

Solarfun shuffles polysilicon supply contracts

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Solarfun Power Holdings has been hit by a polysilicon supplier's inability to meet previously agreed deliveries in 2007 by a significant margin, forcing the China-based PV manufacturer to secure new supply agreements with WACKER SCHOTT Solar, Hoku Scientific, an unnamed Korean producer, and to increase its spot market procurement.

According to Solarfun, polysilicon supply from Jiangsu Zhongneng PV Technology Development Co. had failed to meet agreements signed in June 2007 to supply 50 tons by the end of 2007. The company had only been able to supply 27 tons, just slightly more than half of the agreed amount.

"We are obviously disappointed in Zhongneng's lack of commitment," commented Mr Lu, Chairman of Solarfun. "However, we understood the risk given that they only started production in late September 2007, and we have worked hard to diversify our supplier base internationally and therefore reduce our risk over time."

The company reiterated that additional supply contracts and spot market purchases would not affect previously disclosed shipment targets for 2007.

However, the problem would not seem to be in the short term, as Solarfun said it had lowered its expectations of supply from Jiangsu Zhongneng through 2009, though did not provide exact guidance but said supply would be 'significantly less' than the original agreements. Prior to this development, Solarfun had expected Jiangsu Zhongneng to supply 700 tons in 2008 and 1,200 tons in 2009.

Solarfun is currently receiving polysilicon from Zhongneng based on purchase orders negotiated on a month-to-month basis via its subsidiary Yangguang Solar.

Solarfun also said that it had recently signed a 140MW long-term wafer contract with WACKER SCHOTT Solar GmbH through Solarfun's subsidiary, Solarfun Power Hong Kong Ltd. Deliveries will begin in 2008.

Chairman Lu added, "This new supply agreement, with deliveries beginning in 2008, continues our strategy to diversify and strengthen our non-domestic long-term supply needs with high-quality dependable suppliers."

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