



## PRESS RELEASE

Embargoed until 8:00 a.m. on 8 August 2006  
Not for release in the United States, Canada, Australia or Japan.

### **ReneSola Ltd**

(“ReneSola” or the “Company”)

### **First Day of Dealings on AIM**

ReneSola Ltd (AIM: SOLA), which manufactures solar wafers for integration into photovoltaic (PV) cells, the principal component of crystalline solar panels, is pleased to announce that its shares commence trading on AIM today.

ReneSola has raised US\$50 million (before expenses) through a placing of 33,333,333 shares (the “Placing”). At the Placing price of US\$1.50 per share, ReneSola will have a market capitalisation on admission of US\$150 million.

The funds raised by the Placing will be used primarily to fund the expansion of ReneSola’s manufacturing facilities to capitalise on growth in the Chinese solar power industry which supplies both the fast growing domestic and export markets.

The Nominated Adviser and Broker to ReneSola is Hanson Westhouse LLP.

### **Placing Statistics**

Placing Price	US\$1.50
Number of Placing Shares	33,333,333
Number of Shares in issue following the Placing	100,000,032
Market capitalisation of the Company at the Placing Price (following the Placing)	US\$150 million
Gross proceeds to be raised by the Group in the Placing	US\$50 million
Percentage of Enlarged Share Capital being placed pursuant to the Placing	33.3 per cent.
Estimated net proceeds of the Placing receivable by the Group	US\$46 million
Admission and commencement of dealings	8 August 2006

Commenting on the Placing and Admission, Li Xian Shou, Chief Executive Officer of ReneSola, said:

“Demand for renewable energy solutions, and solar power technologies in particular, is growing at an unprecedented rate. ReneSola has already become a significant supplier of wafers to the PV industry. With our low cost production process, we expect our position in the market to grow as the capacity expansion programme continues.

“We are delighted at the response from investors and we look forward to achieving our targets over the coming year.”

For further information please contact:

**ReneSola Ltd** 020 7466 5000  
Li Xian Shou , Chief Executive Officer  
Charles Bai, Chief Financial Officer

**Hanson Westhouse LLP** 020 7601 6100  
Tim Feather  
Richard Baty

**Buchanan Communications** 020 7466 5000  
Charles Ryland  
Ben Willey  
Catherine Breen

## **Introduction**

Based in Zhejiang province, near Shanghai, ReneSola manufactures solar wafers, which are integrated into photovoltaic (PV) cells, the principal component of crystalline solar panels.

ReneSola has been profitable and grown rapidly since trading commenced in 2005. Current wafer production is at an annual rate of 48 MW, or approximately 20 million five inch solar wafers. Using the proceeds of the Placing, the Directors intend that this will increase substantially over the next 18 months.

The raw materials used in ReneSola's production process are sourced principally through recycling silicon, in the form of different types of part-processed and broken wafers, pot scrap, ingot tops and tails and other off-cuts, from the semiconductor industry and increasingly, the PV industry. ReneSola sells solar wafers both to Chinese and international PV cell manufacturers.

The global solar power industry has grown substantially in recent years, primarily as a result of an increased focus on renewable energy by governments worldwide in order to combat the effects of climate change and reduce the reliance on fossil fuels. Resulting government subsidies have led to rapid growth in the PV industry.

The global solar power market, measured by the power output of PV systems installed, increased from 345 MW in 2001 to 1,460 MW in 2005, an average annual rise of 43 per cent. In 2004, the increase was 82 per cent.; growth moderated in 2005 with a rise of 34 per cent. (*Source: Solarbuzz*).

The reduction in the growth rate in 2005 was largely a result of a shortfall in the worldwide supply of polysilicon, the principal raw material for the manufacture of both solar wafers and semiconductors used in microelectronics products. Worldwide polysilicon demand from the PV industry increased from 5,000 tonnes per annum in 2001 to over 17,000 tonnes in 2005. The shortage of polysilicon contributed to utilisation levels of global solar cell manufacturing plant falling to 78 per cent. in 2005 from 91 per cent. in 2004 (*Source: Solarbuzz*).

The polysilicon demand/supply imbalance is proving to be a major constraint on the growth of the solar power industry.

For the four years prior to founding ReneSola, Mr. Li managed, and was a principal shareholder in, a company focused on the production of consumer solar products and solar panels. Through his experience in the industry, Mr. Li identified the supply of polysilicon as a significant constraint on the growth of the PV industry and believed it could be addressed through the recycling of scrap silicon.

With the investment to be provided through the Placing, the Directors plan that production capacity will increase to 80 MW or approximately 33 million five inch solar wafers by the end of 2006, and to 125 MW or 50 million five inch solar wafers, in 2007.

ReneSola has been using part of its wafer production for conversion into PV cells and modules. However, ReneSola is withdrawing from this activity in order to concentrate on solar wafer production where the Directors believe that more attractive operating margins can be achieved.

In the period ended 31 December 2005, Zhejiang Yuhui, ReneSola's wholly owned operating subsidiary, reported turnover of US\$6,224,000 and a profit before tax of US\$574,000. In the three months ended 31 March 2006, turnover was US\$6,963,000 and profit before tax was US\$1,496,000.

The Directors are seeking to take advantage of the growth potential which they believe exists to build a major company within the worldwide solar power industry. In particular ReneSola will seek to capitalise on the growth of the Chinese solar power industry which supplies both the fast growing domestic and export markets. In order to finance this growth, the Company sought admission to AIM in conjunction with a placing which has raised US\$50 million (before expenses). The proceeds will be used primarily to expand the manufacturing facilities of the Group.

### **Wafer production process**

The production process begins with a combination of the recycled raw materials being placed into crucibles which are put in furnaces where the silicon is melted. Crystallisation starts by either cooling the crucibles from the top in order to create monocrystalline silicon or by gradually cooling the crucibles from the bottom in order to create multicrystalline silicon. The end result in both cases is a large piece, an ingot, of crystallised silicon, although much larger in the case of multicrystalline silicon than for monocrystalline silicon. Monocrystalline ingots are then sliced straight into wafers, while multicrystalline ingots are first cut into smaller bricks which are then sliced into wafers.

The Group has obtained an ISO9001:2000 accreditation in relation to the production of solar grade monocrystalline silicon ingot and monocrystalline silicon wafer.

### **Production facilities**

The Group currently has 54 monocrystalline furnaces in operation. Each furnace has a monthly production capacity of approximately 500 kg of silicon ingot, resulting in a total capacity of around 27 tonnes per month. This translates into annual capacity of 48 MW, or approximately 20 million five inch solar wafers.

Using part of the proceeds of the Placing, the Directors intend to install a further 36 monocrystalline furnaces during the second half of 2006, with the objective of increasing monthly production to 45 tonnes of silicon ingot. Aggregate annual capacity would be 80 MW, or approximately 33 million five inch solar wafers. Of these 36 monocrystalline furnaces, 18 are currently in transit to the Company and are expected to be installed within the next month.

ReneSola's monocrystalline furnaces are sourced from Chinese manufacturers at a price of approximately US\$100,000 per unit. Lead times for delivery are currently typically less than three months.

Funds will also be used to invest further in technological improvements to the monocrystalline furnaces through which the Directors plan to increase the production output.

### **Multicrystalline production**

In early 2007, the Directors intend to commence the installation of 15 multicrystalline furnaces, which each have a capacity in excess of 2,400 kg per month. Multicrystalline furnaces are more energy efficient than monocrystalline furnaces and require a lower grade of polysilicon which would improve the yield from ReneSola's raw materials.

Multicrystalline furnaces are produced by manufacturers in Germany, Japan and United States. The furnaces are more expensive than monocrystalline furnaces, costing approximately US\$750,000 per unit.

Full implementation of the Group's current expansion plan would result in a total capacity of approximately 81 tonnes of silicon ingot per month. This would translate into annual capacity of 125 MW.

### **Wafer slicing**

ReneSola currently sub-contracts the slicing of its silicon ingots into solar wafers to third parties. The subcontractors are contracted to slice each kilogramme of ingot into 52 wafers with a thickness of 220 microns.

The Group has entered into a contract and paid a deposit for the purchase of 20 wire saws, all of which are scheduled to be in operation by the end of 2006. The first wire saw has been received by the Group and is currently being installed. The wire saws are capable of slicing wafers with a thickness of 200 microns, which would enhance the yield per ingot. In addition to the improved yield, gross margin percentage will be further enhanced through the elimination of the additional costs of the third party processors.

Further wire saws will be purchased to process the output of the multicrystalline furnaces which are scheduled to be brought into operation in 2007.

### **Processing of scrap silicon**

There are currently over 900 staff employed by the Group, 600 of which are involved in the processing of scrap silicon. This will grow to approximately 800 staff by the end of 2006. The low cost of labour in China makes it viable for the Group to sort, test and clean small and broken pieces of scrap silicon by hand and with handheld devices on an economic basis.

### **Premises**

ReneSola operates from owned premises in Jiashan County, Zhejiang, which is approximately one hour's drive from Shanghai.

The furnace and scrap silicon processing facilities are housed in separate buildings with a combined floorspace of 24,000m<sup>2</sup>. The building housing the processing facility has space to accommodate the new wafer slicing equipment as well as an enlarged office. There are three further buildings on the site including one housing the current offices and a dormitory for staff.

A further 8,000m<sup>2</sup> building is under construction and this will accommodate the additional monocrystalline furnaces, which are due for installation by the end of 2006. The Group owns land sufficient to build another similar-sized facility to house the multicrystalline furnaces scheduled for installation in 2007.

### **Sales**

ReneSola sells its products directly to PV cell manufacturers under ongoing contracts and has developed a customer base which includes some of the major participants in the global PV market.

Both the current shortfall in global polysilicon supply and the provision of a regular supply of products of consistent quality have enabled ReneSola to enter into prepayment contracts with the majority of its customers.

The Chinese PV cell manufacturing industry has grown to become the third largest in the world. ReneSola's increasing sales to China reflects this growth as well as the attractive operating margins that can be achieved.

ReneSola has been retaining part of its wafer production for conversion into PV modules. However, the Group is withdrawing from this activity in order to concentrate on solar wafer production.

### **Sourcing and availability of scrap silicon**

The majority of feedstock used by ReneSola comprises recycled scrap silicon sourced from the semiconductor industry and, increasingly, the PV industry.

In the past, scrap silicon has been discarded or stockpiled as it cannot be used again for semiconductor production due to the quality level required. However, the scrap silicon can be of sufficient quality for use in the manufacture of solar wafers, which require a lower purity grade of silicon, provided it is processed.

During 2005, approximately 12 per cent. of the silicon available to the PV industry, or 2,060 tonnes, was derived from recycled silicon. This was largely represented by ingot tops and tails and other easy-to-process off-cuts. The Directors estimate that total scrap silicon generated in the semiconductor industry is in excess of 5,000 tonnes per annum with further amounts available from the PV industry. In addition, the Directors believe that there are stocks of scrap silicon from past production in storage and in landfill.

ReneSola processes a number of different types of scrap silicon, including part processed and scrap wafers, pot scrap, ingot tops and tails and other off-cuts. Pot scrap is the residue attached to the crucible following the growing of a monocrystalline ingot, which typically breaks into small pieces when dislodged from the crucible.

The Group's raw material sources reflect the distribution of semiconductor manufacturing globally, with a concentration on Asia.

### **Purchasing team**

ReneSola's purchasing team has developed a strong network of relationships with raw material suppliers. This has enabled the Group to enter into contracts with several key suppliers. Capitalising on its well established network in the semiconductor and PV industries, ReneSola has secured raw material supply of over 200 tonnes, which is sufficient to provide for its planned production output for the remainder of 2006. This does not represent a significant drain on working capital given that these purchases are funded out of customer prepayments.

To minimise the impact of the variability of feedstock supply, the Group is considering options to secure feedstock and has recently entered into a number of medium to long term feedstock procurement contracts.

### **Trading record**

Set out below is a summary of the trading results of Zhejiang Yuhui, the trading company within the Group, for the year ended 31 December 2005 and the three months ended 31 March 2006. Whilst Zhejiang Yuhui was incorporated in August 2003, it did not commence trading until July 2005 and

therefore there are no trading results to disclose for the period from incorporation to 31 December 2004.

	<i>12 months ended 31 December 2005</i>	<i>3 months ended 31 March 2006</i>
	<i>Audited US\$000</i>	<i>Audited US\$000</i>
Sales	6,224	6,963
Cost of sales	(4,888)	(5,177)
<b>Gross profit</b>	<b>1,336</b>	<b>1,786</b>
Selling and distribution expenses	(110)	(83)
Administrative expenses	(381)	(193)
Loss on disposal of fixed assets	(243)	–
Other income from government grants	–	22
<b>Operating profit before financial expenses</b>	<b>602</b>	<b>1,532</b>
Net finance cost	(28)	(36)
<b>Profit before income tax</b>	<b>574</b>	<b>1,496</b>
Income tax expense	–	–
<b>Profit for the year</b>	<b>574</b>	<b>1,496</b>

The Group commenced the recycling of scrap silicon in July 2005. Eight monocrystalline furnaces were installed in September 2005 and wafer production commenced. An additional eight monocrystalline furnaces were installed in December 2005. During the period, the Group retained a significant proportion of the wafers produced. These wafers were processed into PV cells by third party manufacturers and assembled into PV modules by the Group. This continued in the three months ended 31 March 2006 at reduced volumes. However, ReneSola decided in April 2006 to cease this activity in order to concentrate on wafer production where it believes more attractive operating margins can be achieved.

The trading results for the three months ended 31 March 2006 reflect the production from the increased furnace capacity implemented in December 2005. Both during and subsequent to the period, the Group continued to be active in sourcing raw material with average monthly purchases of over 50 tonnes, significantly in excess of the requirements for monthly production output. The build-up of inventory has been largely financed through prepayments made by the Group's customers.

### **Current trading and future prospects**

The rapid growth of ReneSola has continued in the period since 1 April 2006. A further 38 monocrystalline furnaces have been brought into operation, raising the total to 54 furnaces.

The supply/demand imbalance in the market for polysilicon has continued, which has led to increasing prices for raw materials, including for recycled silicon. ReneSola has been active in purchasing raw materials and has secured over 200 tonnes of silicon, which is sufficient for planned production output for the remainder of 2006.

With strong demand for solar wafers, ReneSola has entered into fixed price sale contracts covering a similar amount of 2006 production. As a result, there is a strong level of visibility of the Group's operating performance in 2006.

In July 2006, the Company entered into a contract with Jiangsu Linyang Solarfun Co. Ltd for the supply of 14.4 MW of solar wafers, or six million five inch solar wafers, in 2007. The Company contracted to supply at least a further 25 MW of solar wafers in 2008. Also in July 2006, ReneSola entered into an agreement with Motech Industries Inc (“Motech”) for the supply of six inch solar wafers. Starting in 2007, the Company will supply approximately 80 MW of solar wafers to Motech over a three year period.

ReneSola’s procurement programme for 2007 is well advanced with the Company having recently entered into contracts with Holy Technology Corporation (“Holy”) and Komex Inc (“Komex”). Holy has agreed to supply ReneSola with 15 tonnes of scrap silicon material per month from June 2006 to June 2009. Komex has entered into an agreement with the Company to supply 17 tonnes per month of scrap silicon material from August 2006 to December 2007. Both supplies of raw material are in addition to the stock of over 200 tonnes of silicon which is sufficient for planned production output for the remainder of 2006.

## **Directors and Executive Officers**

### **Directors**

*Professor Huang Binghua, Non-Executive Chairman, aged 63*

Professor Huang has been involved in the solar industry for over ten years. He is a senior engineer at the China Academy of Science and specialises in research on photovoltaic technology and polysilicon manufacturing technologies. He has been involved in research projects in both monocrystalline and polysilicon technology and technological implementation, including acting as the head of a technology team which set up a multicrystalline manufacturing line in Ningbo, the first of its kind in China.

Professor Huang gained a masters degree in metallurgical engineering from Beijing Science & Technology University in 1969 and undertook a four year research programme on the reduction process of silicon materials from McMaster University in Canada in the late 1980s.

*Li Xian Shou, Chief Executive Officer, aged 37*

Mr. Li has been involved in solar manufacturing since starting Yu Huan Solar Energy Source Co. Ltd. in 2001, which manufactured solar cell and module products for both commercial and residential applications. Prior to this, Mr. Li worked as a government official at various government agencies. Realising the significant growth potential of scrap silicon recycling for wafer production, Mr. Li co-founded, along with Mr. Wu, Zhejiang Yuhui in April 2005.

Mr. Li received his bachelor’s degree in industrial engineering management from Zhejiang Industrial University in 1991.

*Wu Yun Cai, Chief Operating Officer, aged 38*

Mr. Wu has been involved in solar ventures over the last five years, including two years at a solar cell and module manufacturer as Chief Operations Officer. Mr. Wu held various positions in Yu Huan County Government prior to his involvement in the solar business. He is in charge of day-to-day operations including wafer recycling and ingot production.

Mr. Wu received his bachelor’s degree in computer science from Zhejiang University in 1988.

*Professor Wang Jing, Non-Executive Director, aged 58*

Professor Wang is currently the chief economist at Minsheng Bank. Professor Wang has had significant international experience including time as an adviser at the World Bank and the Economic Development Institute. He currently serves as a non-executive director at Tianjin Binhai Energy & Development Co., Ltd and Tianjin Marine Shipping Co., Ltd, both of which are listed companies in China.

*Martin Bloom, Non-Executive Director, aged 54*

Mr. Bloom is the current chairman of the China UK Venture Capital Joint Working Group and has significant business experience in Asia. He has been involved in many Europe/Asia projects including technology transfer schemes between the UK and Japan on behalf of the Department of Trade & Industry in the UK. An experienced venture capital investor, he is well versed in the opportunities and challenges that young companies face. He currently sits as a board observer representing investors at DanioLabs Group plc.

## **Executive Officers**

*Dr. Tao Ying, Chief Technology Officer, aged 42*

Dr. Tao has extensive knowledge and experience in crystal growth, solidification, chemistry and processing mechanics over the last 20 years. He previously worked for MEMC Electronic Materials, Inc. in the US for nearly a decade as a senior member of technical staff, during which time he and his team invented and implemented a number of innovative processes and methods, including defect elimination in silicon crystal growing, iron reduction in crystalline growing and more accurate resistivity targeting. Dr. Tao graduated with a bachelor's degree in chemistry from University of Science & Technology of China in 1986 and gained a Ph.D. in materials science and engineering from University of Wisconsin-Madison in 1997. Dr. Tao owns three patents in crystalline processing methods and has published ten papers in international publications on bulk crystal growth, flow visualisation, heat transfer and surface energy in crystal growth.

*Charles Bai, Chief Financial Officer, aged 44*

Mr. Bai has worked for over 15 years within investment banks and multinational companies. Having completed an MBA at IMD in Switzerland, he worked for four years at RBC Dominion Securities in Canada where he was involved in bringing a number of Chinese companies to the Toronto Stock Exchange. After moving to Asia he was an associate director at Deutsche Bank in Hong Kong for two years before moving to Ogden Energy Group, Inc. as Finance Director and Tractebel Energy Services, Inc. as Vice-President. For three years until 2006, he was chief financial officer at FEnet Software in Guangzhou.