

## **Hoku Announces Amendment to Kinko Polysilicon Supply Contract; Option for Wafering Service**

January 14, 2009: 04:10 PM ET

Hoku Materials, Inc., a wholly owned subsidiary of Hoku Scientific, Inc. (NASDAQ: HOKU) established to manufacture and sell polysilicon for the solar market, and Jiangxi Jinko Solar Company, Ltd. (Jinko), formerly named Jiangxi Kinko Energy Company, Ltd., a manufacturer of silicon ingots, wafers and related products in China, today announced the amendment of the polysilicon supply agreement in effect between the two companies. According to the terms of the amendment, the total volume of polysilicon to be sold by Hoku to Jinko will be reduced such that up to approximately \$178 million may be payable to Hoku during the ten-year period, subject to product deliveries and other conditions. In exchange, Jinko will provide discounted wafer manufacturing (tolling) services to Hoku for up to a certain amount of polysilicon per year for each of the ten years of the contract term. This tolling service will be at Hoku's sole option and will be priced at Jinko's most preferred rate. In addition to the \$20 million in prepayment deposits already received from Jinko, the amendment provides for additional prepayments for products in the amount of \$13 million to be paid on or before March 31, 2009. As before, Hoku has granted to Jinko a security interest in its polysilicon assets to secure Hoku's obligation to repay \$33 million to Jinko as a credit against product shipments over time. The other terms of the original take-or-pay contract remain unchanged, including provisions for the delivery of predetermined volumes of polysilicon each year, with the first shipment in the second half of 2009. Thereafter, Hoku will ship product to Jinko over a ten-year period at set prices that will decline throughout the term of the agreement. "Changes in the availability of financing across international credit markets are affecting companies throughout the solar industry," said Dustin Shindo, chairman and chief executive officer of Hoku Scientific. "Nevertheless, Hoku is strongly committed to long-term partnerships. This means we are willing to work with our customers to establish contract terms which allow both companies to succeed over time. For this reason, we are pleased to have identified a way forward with Jinko. This amendment allows Hoku to reduce Jinko's prepayment burden in exchange for an option for low-cost wafer manufacturing services. This tolling option allows Hoku to offer wafers to our polysilicon customers, such as Suntech Power, for whom we have an option to provide wafers in lieu of polysilicon. It is also a good way for Hoku to add additional value for our customers, and allows us to build a stronger long-term business." "We are pleased by Hoku's willingness to work with Jinko to amend our contract," said Jinko chairman, Xiande Li. "These revised terms allow Jinko to retain a portion of its long-term polysilicon capacity from Hoku, an important component of our strategy to expand our business and drive down manufacturing costs. We remain confident in Hoku's ability to deliver product and continue to be impressed with their progress during these challenging times." The amendment with Jinko frees up additional production capacity, and Hoku reported that it was in discussions with other potential customers for the possible resale of this recaptured polysilicon capacity, which would include additional prepayments for products.

About Hoku Scientific, Inc.

Hoku Scientific (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 markets, sells, and installs 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.hokucorp.com](http://www.hokucorp.com).

Hoku®, Hoku Scientific®, Hoku Solar(TM) and Hoku Fuel Cells(TM) are trademarks of Hoku Scientific, Inc., and Hoku Materials(TM) is a trademark of Hoku Materials, Inc.

About Jiangxi Jinko Solar Company, Ltd.

Jiangxi Jinko Solar Co., Ltd. is one of the largest emerging manufacturers of solar industry silicon products and semiconducting materials in China. Specializing in the production of silicon ingots, blocks and wafers, Jinko Solar's silicon industry assets currently include mono-crystalline furnaces, polycrystalline ingot casting furnaces, wire cutting and chipping equipment, and related production facilities, among others. Jiangxi Jinko Solar Company, Ltd. is affiliated with DeSun Solar Company, Ltd. (Group) and is a privately held, overseas funded, high technology enterprise whose investors include Hong Kong Paker Technology Company, Ltd. For more information, visit [www.jinkosolar.com](http://www.jinkosolar.com).

#### Forward-Looking Statements

This press release contains forward-looking statements that involve many risks and uncertainties. These statements relate to the timing and amount of financing Hoku Scientific and Hoku Materials will need to raise to complete the engineering, procurement, and construction of their planned polysilicon production plant; Hoku Materials's ability to successfully derive revenues from the sale of polysilicon to Jiangxi Jinko Solar Company, Ltd.; the timing of when Hoku Materials expects to receive an aggregate of \$33 million in prepayments from Jiangxi Jinko Solar Company, Ltd.; the ability of Hoku Materials to engineer and construct a production plant for polysilicon; its ability to produce polysilicon; its ability to meet the delivery schedule in its agreement with Jiangxi Jinko Solar Company Ltd. 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 respective 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. For more information contact:

Hoku Scientific, Inc.

808-682-7800

Jiangxi Jinko Solar Company, Ltd. Jinko Road, Xuri District Economic Development Zone

Shangrao, China

Tel: +86-793-8469699

Fax: +86-793-8461152

[www.jinkosolar.com](http://www.jinkosolar.com)

<http://money.cnn.com/news/newsfeeds/articles/marketwire/0466090.htm>