



BUSINESS PLAN

Chen Minghua

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Hangzhou, China

Business Plans

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1. Plan for China Solar Hub 2005-6

CALILEE Telecommunication Technology Ltd.

&

Solaires Power International

Website: www.solaires.com www.zjcalilee.com

Email: solaires@gmx.net

June 13, 2005

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China Solar Hub

We Make the SUN Shining



1.1. Confidentiality

This Business Plan (hereafter BP) is a proprietary document of the author – Mr. Chen Minghua, director of Solaires Power International, based in Hangzhou, China – hereafter referred as SPI.

Any potential partner (Investor) must return, remove from his computer memory, any copy of that document regardless of its form – electronic or hard copy, if the said party (Party hereafter) cannot reach an agreement with SPI.

1.2. Purposes of this Business Plan

This BP is used for showing our business strategies to potential investors.

As results of our marketing efforts over the last years or so, our business has been expanding rapidly, and to cope with increasing customer care we need a strong team, and long-term reliable business partners, all these require some amount of capital.

For the first year of expansion we expect to obtain a financing of US \$125 million either as equity investment or credit. Details please discuss with us via email, phone or face-to-face meeting.

1.3. Missions & Objectives

1.3.1. Mission

To integrate the Chinese solar PV industry resources by providing the following services:

- a solar PV products distribution center with a logistic fleet reaching all parts of the nation
- a solar product and technology exhibition center all the year around
- a solar information, technology and academic exchange center

The ChinaSolarHub shall become the unique and center point between the international and Chinese solar communities. It shall also be able to integrate and optimize the Chinese solar manufacturing, delivery, R&D, quality control, and other resources to provide an one-step service to foreign solar businesses who otherwise have to run across the country to gain the same services, and at much reduced costs.



1.3.2.Short Term

Over the next period of five years, we plan to complete the build-up of the ChinaSolarHub system to cover the entire country with a sales revenue of about RMB 1,200 million a year and a pre-tax profit of about RMB 200 million a year.

1.3.3.Long Term

1.4.Executive Summary

.Since April 2002, we have been in contact with hundreds of international businesses in the power sector – incl. solar power - from around the world - mostly from Germany and the U.S. - such as SCHOTT Group, J.P. Morgan Chase, Taylor Nelson, Jones Day, GE, Bayer, RWE etc- for business transactions in the power project arena. We have won a dozens of contracts with some of them, although the contract volumes are still small, yet it's a encouraging start in that direction of business.

At the moment, SPI maintains a very small team in Hangzhou. And now it is not possible to handle all the work without a larger team – for processing of information, market study and analysis, client communications, marketing/sales and services, software/online transaction development, maintenance of the website etc..

To this end, we need investment from private individuals and/or companies. A total of US \$ is being raised which will be used to finance working capital, office and marketing. The company will be incorporated and common stock issued to investors. The company will be run as a corporation.

1.5.Shareholders

The investors with a capital of US \$ will hold a share of 25 % of the company. Therefore, the value of the current company will be evaluated at US \$.

The capital investment cannot be withdrawn within the next three years after the agreement shall be signed by all parties, if more than one investor are participating in the venture.

After three years of venture, shareholders can retreat from the joint operation with conditions for payment to be discussed later., mostly by selling back to SBI.

Shareholders will be positioned with a member seat in the board of directors in the future company equivalent to his/her share.

Day to day operation of the company during the first 3 years will be managed by SBI to ensure a steady and consistent operation during the first three years.



As the company grows, more management staff will be introduced, and management responsibility might be changed according to actual needs, either to the largest share holder or to another, more competitive manager with stronger background, if the company can grow to a large corporation, and I will reduce my shares in the companies as well. Shareholders will enjoy greater power in the management of the company.

Details of management of the company are to be drafted extra.

1.6. Financing Structure

1.6.1. Shareholder Interests

Each share represents one US Dollar, total shares of the initial company will be about .

From this table, the investor with US \$ (25%) will get a net profit of US \$, US \$, US \$ in 2004-2005, 2005-2006 and 2006-2007 fiscal years resp. His principal is expected to be paid back at the end of the three year period too.

After three years his/her investment is completely repaid in addition to his/her 25% ownership of the company.

1.6.2. Stock options:

There's no plan to list our future in a public stock exchange. The only realistic option, which we can make sure is to sell your shares at a price to be negotiated during the next phase or before the date of your quit.

1.7. Effects of Loan, Investment or Liquidity

The money invested in our company will be used for the following purposes:

Employment of personnel: US \$ /year (assuming 8 persons x RMB annually each, incl. welfare and other benefits)

Purchasing of office equipment and refurbishment: US \$

Office rent & maintenance fees: US \$ /year

Working capital US \$ (telephone & fax bills, Internet (ADSL) access, water & electricity, lunch allowance, travels, paper and printing inks)..

Marketing cost: US \$: newspaper, magazines, Internet advertisement, gifts, conference & exhibitions, pamphlets/brochures, travels etc

Startup costs - US \$: legal fees, filing fees



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These outlays will enable us to operate at a level that will allow us to meet our conservative sales goals for the first year.

Total: US \$ for the period of the first operation year.

About US \$ will be allocated for the first half of the year because of intensive infrastructure investment. The 2nd half of the fiscal year is dominated by operation costs such as marketing and salaries.

1.8. Financial Data

1.8.1. HISTORICAL (till May 2005) \$ US

	2001	2002	2003	Interim #'s
Sales				
Gross Profit %				
EBITDA (\$ and %)				
EBIT				
Capital Expenditures				
Depreciation				
Owners Compensation				
Ratio Analysis of above				

1.8.2. PROJECTIONS

	2004-2005	2005-2006	2006-2007	2007-2008
Sales				
Gross Profit				
EBITDA				
EBIT				
Capital Expenditures				
Depreciation				
Owners Compensation				
Ratio Analysis of above				

Year	2004-2005	2005-2006	2006-2007
Sales			
Net Income			



Earnings Per Share*			
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1.9. Organization & Management

1.9.1. The Group Company

1.9.2. Organization

Project Department – project information collection, data processing and reporting, government coordination etc

Translation Dept

Marketing Dept

IT Department

Administration Dept.: including treasury

1.9.3. Management & Team

1.9.4. CEO Biography

I started the business in 1999 when my contract with Babcock Borsig Power was terminated. I have been solely responsible for the running of the business for quite a time - including strategic planning, marketing, sales, services, website design and maintenance.

I had a dozen years of experiences in the power sector, incl. as a procurer at Babcock Borsig Power, as a marketing engineer at ALSTOM, as a quality engineer at Guangdong Nuclear Power Joint Venture Co, China, and as a design engineer at Guangdong Electric Power Design Institute.

Apart from those experiences, I was also employed by Siemens as the quality department manager of one of its factories in China and as a certification engineer at TÜV Rheinland, one of the major certification bodies of the world.

I also served the Ministry of Machine Industry as a coordinator for national power equipment industry early in the 1980's.

The new company will be organized and lead by me according to the development plan of the company.

Following team members are needed at the moment:

BP



2004.5: one solar engineer
2004.6: one specialist translator
2004.9: two IT engineers responsible for website function design and maintenance
2004.5: one secretaries for administrative issues
2004.6: one to two marketing engineers
2004.5: an accountant and a cashier
Total number of staff until Sept. 2004: 8

1.10. Business, Service, Software, Online Functions

1.10.1. Services and Products

ChinaSolar: Information and consultation services on China solar photovoltaic industry to international clients, with additional reports such as ChinaSolarMonthly, ChinaSolarDirectory and others to come;

Developing software with all functions and information of the above services. Software also named: “ChinaSolar”;

1.10.2. Brands and Branding

1.10.3. Innovation

We will design a database of information, which no one else has so far. With this database, clients can sort out information in a variety of ways - such as by location (provinces), by dates, by investment amount, by investors, by.... The list is endless. Other information about the Chinese solar photovoltaic industry can be also integrated into the database.

Furthermore, our website will also keep track of the information and project development with some basic information - detailed info will only be available to paid clients. The information includes development status, construction status, financing, electricity supply, policies, government support, technology and new products, R&D, events, etc.

And what's more exciting, we will design an add-on to the software product which allows clients – especially the investors – to analyze financing indices – and also to manage information easily.

The online information database, the stand-alone software will all share the same data sources. They will be kept updated as often as possible. And the standalone software will be delivered in two forms – a desktop version and a network version. Chinese and English languages will be available for both local and international users.



And last, the online design function will be a completely new concept in the solar photovoltaic industry. So far, no really workable system similar to my conception exists.

1.10.4. Distribution & Logistics

The ChinaSolar software shall include these functions:

View, search and editing of existing information

Decision making supports

Information management

Statistics of China solar power industries

Other functions

Software name: ChinaSolar

Target clients: all parties involved in solar power projects

1.10.5. Retail and Wholesale

This online commerce enables the instant buying and selling of solar photovoltaic products, systems, design and engineering between international and domestic clients, after payment. An online payment will also be implemented.

1.10.6. Exhibition and Information Center

This area allows foreign companies to design their solar power system according to what are available in the Chinese market. Details of the functions are still under planning.

Furthermore, we will be actively involved in trading and possibly in R&D and manufacturing of the latest photovoltaic products and system solution.

1.10.7. Online Information Exchange and Trade Venue

1.10.8. The Website www.solaires.com

1.10.9. Service Processes

Our products are service-related. We get all of our information either from the Internet freely or with payment or from the industry experts. We can also purchase information from major data center and some national or



regional data centers.

After we get them, we need to translate, organize, re-edit and publish in a form or another - mostly in .PDF ,Excel or .DOC forms, to be available electronically to our customers. We will also use our software to quickly prepare our reports to our clients. Another way to get available to our clients is our future online information service, which will be made searchable in a variety of ways.

All of our work are done based on state-of-the-art computerized technologies and communication tools within our staff and with our clients - to reduce cost, to improve communications efficiency and to make our service better.

1.10.10. Clients

General investors: private persons, private entrepreneurs, funds, trust etc

Energy developers, project managers/owners

Consultant, investment banks

Manufacturers

Service companies, engineering firms

Others

1.10.11. Geographical

Worldwide

1.10.12. Areas involved

Solar PV power

cells,

modules,

applications,

projects,

researches,

new technologies,

new products,

policies and legislations,

people,

events,

B2B marketplace,

etc

1.11. Competitors & Competitive Advantages



1.11.1. Actual position and objectives

1.11.2. Competitors

Currently there are no company in China and in the world who are particularly specialized in providing the same services as we're doing as far as I know from my experiences and web searches.

Some Chinese companies do release some kind of information by chance, but they are inconsistent and of low profile, such as those solar energy information B2B portals. If they do have some information, they focus on solar thermal market, only in Chinese language, or some simple and short English description. And they don't provide a comprehensive information and research as we are deemed to do.

In one word, I can safely say, our services are currently in a very competitive position without real competition in the medium term. However, if we don't take over the market – which is now not yet formed – others may quickly squeeze in.

Manufacturers

Traders, Dealers, Distributors

Engineers, System Integrators

Foreign Buyers

Others

1.11.3. Competition strategy

1.11.4. Competitive Advantages

As a newly established business, we have a very small, but skilled team, so that our overhead cost can be cut to minimum. At the early stage of the operation, I will run the business with 15 to 20 persons (in the areas of power engineering, Internet technologies, translation, marketing and administration) to keep the staff at minimum.

Because of our size, we can maintain a low price strategy, respond to clients more quickly and personally, and avoid many bureaucratic formalities in a complicated, state-owned or otherwise, companies as our competitors.



1.12. Markets, Marketing & Sales

1.12.1. Introduction

There're hundreds of thousands of companies willing to enter into the Chinese solar power industry, incl. Fortune 500 companies, SMEs and private persons.

MNCs and even domestic giants –investors, developers, and manufacturers - have mostly their own information resources and maintain good relations with governments.

SMEs use several market access tricks – as subcontractors of MNCs, or subcontractors of Chinese general contractors or directly contact the Chinese partners or government.

Whatever the marketing strategies might be, they all rely on reliable information to make business decisions. In this sense, all of them, either MNCs or domestic firms, have thirsty desire of reliable and detailed information, analysis and reporting.

Therefore we can optimistically conclude that all of the companies interested in the Chinese solar power industry might become our clients – that was already proven by the inquiries from major international companies as listed in Chapter 15.

1.12.2. Market Volume

Duo to lack of statistics we can't provide a figure here. However, if there are 100,000 companies worldwide involved in the solar photovoltaic business, then the potential value of the services can be US\$ 1 billion or more, if they all buy a service worth US\$1,000 from us. Although this sounds impossible, but it is an impression that there's a big money over there. No one can exactly predict how much this service may be valued at.

1.12.3. Market Structure

Our international clients are dominantly manufacturers, investors, investment banks, consultants, governments, R&D, and utilities in W. Europe, N. America and Austrasia. From my experiences, 50% comes from manufacturing, 30% from the consultation and information services.

1.12.4. Risks



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We have no risks to run the services. We don't need intensive capital investment apart from the few personnel cost, and the government is encouraging foreign and private capital to go to the renewable energy sector. The central government is putting more efforts on developing the western part of China and therefore our services are helping realizing this policy.

In one word, we have no capital risks, nor political risks.

1.12.5. Sales Tactics

We will directly contact our clients by mails, telephone marketing, face-to-face meeting at shows, exhibitions, fairs, conferences etc.

We will also promote our businesses in some of the popular industry media – newspapers and magazines.

For international clients, our main contact channel is our website which is becoming more and more popular. Currently it is well ranked with all main search words in www.google.com, www.yahoo.com, and www.msn.com .

1.12.6. Current Achievements v. Expenses

What's done so far?

Following are our main client contacts since June 2002 in the power industry sector, incl. solar energy

Name	Website
Consultants	
Jones Day	www.jonesday.com
J.P. Morgan	www.jpmorgan.com
Taylor Nelson	www.tnsolfres.com
Capital Management	
Bernstein	www.bernstein.com
San Martin	www.smhci.com
Concorde Finance	
Marker Researchers	
China Business Services	www.ChinaBusinessServices.com
DataMonitor	www.datamonitor.com
Research & Markets	www.researchandmarkets.com
McCoy Power Reports	www.mccoypower.com
InfoShop	www.the-infoshop.com
Multinational in Multiindustries	
Alcatel Bell Shanghai	www.alcatel-sbell.com.cn



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Power & Energy - General	
ALSTOM Power, Air Preheater Company	www.airpreheatercompany.com
China Light & Power	www.clpgroup.com
VA Tech UK	www.vatechuk.com
Tata	www.tatachina.com
Future Trends Int'l	www.future-trends.org
HRST Inc	www.hrstinc.com
Moog	www.moog.com
Saco Controls	www.sacocontrols.com
Power & Energy - Hydro	
MVV/Eternegy	www.eternegy.de
KSB	www.ksb.com.cn
Hydro Tasmania	www.hydro.com.au
Impregilo	www.impregilo.co.it
Power & Energy - Engineering	
Iris Power Engineering	www.irispower.com
Mannings USA	www.manningusa.com
CRU Int'l	www.crugroup.com
TechnoTrade	www.technotrade-gmbh.de
Environment Technology	
Obermeyer Plannen + Beraten	www.opb.de
Renewable Energy	
Optimum Energy Australia	www.optimumenergy.com.au
Aston University	www.pyne.co.uk
Solar Energy	
Sun Power Systems	www.sun-power.com
Spire	www.spiresolar.com
First Solar	www.firstsolar.com
RWE Schott Solar	www.schott.com
BP Shell Solar	http://www.shell.com/renewables
Matsushita/Panasonic	www.panasonic.co.jp
Graz University of Technology	http://wt.tu-graz.ac.at
Bundesverband Solarindustrie e.V., BSi	www.bsi-solar.de
Celestis, Inc	www.celestis.com
Einhorn-Consult	
IKRATOS Solartechnik	www.lkratos.de



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MHH Solartechnik GmbH	www.mhh-solartechnik.de
Philips Shanghai	
PHOTON International	www.photon-magazine.com
SCHÜCO International	www.schueco.com
SolarAccess	www.solaraccess.com
Solarbuzz Europe	www.solarbuzz.com
Sunenergy	www.boehne.de
UkrainaSolar	www.solarenergy.iatp.org.ua
Solar Energy Systems Ltd	www.sesltd.com.au
Bayer (China) Limited	www.bayerchemicals.com
ErSol Solar Energy Aktiengesellschaft	www.ersol.de
Shanghai Krupp Stainless	www.skschina.com
Saint-Gobain China	www.saint-gobain.com
GE Energy / Solar Technologies	www.ge.com
PlanAir	www.planair.ch
Lorentz Pumps	www.lorentz.de
Wacker Chemicals	www.wacker.com

1.12.7. Sales Plan

We plan to earn:

US\$ in 2004-2005

US\$ in 2005-2006 and open a new office in Shanghai and employ several alliances throughout the east China area

US\$ in 2006-2007 period

US\$ in 2007-2008 fiscal year.

During 2004-2005 fiscal year, some 300 projects shall be contracted with a sales volume of US\$ each. As a result, the yearly revenue for this alone will yield to US\$.

We hope to achieve some other revenues in value added consultation services for international clients who want an engagement in China.



1.13. Pricing

Our prices are determined by several factors: costs involved in preparing the studies and reasonable profits; similar prices in the market, and the value of the reports/studies and the size of the reports engaged of the clients. In many instances, we have to decide which of the factors play a bigger role.

At the initial stage we will work out a moderate prices. At the moment we consider an US\$ per month for the ChinaSolarMonthly report is a reasonable price term, however, this shall be adjusted to its real value of about US\$ when the market is moved up. The ChinaSolar report will be priced at US\$ minimum. .

Later we will also market the ChinaSolarDirectory package – a directory of Chinese solar companies, perhaps in June this year. Its price is to be determined later in May.

And prices for other services – notably the online database and information, the B2B services – will also be determined accordingly when they are ready to the market.



1.14. Research & Development

We will spend about 10% of our revenues on R & D to keep us in the forefront of businesses.

Our researches will be focusing on developing new software products as tools in our consultation activities, esp. during online sales and online design areas, a particular focus will be an online B2B service. These tools will also be sold to our clients. Some of the budget will go to follow the recent development in databases, data warehousing, Java platform, and Microsoft's .Net technologies. We will assign about three IT specialists to monitor the development in this area.

We will also design new service packages for our clients. For this purpose we need several power engineers to keep tracks of the consultation markets, from our competitors both at home and abroad. They shall regularly report on the development and propose our reactions.

1.15. Location

We will relocate ourselves to an average-cost office building with an area of about 50 m². The price shall be within US \$ 0.6/d/m², so that overall cost shall be within US \$.

We need a little refurbishment and purchase of additional office furniture and equipment with a cost of about US \$.

1.16. Summary

We need about US \$ to achieve our first target during the first year of operation. And we hope from the second year on we will be able to maintain a balance sheet and even earn some profit. The final, ambitious goal of our business is to make our company one of the best consultation and software solution companies within the solar power generation sector in China at least.

1.17. Abbreviations

BP – This business plan

SPI – Solaires Power International, initiator of the business plan

Party – the partner in negotiation with SBI for possible equity investment

Project – the business to be carried out by the BP



2. Plan for China Power Services 2003-03

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March 8, 2003

2.1. Chapt. 01 Confidentiality

This Business Plan (hereafter BP) is a proprietary document of the author – director of Solaires Power International, based in Hangzhou, China – hereafter referred as SPI.

Any potential partner (Investor) must return, remove from his computer memory, any copy of that document regardless of its form – electronic or hard copy, if the said party (Party hereafter) cannot reach an agreement with SPI and the Party is not allowed to invest in similar projects or come to a similar business activities in lieu of the one proposed here.

2.2. Chapt. 02 Purposes of this Business Plan

This BP is used for showing our business strategies to our potential investors. It also serves as our business plan for internal use.

Audience of the BP: stakeholders who are interested in our company, our services and our software and are willing to help finance our ambition.

As results of our marketing efforts over the last years or so, our business is expanding, and to cope with increasing customer care we need a strong team, and long-term reliable business partners, all these require some amount of capital.



For the first year of expansion we expect to obtain a financing of US \$ 676 000 either as equity investment or credit. Details please discuss with us via email, phone or face-to-face meeting.

2.3. Chapt. 03 Executive Summary

SPI was formed as a proprietorship company in Oct. 1999 in Shanghai, China, in response to demands for e-business applications from industries and commerce. The company was named Softhousing and then renamed to Solaires in 2001 to adapt to our business strategy - right now we are focusing on providing information and consultation services to international clients on one hand and financing consultation services to domestic clients on the other, all in the power and electricity industries.

Since the latest adjustment of our business strategies in April 2002, many inquiries from around the world are rushing to us - mostly from Germany and the U.S. - such as KSB, SCHOTT Group, J.P. Morgan Chase, Taylor Nelson, Jones Day - for business transactions in the power project arena.

At the moment, SPI maintains a very small team in Hangzhou. And now it is not possible to handle all the work without a larger team – for software development, maintenance of the website, processing of information, market study and analysis, client communications, marketing/sales and services.

To this end, we need investment from private individuals and/or companies. A total of US \$ 676 000 is being raised which will be used to finance working capital, office and marketing. The company will be incorporated and common stock issued to investors. The company will be run as a corporation.

2.4. Chapt. 04 Management Biography

I started the business in 1999 when my contract with Babcock Borsig Power was terminated. I have been solely responsible for the running of the business for quite a time - including strategic planning, marketing, sales, services website design and maintenance.

I had a dozen years of experiences in the power sector, incl. as a procurer at Babcock Borsig Power, as a marketing engineer at ALSTOM, as a quality engineer at Guangdong Nuclear Power Joint Venture Co, China, as a design engineer at Guangdong Electric Power Design Institute, China and as an assistant engineer at the Chinese Ministry of Machine Industry.

Apart from those experiences, I was also employed by Siemens as the quality department manager of one of its factories in China and as a certification engineer at TUeV Rheinland, one of the major certification bodies of the world.

I also served the Ministry of Machine Industry as a coordinator for national power equipment industry early in the 1980's.

2.5. Chapt. 05 Shareholders

The investors with a capital of US \$ 676 000 mln will hold a share of 25 % of the company. Therefore, the value of the current company will be evaluated at US \$ 1,900,000.

The capital investment cannot be withdrawn within the next three years after the agreement shall be signed by all parties, if more than one investor are participating in the venture.



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After three years of venture, shareholders can retreat from the joint operation with conditions for payment to be discussed later.

Shareholders will be positioned with a member seat in the board of directors in the future company equivalent to his/her share. He/she will not be involved directly in day-to-day management of the company and thereby has no power over the management of the company. I will be solely responsible for the operation of the company during the first 3 years of operation to ensure a steady and consistent operation.

As the company becomes bigger, more management staff will be introduced, and I will gradually handover some of the important roles to other management members, and I will reduce my shares in the companies too. Shareholders will enjoy greater power in the management of the company.

Details of management of the company to be drafted in the meantime.

Financial Goals/Returns Forecast:

Year	2003-2004	2004-2005	2005-2006
Sales	US \$ 500 000	US \$ 1 mln	US \$ 2 mln
Net Income	US \$ 100 000	US \$ 200 000	US \$ 400 000
Earnings Per Share*	0.05	0.10	0.20

* Each share represents one US Dollar, total shares of the initial company will be about 1,900 000

From this table, the investor with US \$ 676 000 (25%) will get a net profit of US \$ 100 000, US \$ 200 000, US \$ 400 000 in 2003-2004, 2004-2005 and 2005-2006 fiscal years resp. His principal is expected to be paid back at the end of the three year too.

After three years his/her investment is completely repaid in addition to his/her 25% ownership of the company.

Stock exchange: we cannot foresee a day when our company could be able to issues share in public stock exchange. The only option, which we can make sure is to buy back your shares at a price to be negotiated during the next phase or before the date of your quit.

2.6. Chapt. 06 Organization & Management

Management & Team

The new company will be organized and lead by me according to the development plan of the company.

Following team members are needed at the moment:

2003.4: several power engineers

2003.4: two specialist translators

2003.4: Several IT engineers responsible for website maintenance and later organizing development of software

2003.4: Two secretaries for administrative issues

2003.4: 3 to 4 marketing engineers

2003.4: An accountant and a cashier

Organization

IT Department

Project Department – project information collection, data processing and reporting, government coordination etc



Translation Dept
Marketing Dept
Administration Dept.: including treasury

2.7. Chapt. 07 Business & Service Description

We provide

Information and consultation services on China power projects to domestic and international clients

Financing assistance to Chinese power project owners/developers in international and/or domestic markets

Developing project database software with CRM and investment optimization functions. Software name:
"ProjecTone"

Clients

General investors: private persons, private entrepreneurs, funds, trust etc

Energy developers, project managers/owners

Consultant, investment banks

Manufacturers

Service companies, engineering firms

Others

Geographical: all China, mostly in the west regions

Areas involved:

Fossil power plants - new or expansions - of coal, oil or gas fired

Combined cycle - gas turbines + steam turbines + heat recovery boilers

Gas turbines generators,

Diesel generators,

Co-generation power - heat and power generation combination,

Hydropower and pumped storage power stations,

Mini-hydropower,

Nuclear power stations,

City waste incineration plants,

Solar thermal,

Solar PV power,

Wind power,

Other renewables

Biomass

Gasification, Biogas, Landfill

Geothermal

Hydrogen/ Fuel Cell

Ocean Power - Tidal, Wave, Thermal, Ocean Current, Salinity Gradient Energy

Bagasse

Hybrid



2.8. Chapt. 08 Software Development

Project information, investment valuation and client tracking software with the following functions:

View, search and editing of existing projects

Technical and commercial analysis, comparison and decision making for investment and other purposes.

Results will be displayed as charts, tables and diagrams and can also be exported/printed in proper formats.

Decision making supports

Project management

Statistics of China power industries

Other functions

Software name: ProjectTone

Target clients: all parties involved in power projects

2.9. Chapt. 09 Missions & Objectives

To make SPI one of the best services delivering the above services

Long Term

The company plans to become one of the top 10 private information and consultation services in China when power projects are concerned. We will provide some of the best researches on Chinese market to major international suppliers, investors, government and non-government organizations. We will develop the best software tools for use for all parties concerned in the Chinese power sectors.

Short Term

Within the next 2 to 3 years, we hope to provide services to about 100 - 150 international/domestic clients with an annual revenue of US \$ 3 to 6 millions each (till 2005), and we will have a team of about 25 consisting of power engineers, Internet experts, translators, marketing/sales and other personnel.

2.10. Chapt. 10 Competitors

There are hundreds of thousands of consultants active in the power industry, one of them is the famous China International Engineering Consultation Company originated from the former Ministry of Water Resources & Hydraulic Power. There are also many oversea companies or companies run by overseas Chinese, all with their own relations (guanxi) at all level of government throughout the country. Most of them are doing business in traditional ways, very limited to their reach.

Only few are providing borderless services via Internet technologies. One of them is the AEA International Business Networks Ltd which is founded by a Chinese Canadian and who has strong support from government (MOFTEC, Ministry of Construction, Beijing Trade Promotion Commission, and AMEC-AGRA), and international funding. They are targeting at providing project information, consultation and a very wide spectren of services to international companies in all major areas of infrastructures – transportation (land, water, air, port), power, chemical, ..., everything. They have a data rich website - www.sinoprojects.net . This is a bilingual site with also project, bidding and other information in the power sector.



Another pioneer is the Beijing Huanxinjie Investment Consultancy Co., Ltd. (BHI), which is cooperating with the State Development Council and the China Engineering Consultation Society. BHI is running an online project database called China Projects at Plan or under Construction at www.bhi.com.cn, also for all industries. In addition, major info news, news report, market researches are also provided by that company.

The above two are our strong competitors, no doubt of it. They provide very rich information, they have solid support from the government and the industries, and they have capital, technologies to support their services. In one word, they have everything needed to defeat any challenger like us, unless we have some speciality, which they can't mimic.

Yes, we do have found some weak points in their information, services and websites. First, they are active in too many areas of business – they want to cover all areas of China's infrastructure construction. And it's common sense that no body can excel in everything, simply no one. By covering so many industry fields, they can't provide personalized, in-depth information and consultation services to all clients for all concerns. And the quality of services will be sacrificed of course.

Secondly, the BHI website only provide information in Chinese, that drives away the international clients.

And thirdly, information updates for the power industry is not fast enough to follow the development pace.

On the other hand, we are only focusing on the power generation sector, we won't publish too many information at our website except the project information and the very important news. We will provide very detailed project information and consultation services, which the above two can't, or are unable to follow. If so they have to employ thousands of first class consultants.

Short Description of the Competitors	
Name:	Beijing Huanxinjie Investment Consultancy Co., Ltd. http://www.bhi.com.cn
City:	Beijing
Strengths:	With support from government
Weaknesses:	Without English version; project information incomplete (only with basic information available for sale)
Name:	AEA International Business Networks Ltd http://www.sinoprojects.com
City:	Beijing
Strengths:	Financial, government supports
Weaknesses:	Information incomplete

2.11. Chapt. 11 Competitive Advantages

As a newly established business, we have a very small, but skilled team, so that our overhead cost can be cut



to minimum. At the early stage of the operation, I will run the business with 15 to 20 persons (in the areas of power engineering, Internet technologies, translation, marketing and administration) to keep the staff at minimum.

Because of our size, we can maintain a low price strategy, respond to clients more quickly and personally, and avoid many bureaucratic formalities in a complicated, state-owned or otherwise, companies as our competitors.

2.12. Chapt. 12 Innovation

We will design a database of project information, which no one else has so far. With this database, clients can sort out information in a variety of ways - such as by location (provinces, counties), by dates, by categories (fossil, nuclear, hydro...), by investment amount, by investors, by.... The list is endless. So far our two biggest competitors' online project information database (in-house one as well, I would presume) is only a chronological list of projects. There are apparently duplicates of information.

Furthermore, our website will also keep track of the project development with some basic information - detailed info will only be available to paid clients. These information include approval status of relevant authorities, construction status, financing, electricity purchase contract, land-use, load and credit, government support etc. And what's more exciting, we will design an add-on to the software product which allows clients – especially the investors – to analyze financing indices – and also to manage projects easily.

The software we are developing would be something like a pre-construction project database, financial valuation, CRM and project management.

The online project database, the stand-alone software will all share the same data sources. They will be kept updated as often as possible. And the standalone software will be delivered in two forms – a desktop version and a network version. Chinese and English languages will be available for both local and international users.

2.13. Chapt. 13 Pricing

Our services are in most cases tailor-made for each client. As past experiences indicate we almost have little chance to provide mass-production reports/researches/services. In order to cover all of our costs during the preparation of the reports of the one-time researches we have to quote higher prices than most people would consider acceptable.

From our market studies we also have no information about prices of equivalent reports. What we have seen are general-purpose reports without first hand project data. Therefore we can hardly compare our prices with others.

Pricing is one of the challenges facing our marketing strategies. IN the past 11 months or so, we feel that most clients went away once we provided a quote to them. However, to reduce our prices to a level they might accept, we are losing money.

Our prices are determined by several factors: costs involved in preparing the studies and reasonable profits; similar prices in the market, and the value of the reports/studies and the size of the projects engaged of the clients. In many instances, we have to decide which of the factors play a bigger role.

And there are also client-specific factors for considerations. For the same services we would charge a consultant much higher than an ordinary client because a consultant want to resell our reports to his/her clients, this in turn will jeopardize our market share..

Apart from the information services and researches on Chinese market, we offer in-depth consultation on



specific topics/areas of the Chinese power industry as requested by the clients. Prices of this kind of services are totally bilateral issues and cannot be determined before hand.

Consultation for project financing for Chinese client is one of these consultation businesses.

And at last, the software prices. We are still developing the product, and we are planning several versions to cater for different types of client. And by modulate the software we're also modulate the prices.

2.14. Chapt. 14 Markets, Marketing & Sales

Introduction

There're hundreds of thousands of companies willing to enter into the Chinese power industry, only 2nd to that of the U.S. These include Fortune 500 companies, SME and private persons.

MNCs and domestic giants –investors, developers, and manufacturers - have mostly their own information resources and maintain good relations with governments.

SMEs use several market access tricks – as subcontractors of MNCs, or subcontractors of Chinese general contractors or directly contact the Chinese partners or government.

Whatever the marketing strategies might be, they all rely on reliable information to make business decisions. IN this sense, all of them, either MNCs of domestic firms, have thirsty desire of reliable and detailed information, analysis and reporting.

Therefore we can optimistically conclude that all of the companies interested in the Chinese power industry might become our clients – that was already proven by the inquiries from major international companies as listed in Chapter 15.

Market Volume

Duo to lack of statistics we can't provide a figure here. However, it's safe to predict a rough figure as RMB 5% x 200 Billions/year or RMB 1 billions for the consultation market. RMB 200 billions is the yearly investment in China's power generation & T&D industry.

The software products would have a market of ca. 20 000 (domestic) + 30 000 (international) sets in size with a potential sales volume of RMB 5000 x 50 000 or RMB 250 millions. Here RMB 5000 is the unit price and services are not calculated.

The above two have a market volume of RMB 1.25 billions.

Market Structure

Our international clients are dominantly manufacturers, investors, investment banks, consultants, and utilities in W. Europe, N. America and Austrasia.



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Our domestic clients are mostly located in the remote west, central, south west and northwest China where there are rich in natural resources – water, coal, gas, sunshine or wind.

We try to cover projects in the lower end – that is, projects with investment of between US \$ 50 000 and US \$ 10 millions. Project types shall be either small to medium hydropower, combined heat and power plants or low heat value coal fired power plants, which are encouraged by government policies. There are many hundreds of such projects in the underdeveloped areas of China waiting for capital.

Risks

We have no risks to run the services. We don't need intensive capital investment apart from the few personnel cost, and the government is encouraging foreign and private capital to go to the infrastructure sector incl. The power industry. The central government is putting more efforts on developing the western part of China and therefore our services are helping realizing this policy.

In one word, we have no capital risks, nor political risks.

Sales

We will directly contact our clients by mails, telephone marketing, face-to-face meeting at shows, exhibitions, fairs, conferences etc.

We will also promote our businesses in some of the popular industry media – newspapers and magazines.

For international clients, our main contact channel is our website which is becoming more and more popular. Currently it is well ranked with all main search words in www.google.com, www.yahoo.com, www.aol.com, and www.msn.com.

Sales Plan

During 2003, some 200 projects shall be contracted with a sales volume of RMB 2500 each. As a result, the yearly revenue for this alone will yield to RMB 250 000.

We hope to achieve some other revenues in value added consultation services for domestic clients who want an international investment. We will also try to carry out some researches for international clients.

2.15. Chapt. 15 Current Achievements v. Expenses

What's done so far?

Following are our main client contacts since June 2002:

Name	Website
Jones Day	www.jonesday.com
J.P. Morgan	www.jpmorgan.com
KSB	www.ksb.com.cn
Matsushita/Panasonic	www.panasonic.co.jp



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Taylor Nelson	www.tnsolfres.com
RWE Schott Solar	www.schott.com
Moog	www.moog.com
HRST Inc	www.hrstinc.com
Saco Controls	www.sacocontrols.com
Aston University	www.pyne.co.uk
Hydro Tasmania	www.hydro.com.au
China Light & Power	www.clpgroup.com
MVV/Eternegy	www.eternegy.de
Tata	www.tatachina.com
VA Tech UK	www.vatechuk.com
Spire	www.spiresolar.com
First Solar	www.firstsolar.com
ALSTOM Power, Air Preheater Company	www.airpreheatercompany.com
Future Trends Int'l	www.future-trends.org
Obermeyer Plannen + Beraten	www.opb.de
Optimum Energy Australia	www.optimumenergy.com.au
Sun Power Systems	www.sun-power.com
McCoy Power Reports	www.mccoypower.com
Concorde Finance	
Iris Power Engineering	www.irispower.com
Mannings USA	www.manningusa.com
CRU Int'l	www.crugroup.com
Bernstein	www.bernstein.com
TechnoTrade	www.technotrade-gmbh.de
San Martin	www.smhci.com
China Business Services	www.ChinaBusinessServices.com
DataMonitor	www.datamonitor.com
Research & Markets	www.researchandmarkets.com
Impregilo	www.impregilo.co.it

Notes:

- 1) Jones Day: world's largest law firm;
- 2) J.P. Morgan: one of world's largest investment bank;
- 3) Taylor Nelson: one of the largest marketing firm in the world;
- 4) RWE Schott Solar - the holding company of Carl Zeiss Foundation, world's best known glass manufacturer;
- 5) KSB - one of the most famous pump manufacturers of the globe;
- 6) Matsushita/Panasonic - Japan's leading electric/electronic company;
- 7) Moog - control system manufacturer in the US;



- 8) HRST Inc - an US services company for boiler maintenance;
- 9) Saco Controls - a Canadian control system suppliers for power plants;
- 10) Aston Uni - well-known for its biomass research.
- 11) Hydro Tasmania: one of Australia's largest electricity utilities
- 12) China Light & Power: Hongkong's largest electricity utilities with 5 millions clients
- 13) MVV: one of Germany's largest electricity utilities
- 14) Tata: India's largest private enterprises and also the largest power equipment manufacturers in India
- 15) Spire: world's largest solar PV production facilities manufacturer, located in the US
- 16) First Solar: one of the leading solar PV cells manufacturers
- 17) VA Tech: one of the largest hydropower equipment manufacturers, headquartered in Austria
- 18) ALSTOM Power, a division of ALSTOM, one of the Fortune 500 companies and the largest power equipment manufacturer in the world. I used to work at ALSTOM Shanghai as its marketing manager for power generation division
- 19) Obermeyer Planen und Beraten: one of the three biggest consultants in Germany
- 20) Impregilo: Italy's largest construction company in infrastructure incl. Power projects

2.16. Chapt. 16 Location

We will relocate ourselves to an average-cost office building with an area of about 150 m2. The price shall be within US \$ 0.6/d/m2, so that overall cost shall be within US \$ 3000/month.

We need a little refurbishment with a cost of about US \$ 50 000.

The office will be located in the downtown area close to the provincial electricity bureau - the Muoganshan Road in Hangzhou, China. This is not the most expensive area nor the cheapest one. Being close to the power authorities, it's more convenient to communicate with the local policy-makers and information resources.

2.17. Chapt. 17 Service Processes

Our products are service-related. We get all of our information either from the Internet freely or with payment or from the industry experts. We can also purchase information from major data center of the China Economic & Trade Council and some other national or regional data centers.

After we get them, we need to translate, organize, re-edit and publish in a form or another - mostly in .PDF ,Excel or .DOC forms, to be available electronically to our customers. We will also use our software to quickly prepare our reports to our clients.

Once our software is developed, we will also be able to deliver it as a ready products and it is then up to the clients to find the solution he/she needs. However, the software product he/she receives finally, depends on how much he/she pays. He/she must specify clearly before purchasing.

All of our work are done based on state-of-the-art computerized technologies and communication tools within our staff and with our clients - to reduce cost, to improve communications efficiency and to make our service better.



2.18. Chapt. 18 Research & Development

We will spend about 10% of our revenues on R & D to keep us in the forefront of businesses. Our researches will be focusing on developing new software products as tools in our consultation activities, esp. during project financing and research activities. These tolls will also be sold to our clients. Some of the budget will go to follow the recent development in databases, data warehousing, CRM applications, Java platform, and Microsoft's .Net technologies. We will assign about three IT specialists to monitor the development in this area.

We will also design new service packages for our clients. For this purpose we need several power engineers to keep tracks of the consultation markets, from our competitors both at home and abroad. They shall regularly report on the development and propose our reactions.

2.19. Chapt. 19 Historical Financial Data

HISTORICAL (till Aug. 2002) \$ US

	2000	2001	2002	Interim #'s
Sales				
Gross Profit %				
EBITDA (\$ and %)				
EBIT				
Capital Expenditures				
Depreciation				
Owners Compensation				
Ratio Analysis of above				

PROJECTIONS

	2003	2004	2005	2006	2007
Sales					
Gross Profit					
EBITDA					
EBIT					
Capital Expenditures					
Depreciation					
Owners Compensation					
Ratio Analysis of above					



2.20. Chapt. 20 Effects of Loan or Investment

The money invested in our company will be used for the following purposes:

Employment of personnel: US \$ 120 000/year (assuming 20 persons x RMB 50 000 annually each, incl. welfare and other benefits)

Purchasing of office equipment: US \$ 100 000

Office rent & maintenance fees: US \$ 36 000/year

Working capital US \$ 200 000 (telephone & fax bills, Internet (ADSL) access, water & electricity, lunch allowance, travels, paper and printing inks...

Marketing cost: US \$ 200 000: newspaper, magazines, Internet advertisement, gifts, conference & exhibitions, pamphlets/brochures, travels etc

Startup costs - US \$ 20 000: legal fees, filing fees

These outlays will enable us to operate at a level that will allow us to meet our conservative sales goals for the first year.

Total: US \$ 676 000 for the period of the first operation year.

About US \$ 400 000 will be allocated for the first half of the year because of intensive infrastructure investment. The 2nd half of the year is dominated by operation costs such as marketing and salaries.

2.21. Chapt. 21 Plan

We plan to earn:

RMB 500 000 in 2003-2004

RMB 1 million in 2004-2005 and open a new office in Shanghai and employ several alliances throughout the east China area

RMB 2 millions in 2005-2006 period

RMB 4 millions in 2006-2007 fiscal year.

2.22. Chapt. 22 Summery

We need about US \$ 676 000 to achieve our first target during the first year of operation. And we hope from the second year on we will be able to maintain a balance sheet and even earn some profit. The final, ambitious goal of our business is to make our company one of the best consultation, investment banking and software solution companies within the power generation sector.

2.23. Chapt. 23 Definitions & Terminologies

BP – This business plan

SPI – Solaires Power International, initiator of the business plan

Party – the partner in negotiation with SPI for possible investment

Project – the business to be carried out by the BP



2.24. Chapt. 24 Literature

Attachments