RENESOLA LTD

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2006

ReneSola Ltd ("ReneSola" or the "Company") (AIM: SOLA), a leading manufacturer of solar wafers for the photovoltaic industry, is pleased to announce its consolidated preliminary results for the year ended 31 December 2006, as well as provide a trading update incorporating output guidance for the first and second quarters of 2007.

Highlights

- Revenue increased to US$87.6 million (2005: US$8.4 million)
- Gross profit increased to US$24.8 million (2005: US$1.4 million)
- Profit before tax increased to US$22.8 million (2005: US$0.6 million)
- Successful IPO on AIM in August 2006 raising US$50 million
- Substantial growth achieved with annualised production capacity increased from 14MW to 80 MW during 2006
- Expansion plan increased to annualised production capacity of 265 MW by the end of 2007
- Convertible bond issue in March 2007 raising approximately US$120 million

Li Xian Shou, CEO of ReneSola, commented:

"2006 has been an outstanding year for ReneSola. We successfully implemented the expansion plan set out for the remainder of 2006 at the time of the IPO in August and have substantially increased our plans for 2007, which we are on track to deliver. Demand for our products remains extremely strong and our procurement programme is delivering the necessary feedstock.

"We believe that ReneSola is making a valuable contribution in addressing the wafer shortage in the market and is well placed to grow its position as a major player in the global solar sector, which is continuing to benefit from political support around the world."

There will be a conference call for analysts and institutional investors at 5pm on Monday 30 April 2007. Please call Buchanan Communications for dial-in details.

For further information, please contact:

ReneSola Ltd	0086-573-477-3061 (today)
Charles Bai	00 44 (0)20 7466 5000 (30 April 2007)
	charles.bai@renesola.com
Buchanan Communications	020 7466 5000

Charles Ryland
Suzanne Brocks
Catherine Breen

Hanson Westhouse Limited 020 7601 6100
Tim Feather tim.feather@hansonwesthouse.com
Richard Baty richard.baty@hansonwesthouse.com

CHAIRMAN'S STATEMENT

I am pleased to be able to report a year of outstanding progress, during which ReneSola successfully implemented the first stages of a rapid expansion plan to become one of the largest suppliers of solar wafers in the world.

Financial review

In only the second year of operations, the Company generated revenue of US$87.6 million, profit before tax of US$22.8 million and profit after tax of US$25.5 million. We consider this to be an excellent achievement which far exceeds forecasts made at the time of the IPO in August.

On 16 February 2007, the Company indicated that the consolidated profit before and after tax for 2006 would be in the range of US$22-23 million. Reported profit before tax is US$22.8 million. Total IPO costs were US$4.1 million, of this amount US$0.4 million has been charged against profit for the year and US$3.7 million against the share premium account.

The consolidated profit after tax figure for 2006 benefits from an income tax credit of US$2.7 million. This represents an unrealised tax credit from the Chinese tax authorities in relation to purchases of Chinese-made capital equipment in China. As at 31 December 2006, the consolidated balance sheet included a total deferred income tax credit of US$3.3 million.

The Group was not subject to income tax on earnings in China for either 2005 or 2006 due to a tax holiday. Zhejiang Yuhui Solar Energy Source Co. Ltd. ("Zhejiang Yuhui"), the wholly-owned trading subsidiary of the Company, has commenced the process of applying for a further tax holiday starting from 2006, during which ReneSola increased the registered capital of Zhejiang Yuhui. Until the application is approved by the relevant tax authority, a tax rate of 12 per cent. will be applied to the earnings of Zhejiang Yuhui. The tax payable for 2007 will be assessed by the tax authority in early 2008 by taking into consideration the current tax holiday, the potential further tax holiday arising from increased registered capital of Zhejiang Yuhui in 2006 and the tax credit available for capital equipment purchased by the Company in China.

Production capacity

Current capacity

During 2006, ReneSola's annualised production capacity grew from 14 MW to 80 MW, provided by 90 monocrystalline furnaces.

In the second half of the year, the Company commenced the installation of wire saws for in-house slicing of silicon ingots into wafers, which was previously sub-contracted to third parties. 24

wire saws are now in operation and provide the capability to slice in-house the whole of the 2006 year-end capacity of 80MW.

The initial operation of the wire saws involved a learning curve for staff, which was made steeper by a planned reduction in wafer thickness. This resulted in a higher than expected level of wafers which did not pass ReneSola's high quality control standards and therefore required reprocessing. The Directors are pleased to report that, whilst they will continue to seek improvements, this issue has now been largely resolved and that sawing efficiency is now in line with industry norms.

Capacity expansion

On 30 November 2006, the Company announced an increase in its target for 2007 year-end capacity from 180 MW to 265 MW.

During March and April 2007, ReneSola took delivery of 96 new monocrystalline furnaces, bringing the total to 186. Of the new furnaces, 48 are installed and in trial production while the other 48 are in the process of being installed. All of the furnaces are expected to be fully operational during May 2007, bringing the annualised production capacity to 165 MW. The furnaces are housed in a newly constructed 10,400 m² facility. 25 further wire saws to slice ingot from these new furnaces, which are scheduled to be delivered before the end of the second quarter, will also be housed in this facility.

Construction of the new 24,000 m² facility to house the multicrystalline capacity is also expected to be completed during May 2007, ready for the installation of the first two multicrystalline furnaces, which will be in trial production during June. A further 18 multicrystalline furnaces are planned to be installed before the end of the third quarter.

ReneSola maintains a long-term target of an equal distribution between mono and multicrystalline capacity in order to service the requirements of its customers and to maintain flexibility with respect to future raw material supplies.

Sales

Demand for solar wafers has continued to grow. ReneSola has signed sales contracts for approximately 91 MW of monocrystalline wafers for 2007 delivery, representing approximately 83 per cent. of the planned 2007 monocrystalline wafer output. Customers include Suntech Power Co. Ltd. (20 MW), Motech Industries Inc. (19 MW), Jiangsu Linyang Solarfun Co. Ltd. (17 MW) and BP Solar (10 MW). The Directors expect that contracts for the remainder of the 2007 monocrystalline capacity will be signed within the next three months.

Negotiations over sales contracts for the output from the new multicrystalline furnaces with both existing and potential customers will commence at the end of the second quarter of 2007.

Procurement

The silicon feedstock procurement programme for 2007 is well advanced with approximately 410 tonnes currently in stock, 800 tonnes to be delivered in 2007 under procurement contracts, approximately 200 tonnes to be supplied by customers under tolling arrangements and ongoing monthly purchases of between 60 and 90 tonnes.

The total silicon feedstock required for the 2007 planned production output is anticipated to be approximately 1,600 tonnes.

Output

Total production output is anticipated to be approximately 150 MW in 2007, more than three times the output in 2006.

Production in the first quarter of 2007 was approximately 15 MW and is expected to rise to approximately 25 MW in the second quarter as production from the new monocrystalline furnaces comes on stream.

Funding

In addition to the placing at the time of the IPO, ReneSola raised US$120 million through the issue of convertible bonds in March 2007. The Company is also currently in discussions with an international bank regarding a potential loan for working capital purposes to provide funds for the capacity expansion and to provide additional working capital.

Corporate developments

As previously announced, ReneSola has established ReneSola America Inc. a wholly-owned subsidiary incorporated in Delaware, USA. The initial objectives of the subsidiary include identifying potential feedstock suppliers, establishing direct links with the ultimate feedstock suppliers and enhancing sourcing efficiency.

In addition, the Company has incorporated a wholly owned subsidiary in Singapore, which is mandated to source raw materials from, and manage operations in, South East Asian countries.

ReneSola is also seeking to expand its recycling operations in locations close to raw material sources. The first element of this strategy will be the establishment of a plant in Malaysia to increase the Company's recycling capacity.

ReneSola plans to open an office in Shanghai during the course of the second quarter. The office will act as the main base for the marketing, business development and investor relations divisions.

Outlook

ReneSola is on track with the implementation of the accelerated capacity expansion plan and progress with sales and feedstock procurement contracts are in line with the revised plan.

2008 expansion plans are currently being reviewed and are expected to be finalised before the end of the second quarter.

The Directors believe ReneSola is extremely well placed to take advantage of the growth in the sector and look forward to a year of further substantial progress.

Martin Bloom
Chairman
27 April 2007

The financial information set out in the announcement does not constitute the Group's statutory accounts for the years ended 31 December 2006 or 2005. The financial information for the year ended 31 December 2005 is derived from the statutory accounts for that year and have been restated within this unaudited preliminary statement, details of this restatement are included as note 3. The auditors reported on those accounts; their report was unqualified. The statutory accounts for the year ended 31 December 2006 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement following the Company's annual general meeting.

While the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards (IFRSs), this announcement does not itself contain sufficient information to comply with IFRSs.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 US$'000 (unaudited)	2005 US$'000 (restated)
Continuing operations			
Revenue		87,561	8,422
Cost of sales		(62,733)	(7,039)
Gross profit		24,828	1,383
Other operating income		189	-
Selling and distribution expenses		(350)	(110)
Administrative expenses		(1,997)	(381)
Other operating expenses		(20)	(243)
Operating profit		22,650	649
Investment income		605	-
Finance costs		(464)	(28)
Profit before tax		22,791	621
Taxation		2,679	600
Profit for the year		25,470	1,221
Attributable to equity holders		25,470	1,221
Earnings per share	1	US$	US$
From continuing operations			
Basic and diluted		0.32	0.02

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Paid in capital US$'000 (Unaudited)	Retained earnings US$'000 (Unaudited)	Share premium US$'000 (Unaudited)	Statutory surplus reserve US$'000 (Unaudited)	Translation reserve US$'000 (Unaudited)	Acquisition reserve US$'000 (Unaudited)	Hedging reserve US$'000 (Unaudited)	Total US$'000 (Unaudited)
Balance at 1 January 2005	-	26	-	6	-	-	-	32
Addition of acquisition reserve	-	-	-	-	-	1,500	-	1,500
Net profit for the year	-	1,221	-	-	-	-	-	1,221
Appropriation of reserve fund	-	(57)	-	57	-	-	-	-
Exchange differences	-	-	-	-	31	-	-	31
Balance at 1 January 2006 (restated)	-	1,190	-	63	31	1,500	-	2,784
Issue of equity	-	-	50,000	-	-	-	-	50,000
Share issue costs	-	-	(3,734)				-	(3,734)
Net profit for the year	-	25,470	-	-	-	-	-	25,470
Appropriation of reserve fund	-	(152)	-	152	-	-	-	-
Exchange differences	-	-	-	-	1,218	-	-	-
Gain on cash flow hedge	-	-	-	-	-	-	59	59
Addition of acquisition reserve	-	-	-	-	-	(2,878)	-	(2,878)
As at 31 December 2006	-	26,508	46,266	215	1,249	(1,378)	59	72,919

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	2006 US$'000 (Unaudited)	2005 US$'000 (restated)
Non-current assets		
Property, plant and equipment	35,010	2,480
Prepaid lease payment	4,187	179
Deferred tax assets	3,359	603
	42,556	3,262
Current assets		
Inventories	44,503	2,967
Trade and other receivables	34,548	3,295
Prepaid lease payment	108	5
Derivative financial instrument	59	-
Cash and cash equivalents	9,862	404
	89,080	6,671
TOTAL ASSETS	131,636	9,933
Current liabilities		
Trade and other payables	44,042	6,437
Bank loans	14,675	712
	58,717	7,149
Net current assets / (liabilities)	30,363	(478)
Total liabilities	58,717	7,149
NET ASSETS	72,919	2,784
EQUITY		
Share capital	-	-
Share premium account	46,266	-
Other reserves	145	1,594
Retained earnings	26,508	1,190
TOTAL EQUITY	72,919	2,784

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 US$'000 (Unaudited)	2005 US$'000 (restated)
Cash flows from operating activities		
Operating profit from continuing operations	22,650	649
Adjustments for:		
Net foreign exchange loss	62	-
Depreciation of property, plant and equipment	740	44
Amortisation of prepaid lease payment	31	-
Loss on disposals of property, plant and equipment	-	243
Allowances for doubtful debts	7	131
Operating cash flows before movements in working capital	23,490	1,067
Increase in inventories	(41,536)	(2,966)
Increase in trade and other receivables	(32,445)	(3,206)
Increase in trade and other payables	36,210	5,948
Cash (used in) / generated by operations	(14,281)	843
Interest paid	(464)	(28)
Net cash (used in)/generated by operating activities	(14,745)	815
Cash flows from investing activities		
Interest received	605	-
Proceeds on disposal of property, plant and equipment	-	3
Purchase of property, plant and equipment	(30,493)	(1,975)
Prepaid lease payment	(4,246)	-
Acquisition of subsidiary	(2,878)	-
Net cash used in investing activities	(37,012)	(1,972)
Cash flows from financing activities		
Proceeds from share issue	50,000	1,043
Share issue costs	(3,734)	-
Short-term bank borrowings	27,880	458
Repayment of bank loans raised	(13,941)	-
Net cash from financing activities	60,205	1,501
Net increase in cash and cash equivalents	8,448	344
Cash and cash equivalents at beginning of year	404	40
Effect of foreign exchange rate changes	1,010	20
Cash and cash equivalents at end of year	9,862	404

NOTES

1 Earnings per share

The calculation of the basic and diluted earning per share is based on the following data:

	2006 US$'000 (Unaudited)	2005 US$'000 restated
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the parent	25,470	1,221

	2006	2005
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	79,928,348	66,666,699

2. Distribution

Copies of the full report and financial statements for the year ended 31 December 2006 are expected to be sent to shareholders on or around 4 June 2007 and will be available to download from the Company's website at www.renesola.com at that time.

3. Restatement of financial statements for the year ended 31 December 2005

The financial statements for the year ended 31 December 2005 have been restated as follows:

	Retained earnings US$'000
At 1 January 2006 as previously reported	543
Restatement of revenue and cost of sales (i)	47
Deferred tax (ii)	600
At 1 January 2006 as restated	1,190

(i) Restatement of revenue and cost of sales

During the year ended 31 December 2005 the Group entered into certain sales and purchase transactions with third parties which were not properly recognised in that period. The 2005 financial statements have been restated and the effect of this restatement on reported profit is US$47,000.

(ii) Deferred tax

Deferred tax assets relating to tax credits of US$600,000 were not recognised in the 2005 Group financial statements. The income statement for the year ended 31 December 2005 has been restated accordingly.

(iii) Prepaid lease payment

The Group has changed its accounting policy for the recording of prepaid land use rights which was previously reported under property, plant and equipment in 2005 and has now been reclassified as a prepaid lease payment. The change has no effect on the reported profit for 2005.