Solar EnerTech, Corp. (OTCBB: SOEN), is involved in the manufacturing of photovoltaic (PV) solar cells and developing designs for PV modules, which are used to convert sunlight into electricity. The Company primarily targets the European and the U.S. markets.

Solar EnerTech is on the verge of becoming a part of the emerging solar energy industry. Many industry experts believe that solar energy will be the most convenient, affordable, and reliable source of energy in the near future.

Solar EnerTech has established its research facility in Jingiao Modern Science and Technology Park (Shanghai, China). The Company plans to manufacture quality solar cells and state-of-the-art solar applications. Further, Solar EnerTech has planned to launch a joint R&D laboratory with Shanghai University in 2006. With the facility, the Company will be able to develop increased efficiency solar cells.
Investment Highlights

- The PV cell market is expected to grow to 4.7 GW by 2010.
- Solar EnerTech is planning to capture the Californian market, where the government is targeting to reach up to 3,000 MW of solar power by 2015 from current 100 MW.
- Solar EnerTech has a sophisticated 42,000 square foot facility at Shanghai for manufacturing and research at Jingiao Modern Science and Technology Park, a newly dedicated high-tech business park in the largest economic and transportation center of China.
- Solar EnerTech plans to launch a joint R&D lab with Shanghai University in 2006, which will enable the Company to produce solar cells with improved conversion efficiency.
- Strategic alliance with InfoTech Energy Efficiency, a US-based power system, to supply components to the Chinese plant.
- Solar EnerTech has strong management and technical expertise to capitalize on the great global demand for solar energy.
- The Department of Energy recently released details of the President's Solar America Initiative. The proposed FY07 budget for the initiative is $148 million, which includes $139 million for PV and $9 million for concentrating solar power.

Business Operations

Solar EnerTech plans to manufacture PV solar cells and design advanced PV modules for a variety of applications. These applications include lighting in urban outdoor public utilities, farms, villages, transportation systems, and telecommunications for residential, commercial, and various industrial purposes.

Exhibit 1: PV Cells

Exhibit 2: PV Modules

Source: Department of Materials & Medical Sciences    Source: www.esolar.net
**PV Cells:**
A PV Cell is a device made from a silicon wafer that converts sunlight into electricity by a process known as the **photovoltaic effect**.

**PV Modules**
PV modules are an assembly of PV cells electrically interconnected and laminated into a durable and weather-proof package. PV modules are increasingly used to serve as both a power generator and as the exterior of a building. Like architectural glass, PV modules can be installed on the roofs and facades of residential and commercial buildings.

Currently, none of the Company’s products are commercialized. As a result, the net loss for the quarter ended March 31, 2006 stood at $14,428. These losses are primarily due to professional fees, office and administration expenses, and management fees and marketing. These expenses have been paid out of the proceeds of the public issues. The requirement of additional financing is being fulfilled through the sale of securities, loans from shareholders, or debt issues.

**Capital Expenditure Plans**
Solar EnerTech has established a sophisticated 42,000 square foot facility at Shanghai for manufacturing and research at Jingiao Modern Science and Technology Park, a newly dedicated high-tech business park in the largest economic and transportation center of China. The Company’s R&D program aims at bringing Solar EnerTech to the forefront of advanced solar technology research and production.

Solar EnerTech has raised $1 million by issuing shares to the public that the Company plans to fund for activities scheduled for the next six to twelve months. The Company plans to set up a high-voltage system, a high-volume water supply system, a waste water processing system, an air conditioning system, and a temperature/moist control system for solar cell production workshops.

The Company intends to be able to produce 120 MW of solar cells by 2009. Management estimates that it will require $25 million for a whole year to rotate and sustain in two or three circles to produce 20 MW (besides the equipment, infrastructure and operation costs). In addition, to augmenting its research capabilities, the Company has also laid out plans for R&D expenditures.

**Potential Customers**
Solar EnerTech intends to cater to the demand from businesses specializing in PV applications such as solar panels, modules and arrays in Europe, North America and beyond. The primary solar market is Europe, owing to its incentive programs, followed by California, where the government has underwritten the target of providing for 3,000 MW of solar power by 2015.
Exhibit 3: PV Modules on Rooftops

Source: Subiaco Sustainable Demonstration Home

Strategy to enter into a high-growth industry

The Company, with $6 million in funds committed by European investors, plans to fulfill its legally-obliged registered-capital requirement from the Chinese government to grand status. In addition, the funds will also be utilized for the completion of the infrastructure and production line for producing 20 MW of solar cells.

Solar EnerTech has established materials purchasing and sales distribution capabilities in California from where it caters to the marketing and distributing of PV products in the United States. The Company has signed a Letter of Intent (LOI) to supply 10 tons of IC falloff wafers. In addition, the Company has also entered into a strategic alliance with InfoTech Energy Efficiency, a US-based power system to supply components to the Chinese plant.

Leo Shi Young, President of Solar EnerTech Corp., sponsored the recent Energy Round Table in Beijing with Governor Arnold Schwarzenegger. Through this, plans for the Company’s future involvement with California’s solar programs were established.
SWOT Analysis

To gain a better insight onto the Company’s potential value we have provided a SWOT analysis for Solar EnerTech.

### Exhibit 4: SWOT Analysis

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expert management team</td>
<td>• The Company is in the development stage</td>
</tr>
<tr>
<td>• Leo Shi Young has been the Founder of many companies related to the same industry</td>
<td>• Much of the Company’s growth is dependent on its ability to attract additional financing</td>
</tr>
<tr>
<td>• Factory located in China, giving the advantage of cheap and skilled labor</td>
<td></td>
</tr>
<tr>
<td>• No long-term debt and hence, no payment commitments in the near future</td>
<td></td>
</tr>
<tr>
<td>• The Company has one supply contract in hand and also has a letter of intent for the supply of IC wafers</td>
<td></td>
</tr>
</tbody>
</table>

### Opportunities

- Estimated PV Market of 4.7 GW by 2010
- Other sources of energy will be insufficient to fulfill the demand
- Increase in potential markets due to incentive programs by respective governments
- Improvement in process technologies and growing economies of scale

### Threats

- Greater demand for silicon by other industries result in late deliveries
- Top companies have already established supply contracts
- Potential changes in government policies of China

**Strengths**

As stated earlier, the Company has a mix of sound technical and expert management personnel on board. Furthermore, the Company’s facility in China gives it the advantage of skilled labor at a very low cost.

**Weaknesses**

As Solar Enertech is in the development stage, it is not possible to determine its operational efficiencies. We believe that much of its growth will be dependent on its ability to infuse capital to generate revenue opportunities. This may hamper the flow of output in the near future.
Solar Energy Industry Analysis

Overview

Solar power is not only a part of the solution for a long-term sustainable energy supply, it is a rapidly growing and increasingly, competitive energy source available today. Global electricity consumption is estimated to increase, driven by economic growth and an increasing world population. The growth in electricity consumption is expected to be most rapid in emerging economies.

At the same time, the world’s traditional energy resources are being depleted and the problems of global warming are looming. This creates a strong demand for alternative, renewable energy sources. Therefore, the growth potential for solar energy is particularly strong. It is abundant and renewable and can contribute to replacing diminishing fossil fuel resources over the long run.

Solar energy production entails no greenhouse gas emissions or noise during its operation. Solar modules have no moving parts and are expected to last for many decades without maintenance requirements. Further, solar energy could also be a key element in providing electricity to the rural poor.

The basic requirement is sunshine, which is why solar power is particularly suitable in the sunniest regions of the world, i.e. the ‘sunbelt’ (between latitude 30 degrees north and 30 degrees south). In these sunny regions, the energy payback time for a solar module is less than two years, though it is continuing to decline due to technological improvements.

There are two technologies of generating renewable energy from solar energy. These include Photovoltaic (PV) Systems and Solar Thermal Systems.

Opportunities

The PV cell market is expected to grow to 4.7 GW by 2010 from 1.2 GW as of now. Non-renewable sources of energy such as oil, coal, and natural gas will not be sufficient to fulfill the electricity demand in the near future. Increasing concern among governments to protect the environment and stabilize prices of other non-renewable resources, has led to the emergence of various incentive programs. These programs in turn have led to the growth of the PV industry. Further, intensive R&D in this area has led to low-cost manufacturing, especially in several of the leading PV cell manufacturing companies.

Threats

Silicon wafers are the most important raw materials for making PV products. Silicon wafer suppliers depend on silicon manufactures to supply the silicon required for the production of silicon wafers (readers may refer to the Value Chain section for more information). Silicon wafers are also used by the semiconductor industry, which has greater buying power and market influence than the PV Industry. This at times results in late deliveries or supply shortages which in turn may affect the timely delivery of the PV cells.
Photovoltaic (PV) Systems
Today, the industry’s production of PV modules is growing at approximately 25% annually. Major programs in the U.S., Japan and Europe are rapidly accelerating the implementation of PV systems on buildings and interconnection to utility networks.

Photovoltaic systems, as the word implies (photo = light, voltaic = electricity), convert sunlight directly into electricity. The PV technology is truly a clean, emission-free, renewable electrical generation technology with substantial potential and competitiveness in the world’s future energy mix. Further, the technology is reliable and consumer-friendly and can be manufactured and deployed in a wide range of applications.

PV Modules, Panels and Arrays
Photovoltaic cells are connected electrically in a series and/or parallel circuits to produce higher voltages, currents, and power levels.

1. Photovoltaic modules consist of PV cell circuits sealed in an environmentally protective laminate and are the fundamental building blocks of PV systems.
2. Photovoltaic panels include one or more PV modules assembled as a pre-wired, field-installable unit.
3. Photovoltaic array is the complete power-generating unit consisting of any number of PV modules and panels.

Key Growth Drivers for the PV Industry

Exhibit 7: Key Growth Drivers

- Rising energy demand & limited fossil energy resources with increasing prices
- Growing worldwide adoption of government incentives for solar energy
- Increasing environmental awareness & emission regulations
- Narrowing cost differentials between solar & conventional energy sources
- International R&D deployment efforts
• **Rising energy demand and limited fossil energy resources with increasing prices:** There is a growing energy demand due to global economic development. According to the U.S. Department of Energy’s report on the international energy outlook, worldwide demand for electricity is expected to reach 26.0 billion MWh in 2025. Presently, electricity is produced using fossil fuels such as natural gas, coal, and petroleum. It is expected that there will be scarcity of these fossil fuels after a period of time.

Further, political unsteadiness, labor unrest, war, and the threat of terrorism in oil-producing regions have resulted in the northward movement of oil prices. There are raised concerns over the dependency on imported oil in many nations. Therefore, the rethinking of the form of energy such as energy from renewable sources has resulted.

• **Increasing environmental awareness and regulations limiting emissions from fossil fuels:** Environmental awareness among many countries continues to increase. Many countries have signed agreements regarding Kyoto Protocol and have agreed to reduce emissions of carbon dioxide and other gases. In addition to this, there are national and regional pollution control boards, which are setting stricter regulations for these gases. Solar energy can be thought of as the option to adhere to those regulations.

• **Narrowing cost differentials between solar and conventional energy sources:** The average price of PV cells and modules has decreased by 24% from 1996 to 2003. It is expected to continue to decrease over the long run due to improvements in process technologies and economies of scale. In certain markets, solar energy is already competitive. Solar energy competes with electricity transmission grid power, the cost of which includes not only generating costs, but also transmission and distribution costs, taxes, and other fees.

• **International R&D deployment efforts:** Extensive research on PV cells is going on worldwide. Research programs are extensively supported by governments and various organizations. It is expected that the R&D in the product and process will considerably bring down the cost of production, which in turn will increase the demand for PV cells.

• **Growing worldwide adoption of government incentives for solar and other renewable energy sources:** The cost of solar energy is significantly high. To make it more cost competitive, the PV industry is likely to continue to rely on governmental incentives in the near future. Many countries have drawn up incentive programs for the development of solar energy and renewable energy sources. These include programs such as:
  - Net metering laws that allow on-grid end users to sell electricity back to the grid at retail prices
  - Direct subsidies to end-users to offset the costs of PV equipment and installation charges
  - Low interest loans for financing PV systems and tax incentives
  - Government standards that mandate minimum usage levels of renewable energy sources
Competitiveness of PV Industry

The cost of solar energy is still significantly higher than mainstream fossil-based energy sources. However, the gap is narrowing with time. The overall target for the industry is to make solar energy competitive with conventional energy sources without subsidies. Continued focus on cost savings and improved conversion efficiencies are the principle means to achieving this goal.

Industry cost reductions

As the market and industry continues to grow and develop, cost reductions are achieved through improvements in technology and economies of scale and increased efficiency in all parts of the value chain including installers, production equipment suppliers, and material suppliers. Historically, the industry has been reducing costs annually by 5-10%.

Exhibit 7: Cost Trend

Generation costs of PV electricity have shown a steady downward trend and are projected to continue to decline in the coming years.

Source: EC Vision Report

Conventional Energy

While fossil fuels are limited resources that are gradually being depleted, the demand for energy continues to rise. That, and the unpredictable nature of the global oil and gas market suggests that a long-term increase in the price of fossil fuels is not unlikely.

Exhibit 8: Cost Trend

The actual cost of electricity varies around the world, mainly due to differences in consumption patterns and delivery costs. As the cost of PV is reduced and the cost of conventional energy increases, PV becomes competitive in an increasingly larger share of the overall market.

Source: EC Vision Report
Governmental policies

Environmental issues and concerns over stable energy supplies have primed political action in many countries. The Kyoto agreement commits prominent nations to drastic cuts in greenhouse gas emissions. CO₂ taxes and other mandatory schemes to curb emissions have resulted in an increased price of fossil fuels. At the other end of the scale, there are a number of countries promoting solar power through subsidy schemes. The overall objective is to create a financial bridge to provide incentives for the industry to achieve a desirable size and cost level where solar power can fully compete with conventional energy sources without subsidies.

New market dynamics

New pricing schemes and innovative business models add to the growth impetus of solar energy. In several markets, including many states in the U.S. and across Europe, mature and liberalized electricity markets allow for hour-by-hour variation in power prices. At the same time, both power suppliers and distribution companies need to build capacities sufficient for the highest, most costly demand peaks over the day and year. These are typically mid-day when high sun intensity coincides with high electricity consumption mainly due to the use of air conditioning.

With variable pricing schemes, solar power can be a cost-competitive alternative during such peak hours. It can also reduce potential delivery problems as well as the need for greater investment in electricity grids.

Stable energy supply and predictable costs

The long-term viability of solar power, both in terms of supply and price, is increasingly recognized. Sunshine is free and solar panel installations produce electricity at a known price over their entire life-span, a period of at least 25 years.

Size of PV Industry

The PV power generation market is currently experiencing rapid growth. World solar PV market installations reached a record high of 1,460 Megawatts (MW) in 2005 representing annual growth of 34%. In 1985, the demand for solar installations was only 21 MW (Source: Solarbuzz LLC).

Solar energy demand has grown at about 25% per annum over the past 15 years whereas the hydrocarbon energy demand typically grew in between 0% and 2% per annum. Solar cell production reached a consolidated figure of 1,656 MW in 2005, which is up from 1,146 MW in 2004, a growth of 45%.

The vast majority of present photovoltaic sales are for applications such as navigational signals, call boxes, telecommunication centers, consumer products, and off-grid electrification projects.
Exhibit 9: PV Installations in 2005

Germany's PV market installations grew 53% to 837 Megawatts in 2005 corresponding to 57% of the world market. This is a level eight times the size of the United States market. Japan's 14% growth took it to 292 MW.

Potentially, there is an unlimited demand for solar energy all around the world. Germany, Japan, and the U.S. are the most developed solar markets today, but other markets follow suit and see solar power as a key resource in their future energy supply. The following exhibit provides a snapshot of total global PV production. (ROW refers to “Rest of World.”)

Exhibit 10: Total PV Production 1995-2004

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
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</tr>
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<tbody>
<tr>
<td>Japan</td>
<td>16.40</td>
<td>21.20</td>
<td>35.00</td>
<td>49.00</td>
<td>80.00</td>
<td>128.60</td>
<td>171.22</td>
<td>251.07</td>
<td>363.91</td>
<td>502.21</td>
</tr>
<tr>
<td>Europe</td>
<td>20.10</td>
<td>18.80</td>
<td>30.40</td>
<td>33.50</td>
<td>40.00</td>
<td>60.66</td>
<td>86.38</td>
<td>135.05</td>
<td>193.35</td>
<td>450.31</td>
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<tr>
<td>US</td>
<td>34.75</td>
<td>38.85</td>
<td>51.00</td>
<td>53.70</td>
<td>60.80</td>
<td>74.97</td>
<td>100.32</td>
<td>120.60</td>
<td>103.02</td>
<td>113.32</td>
</tr>
<tr>
<td>ROW</td>
<td>6.35</td>
<td>9.75</td>
<td>9.40</td>
<td>18.70</td>
<td>20.50</td>
<td>23.42</td>
<td>32.62</td>
<td>55.05</td>
<td>83.80</td>
<td>204.12</td>
</tr>
<tr>
<td>Total</td>
<td>77.60</td>
<td>88.60</td>
<td>125.80</td>
<td>154.90</td>
<td>201.30</td>
<td>287.65</td>
<td>390.54</td>
<td>561.77</td>
<td>744.08</td>
<td>1269</td>
</tr>
</tbody>
</table>

Source: Paul Maycock, PV NEWS Annual Review of the PV market
Exhibit 11 gives the graphical representation of the above. It can be seen that the production has shown a CAGR of 36% for the period 1998-2004.

**Exhibit 11: Market development Historical Market Growth by Region (MW)**

Exhibit 12 shows future market growth region-wise. The estimated CAGR for this five year period is 27%.

**Exhibit 12: Future Market Growth**
Market Segments

The first commercial use of solar cells was for powering satellites in the 1960s. With decreasing costs, solar energy systems have become an attractive alternative energy source in areas outside established electric grids. Private homes and cabins, lighthouses, remote pumping stations, and telecom network installations are prominent examples. With further cost decreases combined with economic subsidies, solar power has also become economically attractive for grid-connected private homes and offices. Today, grid-connected solar power is by far the largest and fastest growing segment.

The following exhibit shows the world PV market size and application segmentation. The CAGR for off-Grid & Consumer segment is 20% whereas for that of on-Grid segment is 57% over the period of 1998-2004. It is clear from the exhibit that the growth in on-Grid market size is much greater than the off-Grid and Consumer market.

Exhibit 13: World PV Market Size and Application Segmentation

On-Grid Market / Grid Connected
Solar energy is rapidly becoming a valuable supplement to the traditional sources of electricity that are fed into the electricity grids.

Off-grid markets
The theoretical potential for rural and island electrification is vast around the world. It has been estimated that hundreds of millions of households throughout the world are without electric power. However, current system prices are still too high for massive roll-outs and most of the larger projects depend on partial government or NGO financing. These markets will become increasingly important as the cost of a PV system reduces.
Solar energy is the perfect solution in remote areas. Once in place, an installation only requires sunshine to produce power for decades.

**Solar PV Value Chain**

The value chain of the PV system can be explained with the help of Exhibit 14. The upstream activities are silicon production, ingots/wafer manufacturing, and cell manufacturing. The downstream activities comprise of module making, system integration, distribution, and installations. From the silicon, the silicon ingots/wafers are made, which are then used in PV cell manufacturing. The PV cells are then assembled to give the module. These modules can be integrated as systems, which are then distributed and installed.

**Exhibit 14: Solar PV value Chain**

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**Examples of Manufacturing Companies (not all inclusive *)**

<table>
<thead>
<tr>
<th>HSC</th>
<th>Crysta-lox</th>
<th>Q-Cell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wacker</td>
<td></td>
<td>Sharp</td>
</tr>
<tr>
<td>Toku-yama</td>
<td></td>
<td>Kyocera, BP Solar</td>
</tr>
<tr>
<td>MEMC</td>
<td></td>
<td>Solar World</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>SCHOTT Solar *</td>
</tr>
<tr>
<td>SGS/ASiMi</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: REC Group
There are a large number of companies involved in the solar energy industry worldwide. In the upstream part, where production starts, there is a concentration of a few, large players, while the number of companies increases significantly further downstream in the value chain. Thousands of companies worldwide are involved in the sale and installation of solar systems. Generally, there are three main types of companies in the industry:

1. Independent solar power specialists. Most of these companies concentrate on selected parts of the value chain
2. Electronics companies and semiconductor manufacturers like Sharp and Mitsubishi
3. Conventional Energy companies such as BP and Shell

**Top Ten Producers**

The bulk of production is concentrated in the hands of few main players. During 2003, the top ten manufacturers of PV cells and modules accounted for 85% (634.42 MW) of total global production (see Exhibit below).

<table>
<thead>
<tr>
<th></th>
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<td>Sharp</td>
<td>30.00</td>
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<td>123.07</td>
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<tr>
<td>Shell Solar</td>
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<td>2</td>
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<tr>
<td>BP Solar</td>
<td>32.50</td>
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<td>1</td>
<td>3</td>
<td>2</td>
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<tr>
<td>RWE Schott</td>
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<td>Isofoton</td>
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<td>-</td>
<td>10</td>
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<td>Q-Cells</td>
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<td>Photowatt</td>
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<td>Astro-Power</td>
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<td>26.00</td>
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<td>5</td>
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<td>11</td>
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<tr>
<td><strong>Total</strong></td>
<td>166.10</td>
<td>246.80</td>
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<td>476.92</td>
<td>632.43</td>
<td>5</td>
<td>62.00</td>
<td>56.00</td>
<td>56.00</td>
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<td><strong>World total</strong></td>
<td>201.30</td>
<td>287.65</td>
<td>390.50</td>
<td>561.77</td>
<td>744.08</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Source: OJA-Services
Exhibit 16: Share of PV cell production in the reporting countries by company in 2004 (%)

Source: OJA-Services

Exhibit 17: Share of PV module production in the reporting countries by company in 2004 (%)

Source: OJA-Services
Company Valuation

We have generated a discounted cash flow model (DCF) valuation for the Company. The guidance provided by the Company’s management has been used to arrive at the value of Solar Enertech.

We have assumed a discount factor of 9.66% for this stock. The 9.66% discount factor is constructed from a 4.59% risk free rate, a 5.07% premium for equity risk, and a beta value of 1.00 (Source: Bloomberg).

Based on the above assumptions, we arrive at a long-term target price of $5.17, which is at a considerable premium to the current trading level.

Exhibit 18A: Calculation of Fair Value per Share (In US$ Million)

<table>
<thead>
<tr>
<th>Estimated Net Present Value of the Firm</th>
<th>560.65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash</td>
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<tr>
<td>Value of Equity</td>
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</tr>
<tr>
<td>Fair Value per share</td>
<td>$5.17</td>
</tr>
</tbody>
</table>

Source: Our Research

Exhibit 18B: Company Revenue Trends

Source: Management Projections / Our Research
Exhibit 18C: Comparatives for Solar EnterTech

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Solar EnerTech</th>
<th>SunPower Corp.</th>
<th>Evergreen Solar</th>
<th>Suntech Power Holdings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange</td>
<td>SOEN</td>
<td>SPWR</td>
<td>ESLR</td>
<td>STP</td>
</tr>
<tr>
<td>Recent Price</td>
<td>$1.53</td>
<td>$38.12</td>
<td>$13.31</td>
<td>$34.14</td>
</tr>
<tr>
<td>52wk Range</td>
<td>*</td>
<td>24.30 - 45.09</td>
<td>4.68 - 17.50</td>
<td>19.00 - 45.90</td>
</tr>
<tr>
<td>Market Cap</td>
<td>$110.2 M</td>
<td>$2.24 B</td>
<td>$866.6 M</td>
<td>$4.89 B</td>
</tr>
<tr>
<td>Avg. Daily Vol</td>
<td>77,190</td>
<td>419,835</td>
<td>2,845,150</td>
<td>947,014</td>
</tr>
<tr>
<td>P/S</td>
<td>*</td>
<td>20x</td>
<td>19x</td>
<td>21x</td>
</tr>
<tr>
<td>Revenue (ttm)</td>
<td>*</td>
<td>$110 M</td>
<td>$45.4 M</td>
<td>$226 M</td>
</tr>
<tr>
<td>P/E</td>
<td>*</td>
<td>N/A</td>
<td>N/A</td>
<td>124.81</td>
</tr>
</tbody>
</table>

*Solar EnerTech is recently listed.
Source: Yahoo! Finance

The readers should understand the risks involved in this business and are directed to the risk factor section of the report for a better appreciation of the risk-return trade-off. The valuation exercise is based on several assumptions about the future performance of the Company. We have incorporated management guidance wherever applicable. However, we have not done a due diligence to the feasibility of the Company’s business. We have assumed that management will be able to execute these plans. However, there is no assurance that the future projections will be achieved, either in part or in total. Any deviation from these business plans will seriously hurt the valuation assumptions and hence, the valuation will also be affected.
**Management Team**

Solar EnerTech’s management team is comprised of well-known and recognized people from the field of business as well as people with proven academic credentials. The team has a mix of individuals from the solar industry and from the area of technological research.

**Leo Shi Young, Founder, President and CEO:** Leo Shi Young has established many technology firms in the U.S. and China. He was the founder and CEO of InfoTech Essentials, Inc., a leading energy-saving technology company in China. He has been one of the co-founders of successful businesses including: TaoStar International, Inc., Silicon Valley Computer Graphics, New Chinese Americans Magazine, VictorMaxx Technologies, Inc., and Innovative Publishing Graphics, Inc. He is an active member of the organizing committee of China’s National Renewable Energy Forum.

**Shi Jian Yin, Vice President and COO:** Shi Jian Yin is the founder and General Manager of Shanghai TopSolar, a leading company in the Chinese solar market. The Chinese government has recognized Shi Jian Yin twice for his contributions to the field of science and technology.

**Zhong Quan Ma, CTO:** Zhong Quan Ma is a specialist in semiconductor thin film materials. Professor Ma’s research in material science ranges from the fabrication, characterization, and modification of bulk and thin film materials to the modeling of growth processes. His research is focused on ion beam surface modifications of metal, semiconductors, ceramics, and the insulator materials and energetic ion fabrication of thin films on hetero-substrates including photovoltaic materials. Professor Ma has received many high-profile awards for thin film research.

The information pertaining to other members of the management team is given in the Annexure(s) section. The Company plans to recruit personnel with more exposure to the solar and PV industries to ensure the smooth flow of its operations and to help it to become one of the leading firms in the PV industry.
Selected Risk Factors

Development Stage: Solar Enertech is still in the developmental stage and hence, does not have any operating history that can show its operational efficiency. The Company has been incurring losses since its inception on account of R&D expenses and other related administrative expenses. It is expected that the Company will be incurring these expenses for some time.

Management Team: Solar Enertech, being a development stage company, is entirely dependent on the mix of its management team. Inability to retain or attract key personnel may hinder the Company’s future growth prospects.

Supply Arrangements: The most important raw material to manufacture a PV cell is the silicon wafer, which has a great demand from the semiconductor industry also. The semiconductor industry has a greater bargaining power as well as market influence, which many times can hamper the supply of silicon wafers to the PV Industry. Therefore, most of the existing companies have already entered into long-term arrangements with suppliers. Solar Enertech presently has no such arrangements.

Competitors: The PV market is intensely competitive and rapidly evolving. The competitors include the PV divisions of large conglomerates including: BP, Royal Dutch Shell, Sharp Corporation, specialized cell and module manufacturers such as Q-Cells, as well as integrated manufacturers of PV products such as SolarWorld AG. Many of Solar Enertech’s competitors have established more prominent market positions. In such an environment, it is a very tedious task to attract and retain customers. Further, some of Solar Enertech’s competitors are present in the semiconductor industry, which gives the rivals a higher bargaining power as well as economies of scale in procuring silicon.

Chinese Government: Solar Enertech’s plant is located in China, which exposes the Company to risk due to changes in government policy.

Need for Financing: Solar Enertech, with no commercial operations to date, may find it difficult to raise needed funds. This may impact management’s plans for growth and the Company’s profitability.

Rapid Technological Changes: The PV industry’s technology is a dynamic technology, which is based on new inventions and innovations. Any significant invention by another competitor would become an obstacle in the growth of Solar Enertech.

Intellectual Property: The Company’s success in the market will depend in part on its proprietary technology incorporated into its products. There is no guarantee that the Company will be able to execute on the same.
Conclusion
Solar Enertech Corp. plans to establish a strong presence in the emerging solar energy market. With its manufacturing facility in China, the Company has been able to capitalize on the availability of low-cost resources. Further, the Company’s management team has significant experience in the solar market. By successfully executing its business plans and entering into strategic partnerships along the value-chain, Solar Enertech may be able to become one of the leading operators in the industry. The Californian market (which the Company is heavily targeting) has a huge potential and is expected to provide the right platform for the Company’s growth.

However, the need for further capital will require the Company to be aggressive on fronts including R&D, supplier partnerships, and execution of business plans. Solar Enertech has planned an R&D alliance with Shanghai University, which will enable the Company to produce solar cells with improved conversion efficiency. In addition, the Company has established a marketing, purchasing, and distribution arm in the Silicon Valley region of Southern California. Alliances and the establishment of such distribution arms will enable the Company to service its consumers more effectively.
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