

Yingli Green Energy signs letter of intent to buy solar polysilicon company

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Yingli Green Energy has signed a binding letter of intent with Grand Avenue Group to buy all the shares of Cyber Power Group and its subsidiary Fine Silicon Co., a development-stage solar-grade polysilicon company based in Baoding, Hebei, China.

The proposed acquisition will enable the company to have a secure and stable supply of poly independent of market conditions, according to Yingli. The move would also allow the company to further vertically integrate its manufacturing processes and improve its margins.

Under the terms of the letter, Yingli will buy Cyber Power (a company controlled by some of Yingli's affiliated entities) for an aggregate consideration of \$70 million to \$80 million, with \$25 million payable in advance.

Definitive agreements with respect to the proposed acquisition are subject to further negotiation and certain conditions, including completion of due diligence, receipt of satisfactory financing, and the approval by the audit committee and the company's board of directors, according to Yingli.

Yingli's CFO Bryan Li said during the company's third-quarter conference call that the Fine Silicon polysilicon manufacturing facility in Baoding (which is already under construction) should commence production in the second half of 2009, with an initial annual capacity in the range of 300-350 metric tons.

The company, which shipped 80 MW of PV modules and posted net revenues of \$325.5 million and net income of \$22.2 million in the third quarter, also has multiple medium- and long-term polysilicon supply contracts with DC Chemical, Wacker Chemie, and Sailing New Energy.

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