

1 Andrew M. Schatz
Jeffrey S. Nobel
2 Mark P. Kindall (CA BAR # 138703)
SCHATZ NOBEL IZARD P.C.
3 20 Church Street, Suite 1700
Hartford, Connecticut 06103
4 Tel: (860) 493-6292
Fax: (860) 493-6290
5 aschatz@snilaw.com
jnobel@snilaw.com
6 mkindall@snilaw.com

7
8 **Counsel for Plaintiff**
Thomas O'Reilly

9 **UNITED STATES DISTRICT COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
SAN JOSE DIVISION

11 THOMAS O'REILLY,
12 Plaintiff

13 v.

14 LDK SOLAR, CO., LTD.,
15 XIAOFENG PENG, XINGXUE TONG,
and JACK LAI,
16 Defendant.

CASE NO.:

CLASS ACTION COMPLAINT

DEMAND FOR JURY TRIAL

17
18 Plaintiff, Thomas O'Reilly, on behalf of himself and all others similarly situated, allege
19 the following facts for their Class Action Complaint (the "Complaint").

20 **NATURE OF THE ACTION**

21 1. This is a class action on behalf of all persons who purchased the American
22 Depository Shares (the "Shares" or "ADS") of Defendant LDK Solar Co., Ltd. ("LDK") from
23 August 1, 2007 through and including October 3, 2007 (the "Class Period" and the "Class").
24 Excluded from the Class are Defendants, members of Defendants' immediate families, any entity
25 in which any Defendant has a controlling interest, and the legal representatives, heirs, successors
26 or assigns of any such excluded person.
27
28

JURISDICTION AND VENUE

1
2 2. This Court has jurisdiction over this action pursuant to (i) Section 27 of the
3 Securities Exchange Act of 1934, 15 U.S.C. § 78aa *et seq.* (the “Exchange Act”); and/or (ii) 28
4 U.S.C. §§ 1331 and 1337. The claims asserted in the Complaint arise under and pursuant to
5 Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b), 78t(a)) and Rule 10b-5 (17
6 C.F.R. § 240.10b-5) promulgated by the SEC.

7 3. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28
8 U.S.C. § 1391(b). LDK’s principal executive office in the United States was located at all
9 relevant times at 1290 Oakmead Parkway, Sunnyvale, CA 94085 and a substantial part of the
10 events or omissions giving rise to the claims complained of herein occurred in this District.

11 4. In connection with the wrongs alleged herein, Defendants used the
12 instrumentalities of interstate commerce, including the United States mails, interstate wire and
13 telephone facilities, and the facilities of the national securities markets.

THE PARTIES

14
15 5. Plaintiff Thomas O’Reilly purchased Shares during the Class Period as set forth in
16 a Certification of Named Plaintiff attached hereto and has suffered losses as a result of the
17 wrongdoing more particularly described herein.

18 6. Defendant LDK is a Cayman Islands corporation with its executive offices and
19 principal place of business in the United States located at 1290 Oakmead Parkway, Sunnyvale,
20 CA 94085.

21 7. During the Class Period, Defendant Xiaofeng Peng (“Peng”) was the Chief
22 Executive Officer of LDK, and was a Chairman of the Company’s Board of Directors.

23 8. During the Class Period, Defendant Xingxue Tong (“Tong”) was the President
24 and Chief Operating Officer of LDK.

25 9. During the Class Period, Defendant Jack Lai (“Lai”) was the Executive Vice
26 President, Chief Financial Officer and Secretary of LDK.

27 10. Defendants Peng, Tong and Lai are collectively referred to herein as the
28 “Individual Defendants.”

CLASS ACTION ALLEGATIONS

1
2 11. Plaintiff brings this action as a class action pursuant to Rule 23(a) and (b)(3) of
3 the Federal Rules of Civil Procedure on behalf of a class consisting of all persons and entities
4 who purchased the American Depository Shares of LDK between August 1, 2007 and October 3,
5 2007, inclusive (the "Class"). Excluded from the Class are Defendants, members of Defendants'
6 immediate families, any entity in which any Defendant has a controlling interest, and the legal
7 representatives, heirs, successors or assigns of any such excluded person.

8 12. The members of the Class are so numerous that joinder of all members is
9 impracticable. Although the exact number of Class members is unknown to Plaintiff at this time
10 and can only be ascertained through appropriate discovery, Plaintiff believes there are, at a
11 minimum, thousands of members of the Class who purchased LDK Shares during the Class
12 Period. As set forth in the Company's Prospectus, filed with the SEC on Form F-1 on May 31,
13 2007 (the "Prospectus"), the Company offered over 17 million American Depository Shares in
14 connection with its initial public offering, listed on the New York Stock Exchange ("NYSE")
15 under the symbol "LDK."

16 13. Common questions of law and fact exist as to all members of the Class and
17 predominate over any questions affecting solely individual members of the Class. Among the
18 questions of law and fact common to the Class are:

- 19 a. whether the federal securities laws were violated by Defendants' acts as
20 alleged herein;
- 21 b. whether Defendants issued false and misleading statements during the
22 Class Period;
- 23 c. whether Defendants acted knowingly and/or recklessly in issuing false and
24 misleading statements;
- 25 d. whether the market price of LDK American Depository Shares during the
26 Class Period was artificially inflated because of Defendants' conduct
27 complained of herein; and
- 28 e. whether the members of the Class have sustained damages and, if so, what
is the proper measure of damages.

14. Plaintiff's claims are typical of the claims of the members of the Class, as Plaintiff
and members of the Class sustained damages arising out of Defendants' wrongful conduct in

1 violation of federal law as complained of herein.

2 15. Plaintiff will fairly and adequately protect the interests of the members of the
3 Class and have retained counsel competent and experienced in class actions and securities
4 litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

5 16. A class action is superior to other available methods for the fair and efficient
6 adjudication of the controversy since joinder of all members of the Class is impracticable.
7 Furthermore, because the damages suffered by the individual Class members may be relatively
8 small, the expense and burden of individual litigation makes it impracticable for the Class
9 members individually to redress the wrongs done to them. There will be no difficulty in the
10 management of this action as a class action.

11 17. Plaintiff will rely, in part, upon the presumption of reliance established by the
12 fraud-on-the-market doctrine in that:

- 13 a. Defendants made public misrepresentations or failed to disclose material
14 facts during the Class Period;
- 15 b. the omissions and misrepresentations were material;
- 16 c. the American Depository Shares of the Company traded in an efficient
17 market, as it traded at a high weekly volume, was followed and reported
18 on by securities analysts, had numerous market makers, was eligible to file
19 SEC registration form S-3, and there are empirical facts showing a cause
20 and effect relationship between unexpected corporate events or financial
21 news and an immediate response in the Share price;
- 22 d. the misrepresentations and omissions alleged would tend to mislead a
reasonable investor concerning LDK's business and/or financial condition;
and
- 23 e. Plaintiff and members of the Class purchased their LDK Shares at prices
24 that were artificially inflated due to Defendants' material
25 misrepresentations and omissions.

26 **SUBSTANTIVE ALLEGATIONS**

27 18. LDK is a manufacturer of multicrystalline solar wafers, which are the principal
28 raw material used to produce solar cells. LDK sells multicrystalline wafers globally to
manufacturers of photovoltaic products, including solar cells and solar modules. In addition, the
company provides wafer processing services to monocrystalline and multicrystalline solar cell
and module manufacturers. LDK's headquarters and manufacturing facilities are located in

1 Hi-Tech Industrial Park, Xinyu City, Jiangxi province in the People's Republic of China. The
2 company's office in the United States is located in Sunnyvale, California..

3 19. On May 31, 2007, LDK filed a prospectus for its initial public offering of
4 17,384,000 American Depository Shares on SEC form F-1. The prospectus included a summary
5 of LDK's consolidated financial and operating results, which included, *inter alia*, the Company's
6 financial statements for the following periods: (1) the period from July 5, 2005 (the date of the
7 LDK's inception) to December 31, 2006, (2) the year ended December 31, 2006 and (3) the three
8 months ended March 31, 2007. The Prospectus reported inventory of \$94,886,000 for the year
9 ended December 31, 2006 and \$114,205,000 for the three months ended March 31, 2007.

10 20. The Company's ADS's began trading on the NYSE on June 1, 2007.

11 21. On August 1, 2007, LDK reported its financial results for the Second Quarter
12 ended June 30, 2007 on SEC Form 6-K. As part of its 6-K filing, LDK reported \$173,788,000 in
13 inventories for the three months ended June 30, 2007 and \$114,205,000 in inventories for the
14 three months ended March 31, 2007.

15 22. The price of LDK Shares reached a Class Period high of \$70.95 on September 27,
16 2007.

17 23. On October 3, 2007, after the close of the market, it was reported that Piper
18 Jaffray & Co. had reported, *inter alia*, that LDK's former Financial Controller, Charley Situ had
19 resigned amid allegations of poor financial controls and inventory discrepancies, including a 250-
20 tonne inventory discrepancy.

21 24. On October 4, 2007, prior to the commencement of trading, LDK disclosed that
22 its former Financial Controller, Charley Situ sent email letters after his termination to LDK's
23 management and others alleging inconsistencies in LDK's inventory reporting. LDK issued the
24 following statement:

25 A few days ago, a former financial staff member of LDK, Charley Situ, who was
26 terminated for cause on September 25, 2007, sent email letters to LDK's
27 management and others subsequent to his termination alleging inconsistencies in
28 LDK's inventory reporting. Mr. Situ was originally hired as a Financial Controller
in March, 2007, reporting to Qiqiang Yao, LDK's Vice President and Chief
Accounting Officer, who reports to Jack Lai, Executive Vice President and Chief
Financial Officer. In response to the allegations and in accordance with
instructions of the board of directors, LDK's management team and board of

1 directors formed an internal committee to investigate the allegations and conduct
2 an immediate physical inventory of LDK's polysilicon materials. The
3 management team found no material discrepancies as compared to LDK's
4 financial statements. The management team believes that these allegations have
5 no merit. Additionally, the Audit Committee has asked an independent auditing
6 firm to conduct a separate, independent engagement on LDK's inventory. These
7 findings are expected to be disclosed after the completion of the review and
8 consideration of the Audit Committee. LDK has not been contacted by any
9 regulatory authority regarding this matter.

10 25. On October 4, 2007, in response to this adverse information, the price of LDK
11 Shares fell as low as \$44.98, and closed at \$48.30 on October 4, 2007.

12 **CLAIMS FOR RELIEF**

13 **Count I**

14 **(Against Defendants LDK, Peng, Tong and Lai** 15 **For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder)**

16 26. Plaintiff repeats and re-alleges each and every allegation contained in the
17 foregoing paragraphs as if fully set forth herein.

18 27. This Count is asserted against Defendants LDK, Peng, Tong and Lai and is based
19 upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated
20 thereunder by the SEC.

21 28. Defendants LDK, Peng, Tong and Lai acted with scienter in that they knew that
22 the public statements were materially false and misleading when made; Defendants LDK, Peng,
23 Tong and Lai knew that such statements or documents would be issued or disseminated to the
24 investing public; and knowingly and substantially participated in the issuance or dissemination of
25 such statements or documents as primary violations of the federal securities laws.

26 29. Each of the Individual Defendants directly participated in the management of
27 LDK, and was directly involved in the day-to-day operations of LDK at the highest level. Each
28 of the Individual Defendants was involved in drafting, producing, reviewing, approving and/or
disseminating the materially false and misleading statements and information alleged herein,
including SEC filings, press releases, and other publications. Each of the Individual Defendants
had the ability and/or opportunity to prevent their issuance or cause them to be corrected.

30. As officers, directors, and controlling persons of a publicly held company whose

1 Shares were, and are, registered with the SEC, traded on the NYSE during the Class Period, and
2 governed by the provisions of the federal securities laws, the Defendants LDK, Peng, Tong and
3 Lai each had a duty to disseminate accurate and truthful information promptly with respect to,
4 and to correct any previously issued statements that had become materially misleading or untrue,
5 so that the market price of LDK's publicly traded securities would be based upon truthful and
6 accurate information. These Defendants' misrepresentations and omissions during the Class
7 Period violated these specific requirements and obligations.

8 31. Defendants LDK, Peng, Tong and Lai were able to and did control the content of
9 the various SEC filings, press releases and other public statements pertaining to LDK during the
10 Class Period.

11 32. Defendants LDK, Peng, Tong and Lai had possession of the undisclosed adverse
12 information concerning LDK and its business and financial results alleged herein. Each of the
13 Individual Defendants was aware of or recklessly disregarded the fact that materially false or
14 misleading statements were being issued to the public regarding LDK, and made, approved
15 and/or ratified these statements in violation of the federal securities laws. Defendants LDK,
16 Peng, Tong and Lai caused, allowed and/or participated in the wrongdoing complained of herein.

17 33. During the Class Period, Defendants LDK, Peng, Tong and Lai engaged in a
18 plan, scheme, conspiracy, and course of conduct, pursuant to which they knowingly or recklessly
19 engaged in acts, transactions, practices and courses of business which operated as a fraud and
20 deceit upon Plaintiff and the other members of the Class; made various untrue statements of
21 material facts and omitted to state material facts necessary in order to make the statements made,
22 in light of the circumstances under which they were made, not misleading; and employed
23 devices, schemes and artifices to defraud in connection with the purchase and sale of securities.

24 34. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of
25 Defendants LDK, Peng, Tong and Lai participated directly or indirectly in the preparation and/or
26 issuance of the quarterly reports, SEC filings, press releases and other statements and documents
27 described above, all of which were designed to and did influence the market for LDK Shares.
28 Such reports, filings, releases, and statements were materially false and misleading in that they

1 failed to disclose material adverse information and misrepresented the truth about LDK 's
2 finances and business.

3 35. Defendants LDK, Peng, Tong and Lai had actual knowledge of the materially
4 false and misleading statements and material omissions alleged herein and intended thereby to
5 deceive Plaintiff and the other members of the Class, or, in the alternative, Defendants LDK,
6 Peng, Tong and Lai acted with reckless disregard for the truth in that they failed or refused to
7 ascertain and disclose such facts as would reveal the materially false and misleading nature of the
8 statements made, although such facts were readily available to defendants. Said acts and
9 omissions of Defendants LDK, Peng, Tong and Lai were committed willfully or with reckless
10 disregard for the truth. In addition, Defendants LDK, Peng, Tong and Lai knew or recklessly
11 disregarded that material facts were being misrepresented or omitted as described above.

12 36. As a result of the dissemination of the aforementioned false and misleading
13 reports, releases and public statements, the market price of LDK Shares was artificially inflated
14 throughout the Class Period. In ignorance of the adverse facts concerning LDK 's business and
15 financial condition that were concealed by Defendants LDK, Peng, Tong and Lai , Plaintiff and
16 the other members of the Class purchased LDK Shares at artificially inflated prices and relied
17 upon the price of the Shares, the integrity of the market for the Shares and/or upon statements
18 disseminated by Defendants LDK, Peng, Tong and Lai and were damaged thereby.

19 37. As more particularly alleged above, the misrepresentations and misconduct by
20 Defendants LDK, Peng, Tong and Lai directly and proximately caused injury and damages to
21 Plaintiff and the Class. Plaintiff and the Class purchased their LDK Shares when the price of the
22 Shares was artifically inflated, and held Shares at the time of the disclosures of the true facts.
23 The loss suffered by Plaintiff and the Class was caused by the misrepresentations by Defendants
24 LDK, Peng, Tong and Lai. Had Plaintiff and the other members of the Class known the truth,
25 they would not have purchased said Shares or would not have purchased them at the inflated
26 prices that were paid. At the time of the purchases by Plaintiff and the Class, the true value of
27 LDK Shares was substantially lower than the prices paid by Plaintiff and the other members of
28 the Class.

1 38. By reason of the conduct alleged herein, Defendants LDK, Peng, Tong and Lai
2 knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act
3 and Rule 10b-5 promulgated thereunder and caused injury and damages to Plaintiff and the other
4 members of the Class.

5 **COUNT II**

6 **(Violations of Section 20(a) of the**
7 **Exchange Act Against The Individual Defendants)**

8 39. Plaintiff repeat and re-alleges each and every allegation contained in the
9 foregoing paragraphs as if fully set forth herein.

10 40. During the Class Period, the Individual Defendants participated in the operation
11 and management of the Company, and conducted and participated, directly and indirectly, in the
12 conduct of LDK 's business affairs. Because of the Individual Defendants' senior positions, they
13 knew the adverse non-public information about LDK .

14 41. As officers and directors of a publicly owned company, the Individual Defendants
15 had a duty to disseminate accurate and truthful information with respect to LDK 's financial
16 condition and results of operations, and to correct promptly any public statements issued by LDK
17 that had become materially false or misleading.

18 42. Because of their position of control and authority as senior officers and directors
19 of LDK , the Individual Defendants were able to, and did, control the contents of the various
20 reports, press releases and public filings that LDK disseminated in the marketplace during the
21 Class Period concerning the Company's results of operations. Throughout the Class Period, the
22 Individual Defendants exercised their power and authority to cause LDK to engage in the
23 wrongful acts complained herein. Therefore, the Individual Defendants were "controlling
24 persons" of LDK within the meaning of Section 20(a) of the Exchange Act. In this capacity,
25 they participated in the unlawful conduct alleged that artificially inflated the market price of
26 LDK Shares.

27 43. As controlling persons of LDK, the Individual Defendants are liable pursuant to
28 Section 20 of the Exchange Act for the violations of LDK.

WHEREFORE, Plaintiff demand judgment against Defendants as follows:

1 A. Determining that the instant action may be maintained as a class action under Rule
2 23, Federal Rules of Civil Procedure, and certifying the named class plaintiff;

3 B. Requiring Defendants to pay damages sustained by Plaintiff and the Class by
4 reason of the acts and transactions alleged herein;

5 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
6 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

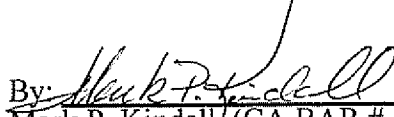
7 D. Awarding such other and further relief as this Court may deem just and proper.

8 **JURY DEMAND**

9 Plaintiff demands a trial by jury.

10 Date: October 9, 2007

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12 SCHATZ NOBEL IZARD P.C.

13
14 By: 
15 Mark P. Kindall (CA BAR # 138703)
16 Andrew M. Schatz
17 Jeffrey S. Nobel
18 One Corporate Center
19 20 Church Street, Suite 1700
20 Hartford, Connecticut 06103
21 Tel: (860) 493-6292
22 Fax: (860) 493-6290

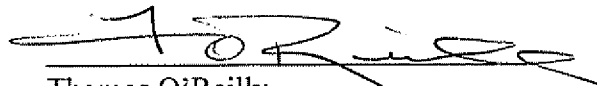
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Counsel for Plaintiff
Thomas O'Reilly

**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

I, Thomas O'Reilly, hereby certify that the following is true and correct to the best of my knowledge, information and belief:

1. I have reviewed the complaint (the "Complaint") and authorized its filing on behalf of the class set forth in the Complaint.
2. I did not purchase the common stock of LDK Solar, Co., Ltd. at the direction of Plaintiff's counsel or in order to participate in this private action.
3. My transactions in LDK Solar, Co., Ltd. Securities during the Class Period defined in the Complaint set forth on Schedule A attached hereto.
4. During the three years prior to the date of this Certification, I have not sought to serve, nor have I served, as a representative party on behalf of a class in any private action arising under the federal securities laws.
5. I will not accept any payment for serving as a representative party on behalf of the Class beyond my pro rata share of any possible recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the Class as ordered or approved by the Court.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 6 day of October, 2007.


Thomas O'Reilly

SCHEDULE A TRANSACTIONS IN LDK SOLAR, CO., LTD.

Purchases in LDK Solar, Co., Ltd.

<u>Date</u>	<u>Number Of Shares Purchased</u>	<u>Purchase Price Per Share</u>
10/3/07	1,000	\$66.00

Sales in LDK Solar, Co., Ltd.

<u>Date</u>	<u>Number Of Shares Purchased</u>	<u>Purchase Price Per Share</u>
10/4/07	1,000	\$46.00