



# Abalance – Manufacturing Nonsense

Abalance management absurdly claim all Viceroy criticisms and concerns are non-issues, despite overwhelming and well-documented evidence to the contrary.

## PLEASE READ IMPORTANT DISCLAIMER – PAGE 8

**May 18, 2023** – On May 17, 2023, Abalance issued two unsatisfactory responses to concerns Viceroy raised in its report titled “Abalance – Turning Japanese? We really don’t think so”.

A copy of our report and Abalance management’s responses can be found below:

<https://viceroyresearch.org/2023/05/16/abalance-turning-japanese-we-really-dont-think-so/>

<https://www.abalance.jp/en/ir>

Management’s rebuttal does not deserve a response, however shareholders do. We will address every management denial, point-by-point, below.

Viceroy have also attempted to reach out to Abalance via email yesterday morning. Abalance have not responded, and in its subsequent response, claim we have not contacted them.

## 1. VSUN Supply Chain & Scope of “Manufacturing”

1. 当社のグループ会社 Vietnam Sunergy Joint Stock Corporation (以下「VSUN」という) は、ソーラーパネルのサプライチェーンにおける VSUN の唯一の用途は、セルをフレームにラミネートすることである。太陽光パネルは、新疆ウイグル自治区の強制労働収容所から材料を調達している中国のサプライヤーから購入される。VSUN は、中国のバススルー・サプライヤーとして、来年から米国で不利な貿易制限に直面します。同社はすでに貿易関税を回避し、薄利多売で経営している。VSUN の社員は、制限を回避することを宣伝している。

(回答)  
本件記述内容につきましては、全く事実無根であります。  
新疆ウイグル自治区の強制労働収容所から材料を調達している中国のサプライヤーから購入している事実はありません。  
VSUN は、欧米始め各国へ太陽光パネルを輸出しておりますが、全て各国の法令遵守しております。

Figure 1 – Extract from Abalance response to Viceroy Research report

Abalance acknowledges our concerns that:

- it is a minimal-value add to its solar module manufacturing process
- it will be adversely affected by US AD/CVD orders and trade restrictions commencing June 2024; and
- it is already circumventing AD/CVD duties.

Despite over 20 pages and dozens more references in our reports to this effect, management claim that our concern is “unfounded”. It does not elaborate.

Further, management vehemently denies that it trades with Chinese suppliers who utilize forced labor in Xinjiang. This is a bad hill to die on.

Viceroy have pulled *specific* and *detailed* VSUN import data which highlights and names its Chinese suppliers. Abalance cannot deny it conducts business with them.



	2019	2020	2021	2022	Grand Total
<b>Row Labels</b>					
VSUN CHINA CO.,LTD	24%	21%	24%	32%	24%
85414021	15%	9%	24%	32%	18%
85414022	0%	11%	0%	0%	4%
85419000	10%	0%	0%	0%	2%
TONGWEI SOLAR CO., LTD	0%	1%	6%	20%	5%
85414021	0%	1%	6%	20%	5%
JIANGSU RUNERGY PV TECHNOLOGY CO.,LTD	1%	0%	33%	19%	13%
85414021	1%	0%	33%	19%	13%
ZHEJIANG AIKO SOLAR ENERGY TECHNOLOGY CO. LTD	1%	1%	6%	18%	5%
85414021	1%	1%	6%	18%	5%
85419000	0%	0%	0%	0%	0%
ANHUI YINGFA RUINENG TECHNOLOGY CO., LTD	2%	1%	4%	10%	4%
85414021	2%	1%	4%	10%	3%
85419000	0%	0%	0%	0%	0%
CHANGZHOU ZHISHENG PHOTOELECTRICITY TECHNOLOGY CO.,LTD	1%	1%	4%	1%	2%
85414021	0%	1%	4%	1%	2%
85419000	1%	0%	0%	0%	0%
GUANGDONG AIKO SOLAR ENERGY TECHNOLOGY CO.,LTD	0%	1%	1%	0%	1%
85414021	0%	1%	1%	0%	1%
85419000	0%	0%	0%	0%	0%
SEAGO INTERNATIONAL TRADING LIMITED	1%	0%	0%	0%	0%
85419000	1%	0%	0%	0%	0%
CHANGZHOU DOMI OPTOELECTRONIC TECHNOLOGY CO.,LTD	0%	1%	0%	0%	1%
85414021	0%	1%	0%	0%	1%
THE COLUMBUS TECHNOLOGY PTE. LTD	0%	0%	7%	0%	2%

Figure 2 – TradeSparq data for VSUN imports filtered for solar cells, panels and modules

These suppliers are heavily implicated, directly or via their supply chain, in their use of forced labor in Xinjiang.

**Jiangsu Runergy 江苏润阳新能源科技**

Jiangsu Runergy is a solar cell supplier and what we believe is VSUN's largest solar cell supplier. It is itself supplied by LONGi who are mentioned in the Sheffield Hallam report on Uyghur forced labor practices in the solar industry. The report notes that LONGi's activities in the Uyghur region are limited to power generation and are do not include labor transfers.

However, LONGi is a customer of GCL Poly, Xinte, Daqo and Asia Silicon, all companies that were identified as having engaged in "labor transfers" and "poverty alleviation" in Xinjiang. These terms are synonymous with forced labor and relocation.

**Tongwei Solar 通威太阳能**

Tongwei Solar is listed by the Sheffield Hallam report as a customer of the sanctioned Xinjiang Hoshine, stating that "it appears that Tongwei's raw materials are typically sourced from companies proximate to their polysilicon facilities".

**Zhejiang Aiko Solar Energy Technology 浙江爱旭太阳能科技有限公司<sup>45</sup>**

Aiko Solar acquires its wafers from Shangji Automation who in turn have supply agreements with GCL Poly, Xinte, Daqo and Asia Silicon who were all identified as having engaged in "labour transfers" and "poverty alleviation" in Xinjiang.

Figure 3 – Extract from "Abalance – Turning Japanese? We really don't think so"

*What internal controls, if any, does Abalance have to ensure its supply chain is not tainted by forced labor?*

*Why does Abalance continue to source material from businesses who have been implicated in forced labor?*



## 2. The VSUN Construction Site

2. エーバランスは、2023 年 10 月に完成予定のセル工場の建設をベトナムで開発中である旨公表しています。現地での申請では、そのような建設許可は承認されていない。予想されるセル生産能力は、現在のパネル生産量をはるかに下回る。現地視察によると、このプロジェクトは予定通りには完成しないようだ。

(回答)

本件につきましては、本年 2 月 9 日にベトナム当局から建設許可をいただき、ベトナム国の建設基準に基づき適正に対応しており、現在セル工場の建設が計画通りに順調に進ん

でおります。

現在のセル工場建設 現場の動画をご覧ください。 <https://youtu.be/33Xjjqky910>

*Figures 4 & 5 – Extracts from Abalance response to Viceroy Research report*

Abalance allege that it received a construction permit on February 9, 2023.

Further: VSUN’s investment certificate’s operation schedule advises that the construction permit would be applied for in December 2022 – January 2023. Despite this, we have been unable to find any approved construction permits for the facility.

8.2 Tiến độ xây dựng cơ bản và đưa công trình vào hoạt động hoặc khai thác vận hành:

- Từ tháng 10/2022 - 12/2022: Thực hiện các thủ tục đầu tư, đất đai để bàn giao mặt bằng.

- Từ tháng 12/2022 - 01/2023: Thực hiện các thủ tục liên quan đến cấp phép xây dựng, môi trường, PCCC, ...

- Từ tháng 01/2023: Dự kiến khởi công công trình

- Từ tháng 7/2023 - 9/2023: Lắp đặt thiết bị và vận hành thử nghiệm dây chuyền sản xuất

**8.2 Basic construction progress and operation schedule:**

*From 10/2022 – 12/2022: implementing procedures relating to investment and land for land handover.*

*From 12/2022 – 01/2023: implementing procedures relating to construction permit, environment, fire protection, etc.*

*From 01/2023: to start construction*

*From 07/2023 – 09/2023: Equipment installation and trial operation of the production line.*

*Figures 6 & 7 – Extract from VSUN investment certificate and translation*

A copy of this investment certificate will be hosted on our website alongside this report.

Management then linked a youtube video of their new facility construction progress. Yes, we visited the site. That is the facility we pictured in our report. The photos are dated from the week ending May 12, 2023.

We reiterate that a site visit conducted on the week ending May 12, 2023, no copies of the construction certificates were on display as required.

---

*We are happy to retract this concern if management can provide investors and Viceroy with a copy of the construction permit.*

---



### 3. Dumping & Trade Restrictions

3. ダンピング、貿易制限、迂回行為について  
 VSUN は、中国製品のバススルー組立工場である。米国のアンチダンピング関税とカウンターベリング関税 (AD/CVD) を回避する ことを唯一の目的としています。

(回答)  
 VSUN は、各国の要求に応じて太陽光パネルを輸出しており、各国の法令に全て遵守しております。

Figure 8 – Extract from Abalance response to Viceroy Research report

Abalance acknowledges Viceroy concerns that it is actively circumventing AD/CVD orders.

Management deny this, and claim that they export solar panels in compliance with all laws and regulations of each country.

**This is a lie.**

To be abundantly clear: Abalance was specifically identified by the USA Department of Commerce’s (DoC) solar module AD/CVD investigation as circumventing AD/CVD orders. These orders have been in place since 2012.

The DoC investigation aimed to ascertain the true origin of Solar Module products. Among other things, the DoC queried:

- “Whether, Before Importation into the United States, Such Merchandise is Completed or Assembled in Vietnam from Merchandise that is Subject to the Orders or Produced in China”
- “Whether the Process of Assembly or Completion in Vietnam is Minor or Insignificant”
- “Whether the Value of the Merchandise Produced in China is a Significant Portion of the Total Value of the Merchandise Exported to the United States”

VSUN failed to respond to the DoC’s questionnaire, and was determined to be in breach of AD/CVD orders:

Companies That Failed to Respond to the Q&V Questionnaire

1. Cong Ty Co Phan Cong Nghe Nang (Global Energy)
2. GCL System Integration Technology
3. Green Wing Solar Technology Co., Ltd.
4. HT Solar Vietnam Limited Company
5. Irex Energy Joint Stock Company
6. S-Solar Viet Nam Company Limited
7. Venergy Solar Industry Company
8. Vietnam Sunergy Joint Stock Company
9. Red Sun Energy Co., Ltd

With respect to the non-responsive companies listed in the appendix to this memorandum, as AFA (see section VII of this memorandum above), we determine that these companies have affiliates in China and that these affiliations weigh in favor of finding circumvention for these companies.

With respect to the non-responsive companies listed in the appendix to this memorandum, as AFA (see section VII of this memorandum above), we have determined that the value of their processing performed in Vietnam is a small proportion of the value of the inquiry merchandise imported into the United States, which weighs in favor of finding circumvention.

Figure 9 – Extracts from Circumvention Inquiry Vietnam 2022 DoC

Prior to being acquired by Abalance: VSUN was circumventing AD/CVD orders as a subsidiary of CSUN.

The findings by the DoC are a matter of *public record*, and easily accessible in the below link:

<https://www.solarpowerworldonline.com/wp-content/uploads/2022/12/VIETNAM.pdf>

We reiterate that VSUN serves the sole purpose of circumventing US AD/CVD orders. We believe it is a glorified repackaging facility.



#### 4. Restrictions (again), Investigations & Employees

4. VSUN のベトナム工場は、製造能力がソーラーパネル組み立ての最も技術的に複雑でない後工程に限定されている。

VSUN の輸入データによると、主要市場である米国のアンチダンピング関税や相殺関税を回避するために、実質的にすべての部品を中国のサプライヤーから購入し、ベトナムで組み立てていることがわかる。

VSUN のソーラーパネルは、2024 年 6 月に施行される米国商務省 (DoC) による厳しい規制の対象となります。この規制は、ベトナム、タイ、マレーシア、カンボジアの企業が中国製のソーラーパネルやコンポーネントのパススルーとして機能していることを対象としています。

VSUN は、製品の原産地に関する DoC の照会に応じなかった。

VSUN は、旧中国企業との間に、スタッフの共有、CE 認証、ほぼ同じ型番やカタログなど、多くのつながりがあります。

VSUN の採用ページには、中国・上海での上級職が多数掲載されています。

(回答)

米国の東南アジア 4 か国に対しての制限について、VSUN の米国の顧問弁護士、専門家たちが米国の商務省に対して、法令に基づいて的確に説明し、対応しています。

また、米国司法省の調査にも積極的に対応し、全て回答しております。

VSUN は、中国を含めた日本、ベトナム、米国、ドイツ、欧米諸国等様々な国々出身の多数の社員が在籍するグローバル企業です。

Figure 10 – Extract from Abalance response to Viceroy Research report

Bizzarely: Abalance seems to muddle already addressed topics into an even less coherent response. Management acknowledges our concerns that:

- VSUN’s Vietnamese facility conducts a minor/insignificant part of the solar module manufacturing process.
- That virtually all parts and value of the solar module manufacturing is sourced from Chinese suppliers.
- VSUN panes are subject to strict regulation from the DoC commencing after the executive order grace period, being June 2024.
- VSUN did not respond to DoC inquiries regarding the origin of its products.
- VSUN is a phoenix of its former, bankrupt, AD/CVD circumventing owner: CSUN.

Abalance state that its legal counsel and experts have provided appropriate explanations and responses the US DoC. As already discussed, this is patently untrue. The DoC have been extremely clear that VSUN’s submissions did not constitute an acceptable response.

Abalance then bizarrely state that they are also complying with a Department of Justice (DoJ) investigation. We applaud the transparency (or faux pas) but to brag about complying with a previously unknown DoJ investigation is a weird PR tactic.

(回答)

米国の東南アジア 4 か国に対しての制限について、VSUN の米国の顧問弁護士、専門家たちが米国の商務省に対して、法令に基づいて的確に説明し、対応しています。

また、米国司法省の調査にも積極的に対応し、全て回答しております。

VSUN は、中国を含めた日本、ベトナム、米国、ドイツ、欧米諸国等様々な国々出身の多数の社員が在籍するグローバル企業です。

Translation: “VSUN also actively responded to investigations by the US Department of Justice”

Figure 11 – Abalance Press Release dated May 17, 2023

Abalance does not see a problem with having large concentrations of employees in China, despite cost analysis being a key factor in determining the origin of manufactured goods.



Furthermore, we note that despite adverse findings regarding its compliance by the DoC: VSUN sales managers based in China appear to actively advertise that VSUN can circumvent AD/CVD orders.

**eva liang** · 3rd  
International Sales Manager-VSUN  
Vietnam · Contact info  
500+ connections  
Message Follow More

**About**

Email : eva.liang@vietnamsunergy.com  
Mobile/WhatsApp/Wechat : + 86 151 [redacted]

Overseas sales manager at Vietnam factory---VSUN(Vietnam Sunergy),the big shareholder is Fuji solar, from japan, it is a Japanese-owned manufacture in Vietnam,500MW capacity annually.  
VSUN started module supply since Oct,2015. By 2018.06 VSUN has shipped over 1GW solar modules in total to the projects EU.

I am mainly in charge for EU and India market and made in Vietnam factory(Vietnam Sunergy) without anti-dumping tariff.CIF, EXW or DDP terms can be provided in EU/India and grade A quality with full set of certificates.

+86 is China Country Code  
151 is Jingān

Figure 12 – Extract from Abalance response to Viceroy Research report

## 5. CSUN Relationship

5. VSUN は、2019 年にイーバランスの子会社である FUJI SOLAR が買収した。以前は China Sunergy Group (CSUN) の子会社だった。

(回答)  
現在は、CSUN と VSUN は法律的にもビジネス上も何ら関係はありません。

Figure 13 – Extract from Abalance response to Viceroy Research report

Abalance deny that there is any current relationship between them and CSUN.

This is an absurd hill to die on, and an unacceptable response from management. There are various well-documented links between VSUN and CSUN.

Management have not addressed *any* of these links, including:

- That the products are identical, both in design, and material characteristics (i.e. they are the same product).
- That the VSUN warranty covers CSUN panels
- That VSUN staff appear to work for VSUN and CSUN at the same time, selling identical products.
- That VSUN project partners frequent visits to CSUN manufacturing facilities, despite having no business relationship with CSUN.



## 6. June 2024 Compliance

6. エーバランスが米国の AD/CVD 命令を回避することに加担しており、早ければ 2024 年 6 月に米国 から締め出されることになると考えている。

(回答)

そのような事実はありません。適宜、VSUN の米国の顧問弁護士や専門家たちに相談し、的確な助言に従いながら、法令順守に努めており、2024 年 6 月に米国から締め出されることはありません。

今後も脱炭素に向けた取り組みを強化し、太陽光パネルに対する旺盛な需要に応じてまいります。

*Figures 14 & 15 – Extracts from Abalance response to Viceroy Research report*

Abalance acknowledge our concern that VSUN products are non-compliant and will be found in breach of AD/CVD orders post a grace period allowed by President Biden.

This grace period is intended to not negatively affect live projects and give project managers in the USA time to source compliant modules.

Being found non-compliant by the DoC, VSUN will face enormous duties or be restricted from trading in the USA.

Abalance management completely deny this will be an issue.



### **Attention: Whistleblowers**

Viceroy encourage any parties with information pertaining to misconduct within Abalance Corporation, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on [viceroy@viceroyresearch.com](mailto:viceroy@viceroyresearch.com).

### **About Viceroy**

Viceroy Research are an investigative financial research group. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

### **Important Disclaimer – Please read before continuing**

This report has been prepared for educational purposes only and expresses our opinions. This report and any statements made in connection with it are the authors' opinions, which have been based upon publicly available facts, field research, information, and analysis through our due diligence process, and are not statements of fact. All expressions of opinion are subject to change without notice, and we do not undertake to update or supplement any reports or any of the information, analysis and opinion contained in them. We believe that the publication of our opinions about public companies that we research is in the public interest. We are entitled to our opinions and to the right to express such opinions in a public forum. You can access any information or evidence cited in this report or that we relied on to write this report from information in the public domain.

To the best of our ability and belief, all information contained herein is accurate and reliable, and has been obtained from public sources we believe to be accurate and reliable, and who are not insiders or connected persons of the stock covered herein or who may otherwise owe any fiduciary duty or duty of confidentiality to the issuer. We have a good-faith belief in everything we write; however, all such information is presented "as is," without warranty of any kind – whether express or implied.

In no event will we be liable for any direct or indirect trading losses caused by any information available on this report. Think critically about our opinions and do your own research and analysis before making any investment decisions. We are not registered as an investment advisor in any jurisdiction. By downloading, reading or otherwise using this report, you agree to do your own research and due diligence before making any investment decision with respect to securities discussed herein, and by doing so, you represent to us that you have sufficient investment sophistication to critically assess the information, analysis and opinions in this report. You should seek the advice of a security professional regarding your stock transactions.

This document or any information herein should not be interpreted as an offer, a solicitation of an offer, invitation, marketing of services or products, advertisement, inducement, or representation of any kind, nor as investment advice or a recommendation to buy or sell any investment products or to make any type of investment, or as an opinion on the merits or otherwise of any particular investment or investment strategy.

Any examples or interpretations of investments and investment strategies or trade ideas are intended for illustrative and educational purposes only and are not indicative of the historical or future performance or the chances of success of any particular investment and/or strategy. As of the publication date of this report, you should assume that the authors have a direct or indirect interest/position in all stocks (and/or options, swaps, and other derivative securities related to the stock) and bonds covered herein, and therefore stand to realize monetary gains in the event that the price of either declines.

The authors may continue transacting directly and/or indirectly in the securities of issuers covered on this report for an indefinite period and may be long, short, or neutral at any time hereafter regardless of their initial recommendation.