun-power.com

Solarfun - Australia

Sydney, Australia

Tel: + 0061405717848

sales@solarfun-power.com

PAYMENT

Overall payment appraisal:

Excellent Good Average Fair Poor Not yet determined

The appraisal serves as a reference to reveal SC's payments habits and ability to pay. It is based on the 3 weighed factors: Trade payment experience (through current enquiry with SC's suppliers), our delinquent payment records and our debt collection record concerning SC.

Trade payment experience: SC did not provide any name of trade/service suppliers and we have no other sources to conduct the enquiry at present.

Delinquent payment record: None in our database.

Debt collection record: No overdue amount owed by SC was placed to us for collection within the last 6 years.

BANKING

China Construction Bank Qidong Development Zone Sub-branch

中国建设银行启东开发区支行

AC#: 32014103100229600028

Relationship: Normal.

FINANCIAL HIGHLIGHTS

Balance Sheet

Unit: CNY'000

	as of Dec. 31, 2007	as of Dec. 31, 2008
Cash & bank	239,713	315,252
Inventory	643,751	822,991
Accounts receivable	542,107	606,633
Other Accounts receivable	28,232	122,397
Advances to suppliers	1,065,808	1,436,812
To be apportioned expense	3,599	0
Other current assets	35,278	547
	-----	-----
Current assets	2,558,488	3,304,632
Fixed assets net value	439,475	789,759
Projects under construction	64,214	108,103
Long term investment	149,401	549,913
Other assets	13,516	62,784
	-----	-----
Total assets	3,225,094	4,815,191
	=====	=====
Short loans	960,001	758,831
Accounts payable	445,151	547,374
Other Accounts payable	310,668	375,063
Notes payable	0	296,019
Wages payable	11,003	26,615
Tax payable	-104,134	-131,788
Advances from clients	16,727	291,443
Withdraw the expenses in advance	29,925	0
Other current liabilities	2,830	19,652
	-----	-----
Current liabilities	1,672,171	2,183,209
Long term liabilities	0	0
Other liabilities	0	48,790
	-----	-----
Total liabilities	1,672,171	2,231,999
Equities	1,552,923	2,583,192
	-----	-----
Total liabilities & equities	3,225,094	4,815,191
	=====	=====

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Income Statement

Unit: CNY'000	as of Dec. 31, 2007	as of Dec. 31, 2008
Turnover	2,346,380	5,621,747
Cost of goods sold	1,949,112	5,235,869
Sales expense	64,391	79,525
Management expense	98,095	123,683
Finance expense	26,414	106,283
Profit before tax	223,227	69,032
Less: profit tax	7,989	15,171
Profits	215,238	53,861

Important Ratios

=====

	As of Dec. 31, 2007	As of Dec. 31, 2008
*Current ratio	1.53	1.51
*Quick ratio	1.15	1.14
*Liabilities to assets	0.52	0.46
*Net profit margin (%)	9.17	0.96
*Return on total assets (%)	6.67	1.12
*Inventory /Turnover × 365	100 days	53 days
*Accounts receivable/Turnover × 365	84 days	39 days
*Turnover/Total assets	0.73	1.17
* Cost of goods sold/Turnover	0.83	0.93

FINANCIAL COMMENTS**PROFITABILITY: FAIRLY GOOD**

- The turnover of SC appears fairly good, and it increased greatly in 2008.
- SC's net profit margin is fairly good in 2007 but average in 2008.
- SC's net profit margin is fairly good in 2007 but average in 2008.
- SC's cost of goods sold is fairly high in 2008, comparing with its turnover.

LIQUIDITY: AVERAGE

- The current ratio of SC is maintained in a normal level.
- SC's quick ratio is maintained in a normal level.
- The inventory of SC is maintained in an average level in 2008.
- The accounts receivable of SC is maintained in an average level in 2008.
- The short-term loan of SC appears average.
- SC's turnover is in an average level, comparing with the size of its total assets.

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LEVERAGE: FAIRLY GOOD

- The debt ratio of SC is low.
- The risk for SC to go bankrupt is low.

Overall financial condition of the SC: Fairly good.

REMARKS

Over the past 5 years, SC has made a stable growth with fairly good financial conditions. Credit dealings with SC in favorable terms can be considered.

END OF THIS REPORT