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Expansion-bound ReneSola raises new cash in follow-on offering

July, 2008: ReneSola Ltd. says it has raised close to \$190 million from a follow-on offering on the New York Stock Exchange to further expand its ingot and wafer capacity, as well as production of polysilicon.

On June 23, the Chinese ingot and wafer manufacturer, which went public in January (see PI 4/2008, p. 41), reported it had sold 10.35 million American Depository Shares (ADS), each worth two ordinary shares, at \$20.50 each. Apart from the sales for an over-allotment exercised by the underwriters and stock sold by selling shareholders – neither of which will go toward the proceeds – ReneSola raised a net of \$187 million. The company plans to use \$65 million to expand ingot and wafer manufacturing, including the purchase of new equipment, in 2008 and 2009, with another \$95 million slated for investment in polysilicon production during the same period. The remaining \$27 million is for general corporate purposes.

ReneSola, which produced 126.5 MW of ingots and wafers in 2007 on a monocrystalline ingot capacity of 218 MW from 226 furnaces and 160 MW of multicrystalline capacity from 32 furnaces, looks set to alter the mix drastically. By the end of 2008, it wants to nearly double its ingot furnace capacity to 645 MW, split almost equally between mono- and multicrystalline, while increasing wafer capacity from 305 MW in 2007 to 585 MW. By the end of 2009, ReneSola's goal is to expand both ingot and wafer capacity to approximately 1,000 MW, with two-thirds – 675 MW – dedicated to multicrystalline ingot capacity.



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As to polysilicon, in August 2007 ReneSola purchased a 49 percent stake in Linzhou Zhongsheng Semiconductor, a virgin polysilicon manufacturing company located in Henan Province, which began a trial production of 300 tons in January 2008. Development of a second phase with a planned annual capacity of 450 tons is currently under consideration. ReneSola, which is committed to purchasing 90 percent of the joint venture's production output, has also started building a 75,000 m² manufacturing facility for virgin polysilicon in Meishan, Sichuan Province through its subsidiary Sichuan ReneSola. This facility is expected to become operational in the first half of next year, ramping up to an annual capacity of 3,000 tons by the end of 2009.

Using a mix of virgin and reclaimable polysilicon, including from a recycling plant in Malaysia (see PI 12/2007, p. 93), the company estimates it will require 3,600 tons for 2009. This will come from three long-term contracts with Chinese companies supplying 845 tons, plus 1,200 to 1,500 tons from in-house polysilicon production, and about 1,000 tons through customers, with the slack taken up by various short-term spot market deals.

On the NYSE, ReneSola – which also continues to be traded on the London Stock Exchange's AIM market – closed up on June 23, the day of the follow-on offering, at \$21.18 per ADS. The next day it dropped to \$19.65, before closing down at \$18.37 on June 27. On the same day, ReneSola's chief technology officer, Binghua Huang, retired as a director, although he will remain as an advisor. The company says it has »identified a potential new independent director.«

William P. Hirshman
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 [back](#)

[→ archive](#)