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SOURCE: Hoku Scientific, Inc.



[Hoku and Tianwei Sign \\$284 Million Polysilicon Supply Contract](#)

POCATELLO, ID and CHENGDU, CHINA--(Marketwire - August 5, 2008) - Hoku Materials, Inc., a wholly owned subsidiary of Hoku Scientific, Inc. (NASDAQ: [HOKU](#)) established to manufacture and sell polysilicon for the solar market, and Tianwei New Energy (Chengdu) Wafer Co., Ltd., a subsidiary of Tianwei New Energy Holdings Co., Ltd. that manufactures silicon wafers, photovoltaic cells, and modules in China, today announced the signing of a definitive contract for Hoku's sale and delivery of polysilicon to Tianwei over a ten-year period beginning in early 2010.

According to the contract, up to approximately \$284 million may be payable to Hoku during the ten-year period, subject to product deliveries and other conditions. The take-or-pay contract provides for the delivery of predetermined volumes of polysilicon each year, with the first shipment in the first half of 2010 and the remainder over a ten-year period at set prices that will decline throughout the term of the agreement. The contract also provides for a deposit of \$15 million to Hoku in August 2008, and requires that Tianwei make additional deposits for products in the amount of \$15 million by November 15, 2008, \$10 million by January 15, 2009, and \$5 million upon first shipment. Under the agreement, Hoku will grant to Tianwei a security interest in its polysilicon assets to secure Hoku's obligation to repay \$45 million to Tianwei as a credit against product shipments over time.

Highlighted Links

www.hokuscientific.com

"We look forward to a long and mutually-beneficial business relationship with Hoku," said Tianwei's general manager, A. Guo. "We evaluated many potential polysilicon manufacturers and are very confident in our selection of Hoku as one of our key suppliers."

"We are pleased to enter into this long-term supply agreement with Tianwei," said Dustin Shindo, chief executive officer of Hoku Scientific. "Tianwei Group is an established leader in the power transmission equipment market in China, with plans to invest heavily in the growth of their PV business. Their diversified business and strong PV expansion plans make them an excellent strategic partner for Hoku."

Commenting on Hoku's aggregate sales volume, Dustin Shindo said, "Adding together our volume allocation under this contract, together with the allocations under our recently announced contract with Kinko Energy, and our contracts with Solarfun, Suntech, Sanyo, and Global Expertise Wafer Division, we are over-subscribed on our 3,500 metric tons per year of planned polysilicon production output. Over the next several weeks, we intend to realign our customer allocations within our available capacity as part of our on-going contract amendment discussions with Sanyo and Global Expertise Wafer Division."

About Hoku Scientific, Inc.

Hoku Scientific, Inc. (NASDAQ: [HOKU](#)) is a diversified clean energy technologies company with three business units: Hoku Materials, Hoku Solar and Hoku Fuel Cells. Hoku Materials plans to manufacture, market, and sell polysilicon for the solar market from its plant currently under construction in Pocatello, Idaho. Hoku Solar provides turnkey photovoltaic systems in Hawaii. Hoku Fuel Cells has developed proprietary fuel cell membranes and membrane electrode assemblies for stationary and automotive proton exchange membrane fuel cells. For more information visit www.hokuscientific.com.

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About Tianwei New Energy (Chengdu) Wafer Co., Ltd.

Tianwei New Energy (Chengdu) Wafer Company is a wholly owned subsidiary of Tianwei New Energy Holdings Co., Ltd. (TWNE), with first class silicon wafer facilities in China's Sichuan Province. By the first half of 2009, it will have installed wafer capacity of 300 MW, with plans to expand to 600 MW from 2009. Its parent company, TWNE, is also based in Sichuan, China. TWNE owns wafer, photovoltaic (PV) cell and module facilities. By the end of 2008, TWNE will have 100MW of installed PV cell capacity and 60MW of installed PV module capacity, with plans to increase PV cell and module capacity to 300 MW each in 2009. TWNE is a wholly owned subsidiary of Baoding Tianwei Group Company, Ltd., a leading manufacturer of power transmission equipment and green energy products in China, originally founded in 1958. Baoding Tianwei Group Company, Ltd. has approximately 8,000 employees. For more information visit www.twnesolar.com.

Forward-Looking Statements

This press release contains forward-looking statements that involve many risks and uncertainties. These statements relate to Hoku Materials's ability to successfully derive revenues from the sale of polysilicon to Tianwei New Energy (Chengdu) Wafer Co., Ltd., Solarfun, Suntech, Sanyo, and Global Expertise Wafer

Division; Hoku Materials's ability to amend its contracts within the next several weeks with Sanyo and Global Expertise Wafer Division; the timing, and the terms and conditions of any such amendments with Sanyo and Global Expertise Wafer Division; the timing of Hoku Materials's receipt of future prepayments in the aggregate amount of \$45 million from Tianwei; its ability to successfully raise sufficient funds to establish a polysilicon manufacturing plant; its ability to engineer and construct a production plant for polysilicon; its ability to manufacture polysilicon; its ability to meet the delivery schedule in its agreement with Tianwei; the quality of polysilicon to be manufactured; Hoku Materials's costs to manufacture polysilicon, and its ability to offer pricing that is competitive with competing products; Tianwei's plans to expand its silicon wafer, PV cell, and PV module businesses; Hoku Scientific's future financial performance; its business strategies and plans; and objectives of management for future operations. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" and similar expressions intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause Hoku Scientific's actual results, performance, time frames or achievements to be materially different from any future results, performance, time frames or achievements expressed or implied by the forward-looking statements. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements. In evaluating these statements, you should specifically consider the risks described in Hoku Scientific's filings with the Securities and Exchange Commission, as applicable. Except as required by law, Hoku Scientific assumes no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

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