

## Chinese solar firm shows profit in climate fight

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By Gerard Wynn

JIMBARAN, Indonesia, Dec 11 (Reuters) - At the age of 32 and worth \$4.4 billion, solar wafer maker Peng Xiaofeng is proof, as countries argue in Bali over who should pay to fight climate change, that there is money in protecting the environment.

Peng is chief executive of China's LDK Solar, a company he founded barely two years ago, which has cashed in on government subsidies and soaring public demand to go green.

He was already well-off before founding LDK, but had found the family business, in personal protection equipment, a bore.

"It was a stable company. I am a young man. I needed a challenging business. I am 32 years old now. When I founded LDK I was under 30," he told Reuters in an interview on Tuesday.

"When I travelled around Europe in 2003, the big discussion was renewable energy and I saw a big opportunity in China," he told Reuters in Bali, where some 190 countries are meeting to try to launch two-year talks on a global climate change pact to extend or replace the Kyoto Protocol after 2012.

Many nations, firms and individuals fear the fight against climate change will inflict big personal and financial costs, as the world grapples with reliance on fossil fuels like coal and oil. The talks this week were balanced on how to share the sacrifice between rich and poor countries.

The solar wafers made by LDK Solar are the components of modules that in turn are the building blocks of solar panels that turn sunlight into electricity.

China has reason to take interest in green technologies; it is poised to overtake the United States as the world's biggest emitter of the commonest man-made greenhouse gas, carbon dioxide, although it lags behind in emissions per person.

Peng said he owned about 75 million of the company's approximately 110 million shares, which closed on Monday at \$58.8 each, valuing his stock at over \$4.4 billion.

But he declined to name a figure. "I never calculate (what I'm worth). The share price is up and down," he said.

In fact LDK shares plummeted in October after a former employee accused the company of over-stating stockpiles of the crucial silicon raw material used to make solar panels.

### MAJOR CONTRACT

The company has since recovered, especially with Monday's announcement of a major contract with solar cells manufacturer Germany's Q-Cells AG.

Peng reiterated the company's dismissal of the suggestion that it had over-stated its stocks.

"The accusation has no merit," he said. "Everything is going well, everything is on schedule. The company is really moving fast. We're really happy about what we're doing, we continue our expectations as planned."

But LDK Solar's problems are not over from the inventory issue. It is awaiting the outcome of an independent audit and is also the target of shareholder lawsuits following the report.

Peng founded LDK Solar in July 2005, in China's Xinyu City, and the company listed in New York in June this year.

The latest deal with Q-Cells had given LDK "several hundreds of millions of dollars" in pre-payments, diminishing cash needs as it rolls out a plan to make itself self sufficient in silicon by 2009.

"We have enough cash for our expansion in the short-term. We are very profitable, we are cash-generating," Peng said. (Editing by Anthony Barker)

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