JA Solar Holdings Co., Ltd.
Form 20-F
April 28, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** **For the fiscal year ended December 31, 2015**
	OR
o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
	OR
o	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report . . . .

For the transition period from to

Commission file number 001-33290

JA Solar Holdings Co., Ltd.

(Exact name of Registrant as specified in its charter)

The Cayman Islands
(Jurisdiction of Incorporation or Organization)

No. 36, Jiang Chang San Road
Zhabei, Shanghai
The People s Republic of China
(Address of Principal Executive Offices)

Mr. Hexu Zhao
JA Solar Holdings Co., Ltd.
No. 36, Jiang Chang San Road
Zhabei, Shanghai 200436
The People s Republic of China
Tel: +86-21-60955999
Fax: +86-21-60955727
(Name, Telephone, E-mail and/or Facsimile and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American depositary shares, each representing five ordinary share, par value US$0.0001 per share	The NASDAQ Stock Market LLC
Ordinary shares, par value US$0.0001 per share*	

* Not for trading but only in connection with the registration of American depositary shares

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report: 237,853,602 ordinary shares, par value US$0.0001 per share, as of December 31, 2015.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

o Yes x No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

o Yes x No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files).

x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer x Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP x	International Financial Reporting Standards as issued by the International Accounting Standards Board o	Other o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

o Item 17 o Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

o Yes x No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

o Yes o No

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CERTAIN TERMS AND CONVENTIONS

Unless otherwise indicated, in this annual report:

- ADS refers to American depositary shares, each representing five ordinary share of JA Solar, par value US$0.0001 per share;

- China and the PRC refer to the People s Republic of China, excluding, for the purposes of this annual report only, Taiwan and the special administrative regions of Hong Kong and Macau;

- conversion efficiency refers to the ability of solar power products to convert sunlight into electricity; conversion efficiency rate is commonly used in the solar power industry to measure the percentage of light energy from the sun that is actually converted into electricity;

- price per watt refer to the price of solar power products, respectively, relative to the number of watts of electricity a solar power product generates;

- Hebei Jinglong refers to Jinglong Industry and Commerce Group Co., Ltd., which is controlled by the shareholders of Jinglong BVI;

- JA BVI refers to JA Development Co., Ltd., our directly wholly-owned subsidiary, a British Virgin Islands company;

- JA Fengxian refers to Shanghai JA Solar Technology Co., Ltd., our indirectly wholly-owned subsidiary in Shanghai, China;

- JA Hebei refers to JingAo Solar Co., Ltd., our predecessor and indirectly wholly-owned subsidiary in Hebei, China;

- JA Hefei Technology refers to Hefei JA Solar Technology Co., Ltd., our indirectly wholly-owned subsidiary in Hefei, China;

- JA Lianyungang refers to Jing Hai Yang Semiconductor Material (Donghai) Co., Ltd., our indirectly wholly-owned subsidiary in Jiangsu, China;

- JA Solar, we, us, the company, our company and our refer to JA Solar Holdings Co., Ltd. and, unles otherwise indicated or as the context may otherwise require, its predecessor entities and its consolidated subsidiaries;

- JA Wafer R&D refers to Donghai JA Solar Technology Co., Ltd., our indirectly wholly-owned subsidiary in Jiangsu, China;

- JA Yangzhou refers to JA Solar Technology Yangzhou Co., Ltd., our indirectly wholly-owned subsidiary in Jiangsu, China;

- Jinglong BVI refers to Jinglong Group Co., Ltd., a British Virgin Islands company and our largest shareholder;

- Jinglong Group refers to Hebei Jinglong and its consolidated subsidiaries;

- Ningjin Songgong refers to Hebei Ningjin Songgong Semiconductor Co., Ltd., our indirectly 65%-owned subsidiary;

- rated manufacturing capacity refers to the total amount of solar power products that can be made by a manufacturing line per annum operating at its maximum possible rate and is measured in megawatts, or MW;

- RMB and Renminbi refer to the legal currency of the PRC;

- Solar Silicon Valley refers to Solar Silicon Valley Electronics Science and Technology Co., Ltd., our indirectly wholly-owned subsidiary in Hebei, China;

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- US$ and U.S. dollars refer to the legal currency of the United States;
- voltage or volts refers to the rating of the amount of electrical pressure that causes electricity to flow in the power line; and
- watts refers to the measurement of total electrical power, where kilowatts or KW means one thousand watts, megawatts or MW means one million watts and gigawatts or GW means one billion watts.

FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this annual report that address activities, events or developments which we expect or anticipate will or may occur in the future are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements typically are identified by words or phrases such as may, will, expect, anticipate, aim, estimate, intend, p believe, potential, continue, is/are likely to or other similar expressions or the negative of these words or expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our expectations regarding the worldwide demand for electricity and the market for solar energy;
- our beliefs regarding the inability of traditional fossil fuel-based generation technologies to meet the demand for electricity;
- our beliefs regarding the importance of environmentally friendly electricity generation;
- our expectations regarding governmental incentives for the deployment of solar energy;

- our beliefs regarding the solar power industry revenue growth;
- our expectations with respect to advancements in our technologies;
- our beliefs regarding the low-cost advantage of solar power product production in China;
- our beliefs regarding the competitiveness of our solar power products;
- our expectations regarding the scaling of our solar power capacity;
- our expectations with respect to increased revenue growth and our ability to achieve profitability resulting from increases in our production volumes;
- our expectations with respect to our ability to secure raw materials in the future;
- our expectations regarding the price trends of solar power products;
- our expectations with respect to our ability to develop relationships with customers in our target markets;
- our expectations with respect to our ability to secure sufficient funds to meet our cash needs for our operations and to service our indebtedness;
- PRC government policies regarding foreign investments;
- our ability to maintain and strengthen our position as a low-cost vertically-integrated manufacturer of photovoltaic, or PV products;
- our future business development, results of operations and financial condition; and

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- competition from other manufacturers of solar power products and conventional energy suppliers.

The forward-looking statements made in this annual report on Form 20-F relate only to events or information as of the date on which the statements are made in this annual report on Form 20-F. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report on Form 20-F completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The selected consolidated statements of operations data presented below for the three years ended December 31, 2013, 2014 and 2015 and our balance sheet data as of December 31, 2014 and 2015 are derived from our audited consolidated financial statements which are included in this annual report beginning on page F-1. Our consolidated financial statements are prepared and presented in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Our selected consolidated statements of operations data for the years ended December 31, 2011 and 2012 and selected consolidated balance sheet data as of December 31, 2011, 2012 and 2013 have been derived from our audited consolidated financial statements that are not included in this annual report on Form 20-F. Historical results are not necessarily indicative of results to be expected in any future period.

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	Year ended December 31,					
	2011	2012	2013	2014	2015	
	(in millions, except for share and per share data)					
	RMB	RMB	RMB	RMB	RMB	US$
Consolidated Statements of Operations and Comprehensive Income/(Loss) Data:						
Revenues						
Solar modules	3,709	4,044	4,388	9,292	12,689	1,958
Solar cells and other products	6,370	2,493	2,414	1,848	762	118
Electricity generation					64	10
Solar products processing	654	182	381	156	10	2
Total revenues	10,733	6,719	7,183	11,296	13,525	2,088
Cost of revenues						
Solar modules	(3,428)	(4,029)	(3,861)	(7,844)	(10,521)	(1,624)
Solar cells and other products	(6,351)	(2,561)	(2,270)	(1,602)	(675)	(104)
Electricity generation					(30)	(5)
Solar products processing	(493)	(183)	(290)	(93)	(7)	(1)
Total cost of revenues	(10,272)	(6,773)	(6,421)	(9,539)	(11,233)	(1,734)
Gross profit (loss)	461	(54)	762	1,757	2,292	354
Operating expenses						
Selling, general and administrative expenses	(510)	(902)	(765)	(954)	(1,245)	(192)
Research and development expenses	(69)	(86)	(88)	(140)	(149)	(23)
Impairment loss on property, plant and equipment	(303)	(398)				
Impairment loss on project assets					(33)	(5)
Total operating expenses	(882)	(1,386)	(853)	(1,094)	(1,427)	(220)
Income/(loss) from continuing operations	(421)	(1,440)	(91)	663	865	134
Change in fair value of derivatives	85	9	(52)	84	44	7
Convertible notes buy back (loss)/gain gain/(loss)	4	(8)				
Interest expense	(374)	(489)	(285)	(230)	(249)	(39)
Interest income	26	36	17	28	26	4
Foreign exchange gain/(loss)	(69)	(25)	(44)	(62)	32	5
Loss for equity investment in a joint venture	(1)	(43)	(2)	3	6	1
Other income, net	236	399	16	34	48	7
(Loss)/income from continuing operations before income taxes	(514)	(1,561)	(441)	520	772	119
Income tax (expense)/benefit	(58)	(101)	15	(73)	(157)	(24)
(Loss)/income from continuing operations	(572)	(1,662)	(426)	447	615	95
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Gain from discontinued operations, net of tax						
Net (loss)/income	(564)	(1,662)	(426)	447	615	95
Less: earnings attributable to the noncontrolling interest			(3)	(23)	9	1
Net (loss)/income attributable to JA Solar Holdings	(564)	(1,662)	(429)	424	624	96
Less: fair value of warrants in excess of net proceeds of equity offering			(44)			
Less: allocation of net income to a participating warrant holder				(77)	(108)	(17)
Net (loss)/income attributable to JA Solar s ordinary shareholders	(564)	(1,662)	(473)	347	516	79
Net income/(loss) per share from continuing operations:						
Basic	(3.42)	(8.53)	(2.35)	1.43	2.12	0.33
Diluted	(3.42)	(8.53)	(2.35)	1.38	2.12	0.33
Net (loss)/income per share from discontinued operations:						
Basic	0.04					
Diluted	0.04					
Net (loss)/income per share						
Basic	(3.38)	(8.53)	(2.35)	1.43	2.12	0.33
Diluted	(3.38)	(8.53)	(2.35)	1.38	2.12	0.33
Net (loss)/income per ADS						
Basic	(16.90)	(42.67)	(11.76)	7.17	10.59	1.63
Diluted	(16.90)	(42.67)	(11.76)	6.88	10.58	1.63
Weighted average number of shares outstanding:						
Basic	167,101,076	194,788,429	201,317,884	242,192,859	243,506,821	243,506,821
Diluted	167,101,076	194,788,429	201,317,884	242,863,084	243,744,921	243,744,921

	As of December 31,					
	2011	2012	2013	2014	2015	
	(in millions)					
	RMB	RMB	RMB	RMB	RMB	US$
Consolidated Balance Sheet Data:						
Cash and cash equivalents	3,889	3,031	2,120	2,155	2,883	445
Total current assets	7,709	7,150	6,352	8,601	10,025	1,548
Total assets	14,736	13,132	11,882	14,484	16,306	2,517
Total current liabilities	3,325	5,889	5,041	6,580	7,175	1,108
Total long-term liabilities	4,862	2,350	2,137	2,437	3,214	496
Total liabilities	8,187	8,239	7,178	9,017	10,389	1,604
Total Shareholders equity	6,549	4,893	4,704	5,467	5,917	913

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	Year ended December 31,					
	2011	2012	2013	2014	2015	
Operating Data:						
Products sold (in MW)	1,694.7	1,702.1	2,072.0	3,057.9	3,937.9	
Average PV cells selling price per watt (in RMB)	5.7	2.8	2.4	2.3	1.9	0.29
Average PV modules selling price per watt (in RMB)	8.9	4.5	4.0	3.9	3.5	0.54

Exchange Rate Information

Our functional currency is Renminbi. The conversion of RMB into U.S. dollars in this annual report is based on the noon buying rate in New York City for cable transfers in RMB as certified for customs purposes by the Federal Reserve Board. Except as otherwise stated in this annual report, all amounts in this annual report have been translated from RMB to U.S. dollars and from U.S. dollars to RMB at a rate of RMB6.4778 to US$1.00, the noon buying rate in effect as of December 31, 2015. We make no representation that any RMB or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB, as the case may be, at any particular rate, or at all. See Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China Fluctuation in exchange rates could have a material adverse effect on our results of operations and the value of your investment. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of RMB into foreign exchange and through restrictions on foreign trade. On April 22, 2016, the noon buying rate was RMB6.5004 to US$1.00.

The following table sets forth information concerning exchange rates between the RMB and the U.S. dollar for the periods indicated.

	Exchange Rate			
Period	**Period End**	**Average(l)**	**Low**	**High**
	(RMB per US$1.00)			
2011	6.2939	6.4475	6.6364	6.2939
2012	6.2301	6.2990	6.3879	6.2221
2013	6.0537	6.1412	6.2438	6.0537
2014	6.2046	6.1704	6.2591	6.0402
2015				
October	6.3180	6.3505	6.3180	6.3591
November	6.3883	6.3640	6.3180	6.3945
December	6.4778	6.4491	6.3883	6.4896
2016				
January	6.5752	6.5726	6.5219	6.5932
February	6.5525	6.5501	6.5154	6.5795
March	6.4480	6.5027	6.4480	6.5500
April (through April 22, 2016)	6.5004	6.4726	6.4571	6.5004

Source: Federal Reserve Statistical Release

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(1) Annual averages are calculated by averaging the noon buying rates on the last business day of each month. Monthly averages are calculated using the average of the daily rates during the relevant period.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

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C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Risks Related to Our Business and Industry

Our business is sensitive to domestic and global economic conditions. A severe or prolonged downturn in the global or Chinese economy could materially and adversely affect our business and our financial condition.

Our business is sensitive to domestic and global economic conditions. The global macroeconomic environment is facing new challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone in 2014. The Chinese economy has slowed down since 2012 and such slowdown may continue. According to the National Bureau of Statistics of China, China s gross domestic product (GDP) growth slowed to 6.9% in 2015. The Chinese economy was on a bumpy road over the past few years, demonstrated by the stock market volatility, RMB depreciation and the recent downgrade by Moody and S&P s of its outlook on China s government credit rating from stable to negative. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world s leading economies, including the United States and China. Continued concerns about the systemic impact of potential long-term and wide-spread recession, energy costs, geopolitical issues, and the availability and cost of credit have contributed to increased market volatility and diminished expectations for economic growth around the world. The difficult economic outlook has negatively affected business and consumer confidence and contributed to high volatility.

There have been concerns over unrest and terrorist threats in the Middle East and Africa, which have resulted in volatility in oil and other markets, and over the conflicts involving Ukraine and Syria. There have also been concerns about the relationship among China and other Asian countries and the economic effects. Economic conditions in China are sensitive to global economic conditions, as well as changes in domestic economic and political policies and the expected or perceived overall economic growth rate in China. Any severe or prolonged slowdown in the global and/or Chinese economy may have a negative impact on our business, results of operations and financial condition, and continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

Changes in international trade policies and trade barriers have adversely affected, and may continue to adversely affect, our ability to export our products to customers in certain countries, or import raw materials from certain countries.

We generate a significant portion of our revenues from sales to customers located outside of China and our customer mix varies geographically from period to period. Trade barriers, such as tariffs, taxes, duties, restrictions and expenses, have adversely affected, and may continue to adversely affect, our ability to export our products to customers in certain countries, especially the European Union and the United States. For the years ended December 31, 2013, 2014 and 2015, we generated 5.2%, 4.5% and 4.0%, respectively, of our revenue from sales to customers located in the United States, and during the same periods, we generated 15.3%, 12.5% and 10.1%, respectively, of our revenue from sales to customers located in the European Union.

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On September 6, 2012 and November 8, 2012, respectively, the European Commission announced the initiations of anti-dumping and anti-subsidy investigations regarding crystalline silicon PV modules and key components (i.e., cells and wafers) originating from China into the European Union. On June 4, 2013, the European Commission announced that it would, from June 6, 2013, impose a provisional anti-dumping duty, or AD, of 11.8% to all solar panels, cells and wafers imported from China into the European Union. This provisional AD at 11.8% lasted until August 6, 2013, at which point it could be increased to the proposed 47.6% unless a settlement was otherwise achieved between the PRC government and the European Commission. The European Commission made its decision after forming the opinion that Chinese solar companies in general were selling solar panels to European customers at prices that were far below their normal market value. The PRC Ministry of Commerce, or MOFCOM, refuted the finding by the European Commission. On August 2, 2013, the European Commission accepted a price undertaking offered by Chinese companies exporting solar panels, represented by China Chamber of Commerce for Import and Export of Machinery and Electronic Products, or CCCME. Under such undertaking, crystalline silicon PV modules and key components (i.e., cells) originated in or consigned from China are sold to the European Union above fixed floor prices and subject to quota limitation. Companies that accept such fixed floor prices, including us, will not be subject to any anti-dumping and anti-subsidy tariffs. The fixed floor prices we accepted are higher than our selling prices prior to the acceptance of such undertaking and are subject to re-evaluation from time to time. The European Commission has re-evaluated and adjusted the fixed floor prices for several times based on the adjustment mechanism in the undertaking and the fixed floor prices after re-evaluation are still higher than our selling prices prior to the acceptance of such undertaking. Such fixed floor prices have had an adverse effect on our ability to secure orders from customers in the European Union due to the increase of our selling price under the undertaking. We expect the fixed floor prices after future re-evaluation continue to be higher than our selling prices prior to the acceptance of such undertaking, which will continue to have an adverse effect on our ability to secure orders from customers in the European Union. In addition, our sales to customers in the European Union are subject to quota limitations, which may affect our ability to sell additional products in the European markets. In addition, the anti-dumping and anti-subsidy tariffs would be automatically imposed on us if we are found by the European Union not in compliance with the undertaking. Several Chinese PV producers have been removed from the undertaking either due to their failure to comply with the terms thereof, or due to their voluntary withdrawal. For those companies that voluntarily withdrew from the undertaking, they have established overseas manufacturing facilities and will not be subject to the AD and countervailing duties, or CVD in force, thus placing us in a competitive disadvantage. The fixed price undertaking was expired on December 7, 2015, whereas the European Commission opened expiry reviews into the measures in force on imports of solar panels from China on December 5, 2015. The duties, the undertaking and the fixed floor prices will remain in force until the reviews are finished which normally takes 12 to 15 months.

Although we have accepted the fixed floor prices for our solar products sold to the European Union countries, if the anti-dumping and anti-subsidy tariffs in the European Union were reinstated, the competitiveness of our products to customers located in the European Union would be materially and adversely affected.

On May 29, 2015, the European Commission opened two investigations into claims that the duties in force for crystalline silicon PV modules or panels from China are being circumvented via Taiwan and Malaysia. Circumvention has been found and the European Commission extended the duties in force against China on February 11, 2016 to solar panels and solar cells consigned from Taiwan and Malaysia. On February 11, 2016, the European Commission reached definitive conclusion of this investigation. According to the definitive conclusion, AD of 53.4% and CVD of 11.5% are applicable to the imports of crystalline silicon PV modules or panels and cells of the type used in crystalline silicon PV modules or panels from China, and also extended to imports of crystalline silicon PV modules or panels and cells of the type used in crystalline silicon PV modules or panels consigned from Malaysia and Taiwan whether declared as originating in Malaysia and in Taiwan or not.

Furthermore, in December 2012, the U.S. Department of Commerce, or DOC, issued its final determination to impose AD and CVD, on crystalline silicon PV cells, whether or not assembled into modules, from the PRC, as well as modules assembled from those cells that are exported to the United States. The combined AD/CVD rate applicable to us was 29.18% when the final order was issued in December 2012. The DOC conducts annual administrative review of the AD/CVD rate that is applicable during the previous year, and based on the updated rate, the U.S. customs adjusts the tariffs paid by the affected companies by refunding the overpayment and requesting payment of the deficiency. In February 2014, DOC conducted its first annual administrative review of the anti-dumping tariff applicable from May 25, 2012 to November 30, 2013 and the anti-subsidy tariff applicable from March 26, 2012 to December 31, 2012. The AD/CVD rate applicable to us remained 29.18% after the first annual review. On August 4, 2015, the U.S. Trade Representative instructed the DOC to implement its determinations under section 129 of the Uruguay Round Agreements Act, which lowered the AD/CVD rate from 29.18% to 28.42%. In February 2015, DOC conducted its second annual administrative review of the anti-dumping tariff applicable from December 1, 2013 to November 30, 2014 and the anti-subsidy tariff applicable from January 1, 2013 to December 31, 2013. We were the mandatory respondent in the second administrative review. The final determination is expected to be released in June 2016. If the final determination resulted in a rate higher than 29.18%, we will be obligated to pay for the difference between the final rate and 29.18% for products exported during the review period. In February 2016, DOC conducted its third annual administrative review of the anti-dumping tariff applicable from December 1, 2014 to November 30, 2015 and the anti-subsidy tariff applicable from January 1, 2014 to December 31, 2014. We are participating in the third annual review process.

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In January 2014, DOC initiated a parallel anti-dumping investigation on imports of certain crystalline silicon PV products from China and Taiwan and a parallel anti-subsidy investigation on imports of certain crystalline silicon PV products from China. On December 23, 2014, DOC announced its final affirmative determinations that (i) imports of certain crystalline silicon PV products from China have been sold in the United States at dumping margins ranging from 26.71% to 165.04%; (ii) imports of certain crystalline silicon PV products from Taiwan have been sold in the United States at dumping margins ranging from 11.45% to 27.55%; and (iii) imports of certain crystalline silicon PV products from China have received subsidies ranging from 27.64% to 49.79%. The combined AD/CVD rate applicable to us is 68.49%, which came into effect on February 18, 2015 and exists in parallel with the already existing AD/CVD rate of 29.18% as mentioned above. Subject merchandise in China includes modules, laminates and/or panels assembled in China using crystalline silicon PV cells produced in a customs territory other than China; and subject merchandise in Taiwan includes modules, laminates, and/or panels produced in a third country from cells produced in Taiwan. The AD/CVD rate is also subject to annual administrative review. In February 2016, DOC conducted its first annual administrative review of the anti-dumping tariff applicable from July 31, 2014 to January 31, 2016 and the anti-subsidy tariff applicable from June 10, 2014 to December 31, 2015. If the final determination resulted in a rate higher than 68.49%, we will be obligated to pay for the difference between the final rate and 68.49% for products exported during the review period.

The parallel AD/CVD rate applicable to us has had and will continue to have an adverse effect on our sales to the U.S., and our ability to continue sourcing cells from suppliers overseas (including Taiwan) for our modules to be sold to the United States is also limited. The annual administrative review process has created great uncertainty on the amount of tariffs paid by us, thus continuing to have an impact on our sales to the U.S.

We are actively taking measures to alleviate the negative effects caused by the tariffs, including exploring new markets and securing additional order from customers located outside of the United States and the European Union. However, if our efforts to develop new markets fail and we are not able to gain additional orders from other customers to replace orders from those in the European Union and the United States, our revenue could be materially and adversely affected.

Australia has also initiated anti-dumping investigations against crystalline silicon solar panels imported from China. On October 6, 2015, the Australian Anti-dumping Commission decided to terminate this investigation and didn t impose any anti-dumping tariffs on imported solar panels. The final determination was revoked by Australia Anti-Dumping Review Panel on January 8, 2016 and the investigation was resumed recently. If the applicable AD rate is imposed, our sales to Australia and results of operations will be adversely affected.

On December 5, 2014, Canada initiated anti-dumping and countervailing investigations on imports of crystalline silicon PV modules from China. Based on the final determination issued by Canada Border Services Agency on June 3, 2015. JA Hefei Technology was determined to be subject to an AD rate of 48.4% and a CVD rate of RMB0.011 per watt.

Furthermore, we import some of our raw materials, including polysilicon, from suppliers located outside of China, such as the European Union, the United States and Korea. MOFCOM initiated investigations on solar grade polysilicon imported from the United States and the European Union in July 2012 and November 2012, respectively. In July 2013, MOFCOM announced in a preliminary ruling that it found exporters in the

United States and South Korea dumped their products on the PRC market and caused material harm to China s domestic solar industry and decided that it planned to impose provisional AD on solar-grade polysilicon imported from the United States and South Korea. In January 2014, MOFCOM upheld its previous ruling that investigated products from South Korea and the United States are subject to import tariffs at different rates with the highest rate being 48.7% and 57%, respectively. South Korean polysilicon producer OCI Company Ltd., or OCI, is one of our main suppliers and its products are subject to a tariff of 2.4%. On March 18, 2014, MOFCOM and Wacker Chemie AG, or Wacker, one of our main suppliers, reached a mutual agreement concerning its polysilicon exports to China. Pursuant to this agreement, Wacker undertakes not to sell polysilicon produced at its European plants in China below a specific minimum price, in return, MOFCOM will refrain from applying AD and CVD on Wacker. Various import tariffs and limitations imposed on foreign polysilicon suppliers may lead to the increased prices of products from domestic suppliers and the price of polysilicon from domestic suppliers may increase in the future. We may not be able to pass on such cost increase to our customers and our earnings may be negatively affected. For 2013, 2014 and 2015, we sourced 78.7%, 88.1% and 98.0%, respectively, of our polysilicon purchases from suppliers located in the United States, the European Union and South Korea.

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Japan is our largest overseas market and our results of operations may be adversely affected by various factors affecting Japan.

Japan is our largest overseas market and our revenues derived from our Japan-based customers accounted for 22.2%, 34.1% and 18.0% of our total revenues in 2013, 2014 and 2015, respectively. Various factors affecting Japan have impacted and may continue to have a negative impact on our results of operations.

The increase of demands from Japanese customers was largely due to the attractive feed-in tariff rate in Japan. However, Japan started to cut its feed-in tariff in 2013, the feed-in tariff for large-scale installation was reduced by 10% from 2012 to 2013, 11% from 2013 to 2014, which is further reduced by 9.3% and 15.6% in two phases in 2015. The decrease in feed-in tariff has had a negative impact on customer demands in Japan. Further reduction of feed-in tariff in Japan could continue to materially and adversely affect our business and results of operations.

From time to time, there have been tensions and conflicts between China and Japan. Adverse changes in political and economic policies, geopolitical uncertainties, and international conflicts between China and Japan may lead to a reduced demand of solar power products from Japan-based customers. If the business activities between Japan and China decrease due to political, economic or other issues, demand for solar power products from Japan-based customers may decline and our business and results of operations may be adversely affected.

Furthermore, events affecting Japan in general, such as natural disasters, may also have a negative impact on our business, financial condition and results of operations. Such crisis may have a negative impact on the business operation of Japan-based customers, which may in turn discourage them from importing our solar power products, thus adversely affecting our business and results of operations.

We may be adversely affected by volatile market and industry trends, in particular, the demand for our solar power products may decline, which may reduce our revenues and earnings.

We are affected by solar power market and industry trends. Industry-wide oversupply of solar power products has caused a substantial decline in prices of solar power products and industry-wide oversupply may continue to exist over the next few years. Competitiveness among conventional energy companies and renewable energy companies has adversely affected and may continue to affect the price of solar power products. We expect that cost reduction in the solar power industry will continue and prices of our products may be materially and adversely affected.

The demand for solar power products is also influenced by macroeconomic factors, including global economic development, credit markets, the supply and prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies concerning the electric utility industry. If negative market and industry trends continue in the future, the prices of our solar power products could further decrease and our business and results of operations may be materially and adversely affected.

The reduction or elimination of government subsidies and economic incentives or change in government policies and regulations may have a material adverse effect on our business and prospects.

Demand for our products depends substantially on government incentives aimed to promote greater use of solar power. Countries that provided significant incentives for solar power include Germany, Spain, Italy, Greece, the United States, Canada, Japan and China, among others. In many of the countries that constitute our major markets, solar power systems, particularly those for on-grid applications, would not be commercially viable without government incentives because the cost of generating electricity from solar power currently exceeds the cost of generating electricity from conventional or other non-solar renewable energy sources.

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The scope of government incentives for solar power depends, to a large extent, on political and policy developments relating to environmental concerns in a given country. Policy shifts could reduce or eliminate these government economic incentives altogether. For example, the rapid growth of the German, Spanish and Italian solar power markets in 2010 was largely due to the government policies of those countries that set feed-in tariff terms at attractive rates. However, the escalation of the European sovereign debt crisis in 2011 affected the fiscal ability of several governments to offer incentives for the solar power industry. Japan, our largest overseas solar power products market in 2015, has been reducing its feed-in tariff for large-scale installation over the past three years. Our sales to Germany, which was our second largest overseas market in 2013, has significantly decreased primarily due to decline in customer demands resulted from the reduction of feed-in tariffs. The result of the U.S. presidential election in 2016 may create uncertainty on the renewable energy industry as a whole. The recent block by the U.S. Supreme Court of Obama s clean energy plan may also have a negative impact on the solar power industry. Any further significant reduction in the scope or discontinuation of government incentive programs, especially in markets significant to our business, could cause demand for our products and our revenues to decline, and have a material and adverse effect on our business, financial condition, results of operations and prospects.

The market for electricity generation products is also heavily influenced by government regulations and policies concerning the electric utility industry, as well as internal policies of electric utilities companies. These regulations and policies often relate to electricity pricing, safety, utility interconnection, metering and related matters. End users purchases of alternative energy sources, including solar power products, could be deterred by unfavorable changes in regulations and policies, which could result in a significant reduction in the potential demand for our solar power products. For example, public utility companies commonly charge fees to larger, industrial customers for disconnecting from the electricity transmission grid or for having the capacity to use power from the electricity transmission grid for back-up purposes. These fees could increase end users costs of using our solar power products and make products that use our solar power products less desirable, thereby having an adverse effect on our business, financial condition, results of operations and prospects.

Our growth depends on the financial capabilities of our customers, third-party financing arrangements for end-users of our products, and is affected by general economic conditions.

We have extended credit to many new and existing customers or provided them with improved credit terms, including increasing credit limits and extending the time period before payments are due, ultimately increasing our accounts receivable and exposure to credit risks of our customers. Some of our customers are new customers with whom we have not historically had extensive business dealings. Starting from May 2011, we began to insure part of our overseas sales through China Export & Credit Insurance Corporation, or Sinosure. As of December 31, 2015, 24.7% of our total overseas accounts receivable was insured by Sinosure. The amount of insurance coverage for each transaction is based on a rating assigned by Sinosure to the customer based on such customer s credit history. However, we cannot assure you that all our accounts receivable are sufficiently covered or that Sinosure will be able to make payments on our claims. Our balance of provision for doubtful accounts was RMB281.0 million, RMB275.5 million and RMB259.8 million (US$40.1 million) in 2013, 2014 and 2015, respectively. During the year ended December 31, 2015, for sales of solar cells, we provided credit terms of up to 90 days to customers with good credit-worthiness as determined by our credit assessment. For sales of solar modules, which generally require a longer credit terms according to industry practice, credit terms of up to 180 days were granted to customers with good credit-worthiness. The failure of any of our new or existing customers to meet their payment obligations would deteriorate our working capital and materially and adversely affect our financial position, liquidity and results of operations.

Furthermore, our products are components of solar power and energy systems, which are used in both on-grid applications and off-grid applications. Government agencies and the private sector have, from time to time, provided financing on preferential terms to promote the use of solar energy in both on-grid and off-grid applications. We believe that the availability and cost of such financing programs could have a significant effect on the level of sales of solar power products. If existing financing programs for on-grid and off-grid applications are eliminated or if financing in general become inaccessible or inadequate, the growth of the market for on-grid and off-grid applications may be materially and adversely affected, which could cause sales of our solar power products to decline significantly.

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If there is a general reduction in available credit to would-be borrowers, customers may be unable or unwilling to finance the cost of our products, or parties that have historically provided this financing may cease to do so, or only do so on terms that are substantially less favorable for us or our customers. In addition, an increase in interest rates would likely increase the cost of financing to end users of our products and could reduce their profits and expected returns on investment in our products. A prolonged disruption in the ability of our significant customers or downstream players to access sources of liquidity could cause serious disruptions to or an overall deterioration in their businesses. This could lead to a significant reduction in their future orders for our products and cause their inability or failure to meet their payment obligations to us, any of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In light of our increased sales to customers outside China, we face risks associated with the marketing, distribution and sale of our products overseas, and if we are unable to effectively manage these risks, they could impair our ability to grow our business overall.

Historically, revenues from customers in China represented a significant portion of our overall revenues. Since 2010, in connection with our overseas marketing efforts as well as commercial manufacturing and selling of solar modules, we have substantially increased the portion of our products sold to customers outside China and our revenues from customers outside China have remained above 50% of our total revenues. The stability and viability of any existing, new or potential overseas markets are subject to many uncertainties and may expose us to a number of risks, including:

- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of our products and make us less competitive in some countries;

- fluctuations in currency exchange rates;

- difficulty in engaging and retaining distributors who are knowledgeable about, and can function effectively in, overseas markets;

- increased costs associated with maintaining the ability to understand local markets and follow their trends, as well as develop and maintain effective marketing and distribution presence in various countries;

- increased costs associated with providing customer service and support in these markets;

- difficulty and costs relating to compliance with the different commercial and legal requirements of the overseas markets in which we offer our products;

- failure to develop appropriate risk management and internal control structures tailored to overseas operations;

- failure to obtain or maintain certifications for our products in these markets; and

- failure to obtain, maintain or enforce intellectual property rights.

If we are unable to effectively manage these risks, we may not be able to successfully grow our business as we have planned.

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Increases in electricity costs or a shortage or disruption in electricity supply may adversely affect our business.

We consume a significant amount of electricity in our operations. Electricity prices in China have increased in the past few years and are expected to continue to increase in the future. As a result, our electricity costs may become substantially higher than our competitors, which could diminish our competitive advantage and adversely affect our business, financial condition and results of operations. Moreover, with the rapid development of the PRC economy, demand for electricity has continued to increase. There have been shortages or disruptions in electricity supply in various regions across China, especially during peak seasons, such as the summer, or when there are severe weather conditions. We cannot assure you that there will not be any disruptions or shortages in our electricity supply or that there will be sufficient electricity available to us to meet our future requirements. Increases in electricity costs and shortages or disruptions in electricity supply may significantly disrupt our normal operations, cause us to incur additional costs and adversely affect our profitability.

Decrease of oil price may reduce demand for investment in alternative energy, which may have a negative impact on the deployment of renewable energy and in turn have a negative impact on companies in the renewable energy industry, including us.

Crude oil price has dropped significantly since June 2014, which may reduce demand for investment in alternative energy. Historically, high oil price is one of the key drivers for renewable energy, with the decline of oil prices, the deployment of renewable energy may be affected and projects in the renewable energy may be delayed or even derailed. There are different voices on whether renewable energy will be affected and the extent of such impact, although companies in the renewable energy sector, including us, have not been materially and adversely affected by the decline of oil price, we cannot assure you that the renewable energy will not be adversely affected, and if affected, the impact will be minimal. If the renewable energy sector is adversely affected in general, our business and results of operations will also be adversely affected to some extent.

Difficulties in identifying, consummating and integrating acquisitions and alliances and potential write-offs in connection with our investment or acquisitions may have a material and adverse effect on our business and results of operations.

As part of our growth strategy, we have acquired, and may in the future acquire, companies that are complementary to our business. From time to time, we may also make alternative investments and enter into strategic partnerships or alliances as we see fit. Past and future acquisitions, partnerships or alliances may expose us to potential risks, including risks related to:

- the integration of new operations and the retention of customers and personnel;
- the potential write-offs in connection with acquisitions;
- unforeseen or hidden liabilities;

- the diversion of resources from our existing business and technology;
- failure to achieve synergies with our existing business as anticipated and generate revenues as anticipated;
- failure of the newly acquired business, technologies, services and products to perform as anticipated;
- inability to generate sufficient revenue to offset additional costs and expenses;
- breach or termination of key agreements by the counterparties;
- the costs of acquisitions; or
- the potential loss of or harm to relationships with our employees, customers or suppliers resulting from our integration of new businesses.

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Any of the potential risks listed above could have a material and adverse effect on our ability to manage our business and our results of operations.

Our business is subject to the risks associated with international operations.

As part of our business development plan, we have expanded our business to the overseas markets, including Japan, Philippines, United Kingdom and India. We also plans to continue expanding our business to the overseas market. Expanding our business internationally exposes us to a number of risks, including:

- fluctuations in currency exchange rates;
- our ability to select the appropriate geographical regions for international expansion;
- difficulty in identifying appropriate partners and establishing and maintaining good cooperative relationships with them;
- difficulty in understanding local markets and culture;
- failure to complete construction of our overseas facilities as planned; and
- increased costs associated with doing business in foreign jurisdictions.

Our financial condition and operating results also could be significantly affected by these and other risks associated with international activities. Furthermore, we have implemented policies and procedures designed to facilitate compliance with laws and regulations in foreign jurisdictions applicable to us, but there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations or our policies. Any such violations could individually or in the aggregate materially and adversely affect our financial condition or operating results.

We have expanded our business into upstream and downstream markets for a relatively short period of time and plan to continue implementing our integration strategy. Any failure to successfully implement this strategy could have a material adverse effect on our growth, results of operations and business prospects.

We have expanded into upstream and downstream markets, such as silicon wafer and solar module businesses since the fourth quarter of 2009 and the project development business since 2013. Our ability to successfully implement our upstream and downstream business integration is subject to various risks and uncertainties, including:

- our short history in the new businesses;
- our possible lack of competitiveness in product quality and cost structure in the new businesses;
- the need for additional capital to finance our new business operations, which may not be available on reasonable terms or at all;
- the need to recruit additional skilled employees, including technicians and managers at different levels;
- the need to grant longer credit terms to our customers and to maintain a higher level of inventory, resulting in longer cash conversion cycles compared with our traditional solar cell business;
- the need to expand warranty liabilities associated with the solar module business, with the warranty period for solar modules lasting for 10 to 25 years;
- the need to accrue warranty from sales of solar modules, which may not be adequate and we may have to incur substantial expense to repair or replace defective solar modules in the future;
- potential conflict with our customers as a result of our direct competition with them in the solar module businesses; and

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- new risks associated with project development business yet to be fully understood by the industry and market.

If we are unable to effectively manage these risks, we may not be able to successfully operate these new businesses and achieve the expected value of vertical business integration.

In addition, the expansion into the solar module market has resulted in substantial changes to our business, including, among others, the change of our customer base and product mix. Our customer base has evolved from primarily module manufacturers and distributors to include system integrators and solar power project developers. We have limited experience managing relationships with these new customers. The expansion to project development business has also exposed us to risks related to the development and construction of solar power plants, such as risks related to (i) receipt of or delays in obtaining land rights and related permits and other required governmental permits and approvals; (ii) unforeseen engineering problems; (iii) potential challenges from local residents, environmental organizations and others who may not support the project; and (iv) grid connection and curtailment issues. We may not be able to manage our business growth strategy as planned and our results of operations may be adversely affected.

We may encounter various risks and uncertainties in our project development business, all of which could increase our costs, delay or cancel a project, and have a material adverse effect on our results of operations and business prospects.

The project development business involves various risks and uncertainties. We may be required to invest significant amounts of capital for land and interconnection rights, preliminary engineering, licenses and permits, legal and other expenses before we can determine whether a project is feasible. Developing and completing a particular project face various risks and uncertainties, including without limitation to the following:

- failure to identify suitable sites in a timely manner;

- failure to secure and receive required governmental permits, licenses and approvals, such as land use rights, construction permits and approvals, as well as satisfactory environmental assessments;

- potential challenges from local residents, environmental organizations, and others who may not support the project;

- failure to obtain construction financing, including debt, equity and tax credits;

- failure to receive rights to interconnect to the electric grid;

- curtailment by utilities or grid operating companies;

- unable to pay interconnection and other deposits (some of which are non-refundable);

- failure to negotiate satisfactory EPC agreements;

- unforeseen engineering problems; construction delays; subsurface land conditions; cost over-runs; shortage of labor, equipment and materials supply;

- disruptions (including labor strikes);

- additional complexities when conducting project development or construction activities in foreign jurisdictions, including operating in accordance with the U.S. Foreign Corrupt Practices Act and applicable local laws and customs; and

- force majeure events, including adverse weather conditions and other events out of our control.

If we fail to address the above risks and uncertainties, our costs may be increased and construction of our projects may be delayed or even cancelled; therefore, our financial condition, results of operations and growth prospects may be materially and adversely affected.

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Lack of transmission capacity availability and other system constraints could significantly impact our ability to build solar power plants and generate revenue from electricity generation or project sales.

In order to deliver electricity, the solar power plants need to connect to the transmission grid. The lack of available capacity on the transmission grid could substantially impact our projects and cause reductions in project size, delays in project implementation, increases in costs from transmission upgrades and potential forfeiture of deposits that we may have made with respect to a given project. These transmission issues, issues relating to the availability of large systems such as transformers and switch gear as well as grid curtailment, could significantly impact our ability to build solar power plants, connect them to the grid, successfully complete customer acceptance testing, and receive payment for such solar power plants. These issues could also materially and adversely impact our sales price to project purchasers for solar power plants.

Curtailment of power purchases by the grid could significantly impact our project sales price and our ability to generate revenue from electricity generation.

Due to various reasons, such as mismatch between output and demand of power and the grid s dispatch among different sources of energy within its network, the electricity generated by our solar power plants may be prevented from feeding into the grid even if our solar power plants are connected to the transmission grid. Grid curtailment exists in both China and foreign countries, such as Japan. Grid curtailment also varies among different regions in China, but mainly occurring in China s northwest regions, such as Gansu and Qinghai provinces. As a result, our project sales price could be materially and adversely effected, the electricity that has already been generated will be wasted and we will not generate revenue from electricity generation, we may also be forced to reduce our output, all of which will significantly affect our results of operations.

Solar power plants can only receive government subsidies after they are listed in the Subsidy Catalog.

With respect to our solar power projects, our rights to receive central governmental subsidies can only be realized when the solar power projects are listed in the Renewable Energy Electricity Subsidy Catalog, or the Subsidy Catalog, issued by the Ministry of Finance, or MOF, the National Development and Reform Commission, or NDRC, and the National Energy Administration, or NEA, from time to time. In order to be included in the Subsidy List, applications should be made with the local counterparts of MOF, NDRC and NEA, which will conduct a preliminary review of the solar power projects and then report to the MOF, NDRC and NEA through their respective internal reporting channel. The MOF, NDRC and NEA will then conduct their review and determine whether to list the projects in the Subsidy Catalog.

On January 25, 2016, the MOF, NDRC and NEA jointly announced a guidance about the implementation of the application process for the 6th Subsidy Catalog. For solar power plants that were completed prior to February 28, 2015 and are not included in the previous Subsidy Catalogs, companies can make applications for them to be included in the 6th Subsidy Catalog. We have made our application by the due date. As of December 31, 2015, we had RMB47.7 million (US$7.4 million) in accounts receivable, representing unpaid subsidies to be paid after listing in the Subsidy Catalog. If we cannot receive subsidies for our projects as expected, our financial condition may be materially adversely affected.

We may be required to make significant upfront investment prior to commencing construction of solar power projects, which could adversely affect our business and results of operations.

It may take many months or years before our solar power plant development cycles can mature. As a result, we may be required to invest significant amounts of capital for land and interconnection rights, preliminary engineering, licenses and permits, legal and other expenses in advance of commencing construction, and the receipt of any revenue, much of which is not recognized for several additional months following contract signing.

Furthermore, we may not be able to simultaneously fund our other business operations and these system investments through our long project development cycles. Our liquidity may be adversely affected to the extent the project sales market weakens or we are not able to successfully complete the customer acceptance testing due to various reasons, such as technical difficulties, equipment failure, or adverse weather, and we are unable to sell our solar projects at prices and on terms and timing that are acceptable to us. Accordingly, our business and results of operations may be materially and adversely affected.

We rely on local grid companies for grid connection and grid companies may not have adequate transmission capacity or may be unwilling to purchase and transmit electricity generated by our solar power plants.

We have developed a solar power plant in Dunhuang, Gansu province, which started production in 2015. Once our power plant commences production, we must obtain consents from local grid companies to connect our solar power plants to their power grids before constructing an on-grid integrated solar system. Such consent depends on a number of external factors, including the availability of existing grids with adequate transmission capacity, progress of grid construction or system upgrades, the distance between our preferred sites and the local grids, and the costs of additional interconnection facilities. Many of these factors are beyond our control. We may not be able to obtain all necessary consents for our new solar power system integration projects in a timely manner, or at all. In addition, even if we are able to get the consents from local grid companies and connect our solar power plants to their power grids, we may experience delays in receiving payments and applicable subsidies, which are not directly paid to us.

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Further, under the current regulatory framework in the PRC, grid companies generally must purchase and dispatch all electricity generated by renewable energy producers within the coverage of their grids. Solar power stations with grid connection voltage of not more than 10 Kilovolts and installation capacity of not more than 6 MW are all allowed to apply for connection to large grid, with State Grid Corporation of China offering free connection service throughout the entire process. In case of PV power generation projects connected to public grids, grid companies are responsible for investment and construction of the connection projects and related modification of public grids, and for PV power generation projects connected to users end through the public grid, grid companies are responsible for investment and construction of public grids modification related to the connection. However, we cannot assure you that local grid companies will comply with these obligations at all times or at all. In addition, solar power plants and other renewable energy facilities of our competitors located near our solar power system integration projects may compete with us to secure grid connections. Grid companies may not have adequate transmission capacity or may be unwilling to purchase and transmit electricity generated by our solar power plants. We may not be able to dispatch electricity when our solar power system integration projects commence operations, which could have a material adverse effect on our revenue and results of operations.

Prepayment arrangements for procurement of silicon wafers and/or polysilicon from our major suppliers expose us to the credit risks of such suppliers and may also significantly increase our costs and expenses, either of which could in turn have a material adverse effect on our financial condition, results of operations and liquidity.

We face significant specific counterparty risk under long-term supply contracts when dealing with suppliers without a long, stable production and financial history. We make prepayments to these suppliers for procurement of polysilicon, ingots or wafers without receiving collateral to secure such payments. In the event any such supplier experiences financial difficulties, or even bankruptcy, it may be difficult or impossible, or may require substantial time and expenses, for us to recover any or all of our prepayments.

For example, in 2011, one of our long-term suppliers failed to deliver silicon wafers pursuant to the applicable contracts, and we recorded a provision of prepayment and other payment due totaling RMB42.2 million. We reached a settlement with such supplier in August 2013, under which such supplier agreed to pay us RMB21 million and we finally recovered RMB6,351,200 in September 2014 pursuant to a court allocation plan. In March 2011, M.SETEK, historically one of our major suppliers, failed to make majority of its scheduled delivery after a magnitude-9 earthquake struck Japan and triggered a tsunami affecting vast areas in Japan. As a result, we entered into a framework agreement with M.SETEK in March 2012 for the repayment of prepayment amounts made by us to M.SETEK, under which (i) M.SETEK will use the dividends distributed by Ningjin Songgong, which was 65% owned by M.SETEK prior to the transfer to us, to repay part of prepayments, (ii) M.SETEK will transfer its 65% equity interests in Ningjin Songgong to us to offset part of the remaining unpaid prepayments, and (iii) M.SETEK will continue to deliver polysilicon to fully utilize the remaining unpaid prepayments, if any. The share transfer agreement was signed on July 23, 2012 and the share transfer was completed in January 2013.

These efforts incurred legal expenses and distracted our management. In addition, legal actions are required to recover our prepayments. Our claims for prepayments would rank as unsecured claims, which expose us to the credit risks of our suppliers in the case of an insolvency or bankruptcy of such suppliers. Under such circumstances, our claims against the suppliers would rank below those of secured creditors, which would undermine our chances of obtaining the return of the prepayments. Accordingly, if a supplier to which we make prepayment defaults on its obligations under a supply contract, we may not be able to recover all or a portion of our outstanding prepayment, which may have a material adverse effect on our financial condition, results of operations and liquidity.

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Our ability to adjust our raw materials costs may be limited as a result of our entering into long-term supply agreements with some of our polysilicon and silicon wafer suppliers, and it may be difficult for us to respond in a timely manner to rapidly changing market conditions, which could materially and adversely affect our cost of revenues and profitability.

In order to secure adequate and timely supply of polysilicon and silicon wafers, we entered into a number of long-term supply agreements for polysilicon, ingots and wafers with a limited number of suppliers. Some agreements provide for fixed pricing or pricing adjustable within a relatively small range of plus or minus 5% to 10%, substantial prepayment obligations, and/or firm purchase commitments that require us to pay for the supply whether or not we accept delivery. Since the second half of 2008, the prices of polysilicon and silicon wafers have fluctuated significantly due to overall volatile market condition. In this regard, we have renegotiated the unit price and volume terms of many of our long-term supply agreements and have entered into amendments for many of them, but cannot always adjust terms to fully take advantage of market changes. In view of the significant volatility of the polysilicon prices during the past few years, we plan to continue to renegotiate the unit price and volume terms of our long-term supply agreements, but if prices of polysilicon or silicon wafers we pay to our suppliers continue to be higher than the market prices after such re-negotiations, we may be placed at a competitive disadvantage versus our competitors, and our cost of revenues as well as profitability would be materially and adversely affected. In addition, if demand for our solar power products decreases and such agreements require us to purchase more raw materials than required to meet our demand, we may incur costs associated with carrying excess inventory, which may have a material adverse effect on our cash flow. To the extent we are not able to pass these increased costs to our customers, our business and results of operations may be materially and adversely affected.

Disposal of outdated production lines can result in an increased impairment on property, plant and equipment, which may have a negative impact on our results of operations.

In the fourth quarter of 2012, we retired some outdated production lines of solar cells and solar modules in each of our facilities in Ningjin, Hebei and Fengxian, Shanghai. We recorded impairment loss on property, plant and equipment of RMB147.1 million related to the retirement of such production lines in 2012, accounting for 2.2% of our total revenues in 2012. With our business development, we may introduce new manufacturing equipment with higher production efficiency rates to replace old manufacturing equipment or we may eliminate outdated production capacity from time to time. If we continue to retire outdated production lines or replace outdated manufacturing equipment with new manufacturing equipment in the future, we may incur increased impairment loss on property, plant and equipment, which may have a negative impact on our results of operations.

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We may require a significant amount of cash to fund our future capital expenditure requirements and working capital needs; if we cannot obtain additional sources of liquidity when we need it, our growth prospects and future profitability may be materially and adversely affected.

We expect that we will need a significant amount of cash to fund our future capital expenditures. Besides capital expenditures, we have significant working capital commitments because suppliers of silicon wafers and polysilicon usually require us to make prepayments in advance of shipments. Future acquisitions, market changes or other developments may also cause us to require additional funds. Historically, we have relied on equity and debt offerings, borrowings and operating cash flow to finance our capital expenditure and working capital requirements. If we cannot generate sufficient operating cash flow to fund our capital expenditure and working capital needs, we may seek to sell additional equity or debt securities or borrow from lending institutions, which may not be available when needed. Our existing borrowings may decrease if our existing loans are cancelled or not renewed. Since the end of 2014, approximately RMB710.7 million (US$109.7 million) of our borrowings matured and were not extended or renewed. See Risk Factors Risks Related to Our Business and Industry We have substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

In addition, we require our customers to make prepayments to us to help us reduce the amount of funds that we need to finance our working capital requirements. The balance of prepayments we received from our customers increased from RMB202.7 million as of December 31, 2013 to RMB244.0 million as of December 31, 2014 and to RMB691.9 million (US$106.8 million) as of December 31, 2015 as the market slowly recovered.

We expect that we may need to obtain additional financing to meet our working capital requirements. Our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- the state of global credit markets;
- general market conditions for financing activities by companies in our industry; and
- economic, political and other conditions in China and elsewhere.

If we are unable to obtain funding in a timely manner or on commercially acceptable terms, or at all, our growth prospects and future profitability may be materially and adversely affected. In addition, the sale of additional equity securities, including convertible debt securities, would dilute our existing shareholders. The incurrence of debt would result in increased interest rate risk, divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders, if any. A shortage of such funds could in turn impose limitations on our ability to plan for, or react effectively to, changing market conditions or to expand through organic and acquisitive growth, thereby reducing our competitiveness.

We have substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect our financial health and our ability to generate sufficient cash to satisfy our outstanding and future debt obligations.

As of December 31, 2015, our short-term borrowings and current portion of long-term borrowings were RMB2.2 billion (US$338.9 million) and RMB238.4 million (US$36.8 million), respectively, and our long-term borrowings (excluding current portions) were RMB2.5 billion (US$379.9 million).

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Our substantial indebtedness could have important consequences to you. For example, it could:

- limit our ability to satisfy our obligations under our debt;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors that have less debt;
- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities. If we incur additional debt, the risks that we face as a result of our already substantial indebtedness and leverage could intensify.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. Banks may lower our credit lines or reject our loan applications, and we cannot assure you that our existing credit facilities will not be cancelled, or will be renewed in the future on reasonable commercial terms or at all. As a result, we may not generate or obtain sufficient cash flow to meet our anticipated operating expenses and to service our debt obligation as they become due. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

Our efforts to further develop our technology and know-how through increased research and development of crystalline silicon technology may not yield satisfactory results, if any.

The solar power industry is rapidly evolving and becoming more competitive. We will need to invest significant financial resources in research and development to keep pace with technological advances in the solar power industry and to effectively compete in the future. We have expended and may continue to expend significant financial resources in research and development of crystalline silicon and commercialization of new technologies to effectively compete with other market players in the future. However, research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research results. A variety of competing PV technologies that other companies may develop could prove to be more cost-effective and have better performance than solar power products that we develop. Therefore, our development efforts may be rendered obsolete by the technological advances of others.

Breakthroughs in PV technologies that do not use crystalline silicon could mean that companies such as us that rely entirely on crystalline silicon would encounter a sudden, sharp drop in sales. One of the alternative technologies in the production of solar cells is thin film technology. The use of thin film technology in the production of solar cells would significantly reduce the consumption of silicon materials and manufacturing costs while some thin film technology may not use silicon materials at all. New developments in commercialization of thin film technology may render our existing technologies obsolete and our products uncompetitive, which would result in loss in our profitability and market share and could materially and adversely affect our business, financial condition and results of operations.

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A small number of our customers account for a significant portion of our revenues.

A significant portion of our revenues is derived from a small number of customers. Our three largest customers for the three years ended December 31, 2013, 2014 and 2015 accounted for 28.6%, 39.1% and 23.3%, respectively, of our total revenues. For the years ended December 31, 2013, 2014 and 2015, there is one customer located in Japan accounting for 18.6%, 28.8% and 12.5% of our total revenues, respectively.

Our results of operations and financial condition will continue to depend on, among others, the following:

- our ability to continue to obtain orders from these customers;
- the financial condition and success of these customers; and
- the commercial success of our customers products which incorporate our solar power products.

Our ability to maintain close relationships with these key customers is essential to our strategies and to the ongoing growth of our business. We cannot guarantee that we will be able to retain any of our largest customers or any other customers. We have in the past been, and may in the future be, requested to reduce prices, and in an industry downturn, order cancellations may be expected. Any material delay, cancellation or reduction of orders from our major customers could cause our net sales to decline significantly and, in any such event, our results of operations may be materially and adversely affected.

Our results of operations and financial condition also depend on the financial condition and commercial success of these customers. If one or more of our customers were to become insolvent or otherwise were unable to pay for the services provided or products supplied by us, this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

Cancellation of customer orders could cause our operating results to fluctuate.

We have signed long-term sales arrangements with certain customers and required them to make prepayments. However, even though we charge a prepayment under many contracts, our customers may still cancel or reschedule purchase orders with us on relatively short notice. Cancellations or rescheduling of customer orders could result in delay or loss of anticipated sales without allowing us sufficient time to reduce, or delay the incurrence of, our corresponding inventory and operating expenses. In addition, changes in forecasts or the timing of orders from these or other customers expose us to the risks of inventory shortages or excess inventory. These circumstances, in addition to variations in average selling prices, and the fact that our supply agreements are generally long-term in nature and many of our other operating costs are fixed, in turn could cause our operating results to fluctuate and may result in a material adverse effect in our business.

We compete in a highly competitive market and many of our competitors have greater resources.

The solar power market is intensely competitive and rapidly evolving. We expect to face increased competition, which may result in price reductions, reduced margins or loss of market share. Although we have expanded into silicon wafer manufacturing and solar module business since the fourth quarter of 2009, some of our competitors have become vertically integrated for a longer period of time than us. We expect to compete with future entrants to the PV market that offer new technological solutions. Furthermore, many of our competitors are developing or currently producing products based on new PV technologies, including thin film, ribbon, sheet and nano technologies, which they believe will ultimately cost the same as or less than crystalline silicon technologies used by us. In addition, the entire PV industry also faces competition from conventional and non-solar renewable energy technologies. Due to the relatively high manufacturing costs compared to many other energy sources, solar energy is generally not competitive without government incentive programs.

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Many of our existing and potential competitors have substantially greater financial, technical, manufacturing and other resources than we do. Our competitors greater size and longer operating history in some cases provide them with a competitive advantage with respect to manufacturing costs because of their economies of scale and their ability to purchase raw materials at lower prices. Many of our competitors also have greater brand name recognition, more established distribution networks and larger customer bases. In addition, many of our competitors have well-established relationships with our existing and potential customers and have extensive knowledge of our target markets. As a result, they may be able to devote greater resources to the research, development, promotion and sale of their products and respond more quickly to evolving industry standards and changes in market conditions. Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors may materially and adversely affect our financial condition, results of operations and business prospects.

Problems with product quality or product performance may cause us to incur warranty expenses, damage our market reputation and prevent us from achieving increased sales and market share, or result in a decrease in our revenues and market share.

Our solar power products may contain defects that are not detected until after they are shipped or installed. These defects could cause us to incur significant re-engineering costs, divert the attention of our engineering personnel from product development efforts, lead to returns of, or requests to return our products and significantly affect our customer relations and business reputation. If we deliver solar power products with errors or defects, or if there is a perception that our solar power products contain errors or defects, our credibility and the market acceptance and sales of our products could be harmed.

With respect to our solar module business, in 2011, we extended our product warranty period from five years to ten years, warranting that the modules will be free from defects in materials and workmanship from the time of delivery. Starting from the third quarter of 2012, we began to provide a 25-year linear performance warranty against declines of electricity generation capacity from the time of delivery. Starting from August 2015, we began to provide a 30-year performance warranty for our newly launched double-glass module, which guarantees no greater than 2.5% power degradation in the first year, followed by a linear annual degradation rate of less than 0.5%. As a result of these warranties, we bear the risk of extensive warranty claims long after we have sold our products and recognized revenues. We therefore, in accordance with our own history, industry data and industry practices, accrue 1% of our net revenues from sales of solar modules as general warranty costs and also separately accrue specific warranty costs to cover potential liabilities that could arise from customer claims base on an individual assessment. However, such warranty cost accruals may not be adequate. Starting from 2012, we also began to work with PowerGuard Specialty Insurance Services to provide a range of long-term insurance and warranty-related coverage for our products. Because we only started to manufacture and sell solar modules in the fourth quarter of 2009 and double-glass module in August 2015, which have been in use for only a relatively short period, we cannot assure you that our assumptions regarding the durability and reliability of our products are reasonable. Our warranty provisions and insurance coverage may be inadequate, and we may have to incur substantial expense to repair or replace defective products in the future.

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Our failure to maintain sufficient collateral under certain mortgage contracts for our loans may materially and adversely affect our financial condition and results of operations.

From time to time, we may enter into bank loans secured by our real property or other assets. For example, our long-term borrowings of RMB92.0 million (US$14.2 million) with Agricultural Bank of China were secured by certain of our buildings and land use right in Shanghai Jinglong Solar Technology Co., Ltd., or Shanghai Jinglong. Our entrustment loan with Hefei High-Tech Industrial Development Zone Management Co., Ltd. in the total amount of RMB1,440 million (US$222.3 million) was secured by buildings, machinery and equipment, construction in progress and land use rights owned by JA Hefei Technology and all our equity interests in JA Hefei Technology. Our long-term borrowings of RMB588.0 million (US$90.8 million) with Industrial and Commercial Bank of China were secured by project assets and toll rights of Dunhuang JA Solar Power Development Co., Ltd, or JA Dunhuang. Our short-term loan of RMB52.5 million (US$8.1 million) with China Construction Bank was secured by buildings and land use right in JA Lianyungang. Our short-term borrowings of RMB140.0 million (US$21.6 million) with the Industrial Bank were secured by certain of our buildings in Shanghai JA Solar PV Technology Co., Ltd. Our short-term loan of RMB35.0 million (US$5.4 million) with Bank of Jiangsu was secured by certain of our buildings in JA Wafer R&D. We cannot assure you that we will not be requested by the mortgagees to provide additional collateral to bring the value of the collateral to the level required by the mortgagees. If we fail to provide additional collateral, the mortgagees will be entitled to require the immediate repayment by us of the outstanding loans, otherwise, the mortgagees may auction or sell our mortgaged assets and negotiate with us to apply the proceeds from the auction or sale to the repayment of the underlying borrowings. Furthermore, we may be subject to liquidated damages pursuant to relevant mortgage contracts. If any of the foregoing occurs, our financial condition and results of operations may be materially and adversely affected.

If we fail to adequately protect our intellectual property rights, our business and results of operations could be materially and adversely affected.

Given the importance of intellectual property to our business, we rely primarily on a combination of patent, trademark, trade secret and copyright, as well as employee and third party confidentiality agreements to safeguard our intellectual property. As of the date of this annual report, we had a total of 245 issued patents and 99 pending patent applications in China. However, we cannot assure you that the steps which we have taken will be sufficient to protect our intellectual property rights or that third parties would not infringe upon or misappropriate any such rights. Moreover, it is costly to litigate in order to protect any of our intellectual property rights. If we are unable to prevent third parties from infringing or misappropriating these rights in our self-owned products, the future financial condition and the ability to develop our business could be materially adversely affected.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to lose significant rights and pay significant damage awards.

Our success also depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. We have received claims regarding intellectual property infringement from Sharp Corporation Research and Development Center of Intellectual Property Division, or Sharp, in 2016. See Item 4. Information on the Company B. Business Overview Intellectual Property. Although we are not currently aware of any other parties pursuing or intending to pursue infringement claims against us, we cannot assure you that we will not be subject to more claims in the future. Also, because patent applications in many jurisdictions are kept confidential for 18 months before they are published, we may be unaware of other persons pending patent applications that relate to our products or processes. Our suppliers may also become subject to infringement claims, which in turn could negatively impact our business as they may no longer be able to fulfill their delivery obligations under their contracts with us or refund our outstanding prepayments in a timely manner or at all. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, or to redesign our products or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Protracted litigation could also result in our customers deferring or limiting their purchase or use of our products until resolution of such litigation. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

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Our quarterly revenues and operating results may be difficult to predict and could fall below investor expectations, which could cause the market price of our ADSs to decline.

Our quarterly revenues and operating results have fluctuated in the past and may continue to fluctuate significantly depending upon numerous factors, including seasonality of demand for solar power products, changes in market conditions and industry environment, and changes in government policies or regulations. For example, purchases of solar power products tend to decrease due to severe weather conditions in winter months, which complicate the installation of solar power systems. Many of these factors are beyond our control, making our quarterly results difficult to predict, which could cause the trading price of our ADSs and the rule of our other securities to decline if our operating results for any particular quarter fall below investor expectations.

The success of our business depends on the continuing efforts of our key personnel and our business may be severely disrupted if we lose their services.

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified technical personnel, particularly those with expertise in the solar power industry. There is substantial competition for qualified technical personnel, and there can be no assurance that we will be able to attract or retain our qualified technical personnel. If we are unable to attract and retain qualified technical personnel, our business may be materially and adversely affected.

We rely heavily on the continued services of our executive officers. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all. As a result, our business may be severely disrupted and we may incur additional expenses to recruit and retain new officers. In addition, if any of our executive officers joins a competitor or forms a competing company, we may lose some or all of our customers. We believe our future success will depend upon our ability to retain these key employees and our ability to attract and retain other skilled managerial, engineering and sales and marketing personnel. Each of our executive officers and other key personnel has entered into an employment agreement with us, which contains confidentiality and non-competition provisions. However, if any disputes arise between our employees and us, we cannot assure you, in light of uncertainties associated with the PRC legal system, the extent to which any of these agreements could be enforced in China, where some of our executive officers reside and hold some of their assets.

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As we have awarded and will continue to award employee share options and other share-based compensation to certain of our directors, officers, employees and consultants, our net income will be adversely affected.

As of March 31, 2016, we have granted options to purchase 23,299,000 ordinary shares and awarded 4,912,000 restricted share units to a number of our directors, employees and consultants, pursuant to our 2006 stock incentive plan, or 2006 Plan, and the 2014 stock incentive plan, or 2014 Plan. See Item 6. Directors, Senior Management and Employees B. Compensation Stock Option Plans.

In accordance with Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, Topic 718, Compensation-Stock Compensation, which requires all companies to recognize, as an expense, the fair value of share options and other share-based compensation to employees, we are required to account for compensation costs for all restricted share units and share options granted to our directors, employees and consultants using a fair-value based method and recognize expenses in our consolidated statement of operations and comprehensive income/(loss) in accordance with the relevant rules under U.S. GAAP. Our share-based compensation expenses have a material and adverse effect on our reported earnings for the year during which the share-based compensation are granted and over their vesting periods.

Moreover, the additional expenses associated with administrating share-based compensation may reduce the attractiveness of such incentive plan to us. However, if we stop granting options, or reduce the number of options granted, under our stock incentive plan, we may not be able to attract and retain key personnel, as share options are an important employee recruitment and retention tool. In addition, the decline in the price of our ADSs representing our ordinary shares below the exercise price of many of the previously granted options has lessened the effectiveness of the options as a means to retain the services of the option holders. As a result, we have granted more stock options to certain individuals and will continue to grant employee share options or other share-based compensation in the future that may adversely affect our net income/(loss).

Change in the fair value of warrants issued by us to a single institutional investor in conjunction with our issuance of ordinary shares in August 2013 may have an material and adverse effect on our net income.

On August 14, 2013, we entered into a securities purchase agreement with a single institutional investor, or institutional investor, to issue 15,228,425 ordinary shares, US$0.0001 par value per share, represented by 3,045,685 ADSs at a price of US$7.88 per ADS, for an aggregate consideration of US$24 million. The offering price is 94% of the volume-weighted average price of our ADSs on August 13, 2013 (i.e. US$8.383 per ADS per Bloomberg on August 13, 2013). In conjunction with the ordinary share offering, we also issued to the institutional investor Series A-1 Warrant, Series A-2 Warrant, Series A-3 Warrant, and Series B Warrant to acquire up to 12,724,164 ordinary shares (or 2,544,833 ADSs), 12,724,164 ordinary shares (or 2,544,833 ADSs), 12,724,164 ordinary shares (or 2,544,833 ADSs), and 50,896,656 ordinary shares (or 10,179,332 ADSs), respectively. In November 2013, February 2014 and May 2014, Series A-1 Warrant, Series A-2 Warrant and Series A-3 Warrant were exercised in full at the price of US$9.43 per ADS.

The warrants are deemed legally detachable and separately exercisable from the ordinary shares and thus accounted for as a freestanding instrument in according with U.S. GAAP. As the warrants are denominated in U.S. dollar, yet our functional currency is RMB, warrants are not considered indexed to our own stock. Accordingly, the warrants are liability derivatives which need to be fair valued on day one and mark to market subsequently at the end of each reporting period, and the fair value gain or loss arising from the re-measurement may have a material and adverse effect on our net income/(loss).

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There are potential conflicts of interest between us and our largest shareholder, Jinglong BVI.

Jinglong BVI, which is controlled by the shareholders of Hebei Jinglong, is our largest shareholder. In addition, Mr. Baofang Jin, the executive chairman of our board of directors and our chief executive officer, is a shareholder of Jinglong BVI and is also the chairman of Hebei Jinglong. We currently lease properties from Hebei Jinglong and also received guarantees from Hebei Jinglong for certain short-term bank borrowing. Our transactions with Hebei Jinglong are governed by a number of contracts, the terms of which were negotiated at what we believe are on an arm s length basis. In November 2011, we also completed the acquisition of Silver Age Holdings Limited, or Silver Age, a British Virgin Islands company controlled by Jinglong BVI. However, the interest of Jinglong BVI may conflict with our own interest with respect to our transactions with Hebei Jinglong. As a result, we may have limited ability to negotiate with Hebei Jinglong over the terms of the agreements because Jinglong BVI may exert significant influence on our affairs through our board of directors. In addition, Jinglong BVI may be able to prevent us from taking actions to enforce or exercise our rights under the agreements we entered into with Hebei Jinglong. Furthermore, we cannot assure you that our transactions with Hebei Jinglong will always be concluded on terms favorable to us or maintained at the current level or at all in the future. As a result, when these situations arise, our financial condition, results of operations and implementation of strategy may be materially and adversely affected.

We have limited insurance coverage and may incur significant losses resulting from operating hazards, product liability claims or business interruptions.

As with other solar power product manufacturers, our operations involve the use, handling, generation, processing, storage, transportation and disposal of hazardous materials, which may result in fires, explosions, spills and other unexpected or dangerous accidents causing personal injuries or death, property damages, environmental damages and business interruptions. Although we currently carry third-party liability insurance against property damages, these insurance policies are limited in scope and may not cover all claims relating to personal injury, property or environmental damage arising from accidents on our properties or relating to our operations. Any occurrence of these or other accidents in our operations that are not insured under our existing insurance policies could have a material adverse effect on our business, financial condition or results of operations.

In addition, the normal operation of our manufacturing facilities may be interrupted by accidents caused by operating hazards, power supply disruptions, equipment failures, as well as natural disasters. As the insurance industry in China is still in an early stage of development, business interruption insurance available in China offers limited coverage compared to that offered in many other countries, and we do not carry any business interruption insurance. Any business disruption or natural disaster could result in substantial costs and diversion of resources, and our business and results of operations may be materially and adversely affected.

We are also exposed to risks associated with product liability claims in the event that the use of the solar power products we sell results in injury. Because our solar products are generally incorporated into solar power devices to generate electricity, it is possible that users could be injured or even killed by the solar power devices incorporating our solar products, whether by product malfunctions, defects, improper installation or other causes. While we have not experienced any product liability claims brought against us, we are unable to predict whether such claims will be brought against us in the future or the effect of any resulting adverse publicity on our business. Although we began purchasing product liability insurances in 2010, there is no assurance that our insurance policies will provide adequate coverage in the event of a successful product liability claim against us. If our product liability insurances are not adequate, the successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments.

Compliance with environmental regulations is expensive, and noncompliance may result in adverse publicity and potentially significant monetary damages and fines or suspension of our business operations.

We are required to comply with all national and local regulations regarding the protection of the environment. Compliance with environmental regulations is expensive. The PRC government is adopting more stringent environmental protection regulations and the costs of complying with these regulations are expected to increase.

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Each of our solar product manufacturing facilities is required to conduct an environmental impact assessment, obtain approval of the assessment before commencing construction and complete an examination and obtain an environmental acceptance approval before it is able to begin production. We cannot assure you that we will be able to comply with all applicable environmental protection requirements, obtain the requisite approvals and permits upon completion of construction or commencement of commercial production on a timely basis or at all. Governmental authorities may impose fines or deadlines on us as a result of any non-compliance, and these authorities may also order us to cease construction or production if we fail to comply with applicable requirements.

In addition, we are subject to licensing requirements, regulations and periodic monitoring by local environmental protection authorities. If we fail to obtain the required permits and licenses, we will not be able to obtain an environmental acceptance approval and may not be allowed to produce. We may also be subject to substantial fines or damages or suspension of our production operations, and our reputation may be harmed, which could negatively affect our results of operations and financial position.

For strategic reasons and in an effort to maximize returns on our unused capital reserves, we may, from time to time, invest in securities purchased on the open market, which may, due to market forces beyond our control, result in the recognition of losses that will adversely affect our financial results.

Although we did not invest in any securities as of the date of this annual report, for both strategic reasons and in an effort to maximize the return on our unused capital reserves, we may, from time to time, invest in certain securities purchased on the open market. The fair value of the securities in which we may invest is driven by market forces beyond our control and may decline over time. To protect the value of our investment and minimize the recognition of losses, if any, we may, from time to time, dispose of such securities at the discretion of our board of directors. To the extent that we, in compliance with U.S. GAAP and other applicable rules and regulations, determine that a decline in the fair value of any of our securities is other-than-temporary, we are obligated to recognize such decline as a loss, which will in turn adversely affect our financial results.

We may incur significant legal expenses in connection with, and allocate management time and attention to, legal actions involving us that may take place from time to time and it is possible that we will not be able to prevail in our legal actions.

We were previously involved in two putative securities class actions and were able to reach an agreement to settle the lawsuits. During the process, we incurred significant legal expenses and allocated management time and attention to the litigations. We were named as a defendant in a lawsuit brought by Hemlock Semiconductor Pte. Ltd., or Hemlock, described in Item 8. Financial Information A. Consolidated Statements and Other Financial Information Legal Proceedings and we intend to defend vigorously against the lawsuit. We are currently unable to estimate the possible loss or possible range of loss, if any, associated with the resolution of the lawsuit. Any adverse outcome of the lawsuit could have a material adverse effect on our business, financial condition, results of operation, cash flows and reputation. We may face other legal actions that may take place from time to time in the future and we may continue to incur significant legal expenses and allocate management time and attention to the legal actions, all of which could harm our business.

Risks Related to Doing Business in China

Our independent registered public accounting firm, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by the Public Company Accounting Oversight Board and, as such, investors may be deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit reports included in our annual reports filed with the U.S. Securities and Exchange Commission, or SEC, as an auditor of companies that are traded publicly in the United States and a firm registered with the U.S. Public Company Accounting Oversight Board (United States), or PCAOB, is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Because our auditor is located in China, a jurisdiction where PCAOB is currently unable to conduct inspections without the approval of the PRC authorities, our auditor, like other independent registered public accounting firms operating in China, is currently not inspected by PCAOB.

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Inspections of other firms that PCAOB has conducted outside of China have identified deficiencies in those firms audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The inability of PCAOB to conduct inspections of independent registered public accounting firms operating in China makes it more difficult to regularly evaluate the effectiveness of our auditor s audit procedures or quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

If additional remedial measures are imposed on the PRC-based Big Four accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms failure to meet specific criteria set by the SEC, we could be unable to timely file future financial statements in compliance with the requirements of the Securities Exchange Act of 1934.

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC s rules and regulations thereunder by failing to provide to the SEC the firms audit work papers with respect to certain PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the administrative law judge, or ALJ, presiding over the matter rendered an initial decision that each of the firms had violated the SEC s rules of practice by failing to produce audit workpapers to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months. The Big Four PRC-based accounting firms appealed the ALJ s initial decision to the SEC. The ALJ s decision does not take effect unless and until it is endorsed by the SEC.

In February 2015, the Big Four PRC-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms audit documents via the China Securities Regulatory Commission, or the CSRC. If future document productions fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. While we cannot predict if the SEC will further review the four China-based accounting firms compliance with specified criteria or if the results of such a review would result in the SEC imposing penalties such as suspensions or restarting the administrative proceedings, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements could ultimately lead to the delisting of our ADSs from the Nasdaq Global Select Market or the termination of the registration of our ADSs under the Securities Exchange Act of 1934, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Adverse changes in political and economic policies of the PRC government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products and materially and adversely affect our competitive position.

A significant portion of our business operations are conducted in China. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including:

- the amount of government involvement;

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- the level of development;
- the growth rate;
- the control of foreign exchange; and
- the allocation of resources.

While the Chinese economy has grown significantly in the past years, the growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. We cannot assure you that the PRC economy will continue to grow, or that if there is growth, such growth will be steady and uniform, or that if there is a slowdown, such a slowdown will not have a negative effect on our business.

The PRC government exercises significant control over China s economic growth through various measures, such as allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Some of these measures benefit the overall PRC economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by governmental control over capital investments or changes in tax regulations that are applicable to us. In addition, it is unclear whether PRC economic policies will be effective in maintaining stable economic growth in the future. Any slowdown in China s economic growth could lead to reduced demand for our solutions, which could in turn materially and adversely affect our business, financial condition and results of operations.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

More than half of our revenues are derived from sales to customers outside China and denominated in foreign currencies. Therefore, we have entered into, and may continue to enter into, foreign currency forward contracts with commercial banks to hedge part of our exposure to foreign currency exchange risk for our overseas sales. As with all hedging instruments, there are risks associated with the use of foreign currency forward contracts. While the use of such foreign currency forward contracts provides us with protection from certain fluctuations in foreign currency exchange, we potentially forgo the benefits that might result from favorable fluctuations in foreign currency exchange. Any default by the counterparties to these transactions could adversely affect our financial condition and results of operations. Furthermore, these financial hedging transactions may not provide adequate protection against future foreign currency exchange rate fluctuations and, consequently, such fluctuations could result in foreign exchange losses and adversely affect our financial condition and results of operations.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the People s Bank of China. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, this appreciation was halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. As a consequence, the Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us. In addition, appreciation or depreciation in the value of RMB relative to U.S. dollars would affect our financial results reported in U.S. dollar terms regardless of any underlying change in our business or results of operations.

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Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may cause damage, loss or disruption to our business.

Natural disasters, acts of war, political unrest and epidemics, which are beyond our control, may adversely affect the economy, infrastructure and livelihood of the people of the PRC. Some cities in the PRC are particularly susceptible to floods, earthquakes, sandstorms and droughts. The business, financial condition and results of operations of us may be materially and adversely affected if such natural disasters occur. Political unrest, acts of war and terrorists attacks may cause damage or disruption to us, our employees, our facilities, the sales channels operated by authorized third-party retailers of us and our markets, any of which could materially and adversely affect our sales, overall operating results and financial condition. The potential for war or terrorists attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict. In addition, certain Asian countries, including the PRC, have encountered epidemics such as SARS, incidents of the avian flu or the H1N1 flu. In March 2013, a new virus subtype H7N9, commonly known as bird flu or avian flu, was discovered in eastern China and sickened and killed some people. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in the PRC. A recurrence of an outbreak of SARS, avian flu, the H1N1 flu, the H7N9 flu or any other similar epidemic, could cause a slowdown in the levels of economic activity generally, which could in turn adversely affect our results of operations.

Price inflation in China could erode some of the advantages of operating in a relatively low-cost jurisdiction such as China, which could negatively affect our competitive advantages and our results of operations.

In the last three years, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, the annual average percent changes in the consumer price index in China for 2013, 2014 and 2015 were 2.6%, 2.0% and 1.4%, respectively. The year-over-year percent changes in the consumer price index for December 2013, 2014 and 2015 were increases of 2.5%, 1.5% and 1.6%, respectively. Although we have not been materially affected by inflation in the past, we cannot assure you that we will not be affected in the future by higher rates of inflation in China. Because we conduct manufacturing and purchase raw materials primarily from suppliers in China, price inflation increases the costs of labor and raw materials for manufacturing and risks counteracting the competitive advantage we enjoy as a result of the relatively lower manufacturing costs we incur from operating in China. If inflationary trends continue in China, China could lose its competitive advantage as a low-cost manufacturing venue, which could in turn lessen any competitive and reputational advantages we gain through China-based manufacturing. Although we have started the process and will continue to gradually automate our production lines in order to reduce the impact of increases in labor cost in the long run, inflation in China may still weaken our competitiveness in our markets and have a material adverse effect on our business, financial condition, results of operations and prospects.

Uncertainties with respect to the PRC legal system could have a material adverse effect on us.

We conduct a significant portion of our business inside China through our various wholly-owned subsidiaries. Our operations in China are governed by PRC laws and regulations. Our PRC subsidiaries are foreign-invested enterprises (FIE) or enterprises invested by FIE and are therefore subject to laws and regulations applicable to foreign investment in China. The PRC legal system is based on written statutes. Unlike in the common law system, prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. Furthermore, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. In addition, the PRC legal system is based in part on government policies and internal rules, some of which may not be published on a timely basis or at all, and some of which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until some time after the violation. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may also impede our ability to enforce the contracts we have entered into. As a result, these uncertainties could materially and adversely affect our business and results of operations.

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Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of draft PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The draft Foreign Investment Law embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. Substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects.

Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of actual control in determining whether a company is considered an FIE. The draft Foreign Investment Law specifically provides that entities established in China but controlled by foreign investors will be treated as FIEs, whereas an entity set up in a foreign jurisdiction would nonetheless be, upon market entry clearance by the MOFCOM, treated as a PRC domestic investor provided that the entity is controlled by PRC entities and/or citizens. In this connection, control is broadly defined in the draft law to cover the following summarized categories: (i) holding 50% of more of the voting rights of the subject entity; (ii) holding less than 50% of the voting rights of the subject entity but having the power to secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the voting power to exert material influence on the board, the shareholders meeting or other equivalent decision making bodies; or (iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity s operations, financial matters or other key aspects of business operations. Once an entity is determined to be an FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in a negative list, to be separately issued by the State Counsel in the future, if the FIE is engaged in the industry listed in the negative list. Unless the underlying business of the FIE falls within the negative list, which calls for market entry clearance by the MOFCOM, prior approval from the government authorities as mandated by the existing foreign investment legal regime would no longer be required for establishment of the FIE.

We do not operate in a restricted or prohibited industry that will be covered under the negative list, so the effect on us of the draft law will be limited. Nonetheless, the draft Foreign Investment Law, if enacted as proposed, may also materially impact our corporate governance practice and increase our compliance costs. For instance, the draft Foreign Investment Law imposes stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that are required at each investment and alteration of investment specifics, an annual report is mandatory, and large foreign investors meeting certain criteria are required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations may potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible may be subject to criminal liabilities.

Rapid urbanization and changes in zoning and urban planning in China may cause our properties to be demolished, removed or otherwise affected.

China is undergoing a rapid urbanization process, and zoning requirements and other governmental mandates with respect to urban planning of a particular area may change from time to time. When there is a change in zoning requirements or other governmental mandates with respect to the areas where our operating facilities are located, the affected facilities may need to be demolished and removed. As a result, we may have to relocate our facilities to other locations. We have not experienced such demolition and relocation in the past, but we cannot assure you that we will not experience demolitions or interruptions of our operating facilities due to zoning or other local regulations. Any such demolition and relocation could cause us to lose primary locations for our operating facilities and we may not be able to achieve comparable operation results following the relocations. While we may be reimbursed for such demolition and relocation, we cannot assure you that the reimbursement, as determined by the relevant government authorities, will be sufficient to cover our direct and indirect losses. Accordingly, our business, results of operations and financial condition may be materially and adversely affected.

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Our operating subsidiaries in China are subject to legal limitations in paying dividends to us, which may restrict our ability to satisfy our liquidity requirement.

As a holding company, we depend on receipt of dividends and the interest and principal payments on intercompany loans or advances from our subsidiaries to satisfy our obligations. The ability of our subsidiaries to pay dividends and make payments on intercompany loans or advances to us is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments or certain PRC project loan agreements. Pursuant to such PRC project loan agreements, some of our PRC subsidiaries are restricted from distributing dividends or making other distributions to us unless such loans are paid off, certain financial requirement is met, if any, or otherwise consent is obtained from the relevant lenders entering into such project loan agreements. These restrictions could limit the ability of our subsidiaries to pay dividends.

Further, PRC Corporation Law permits payment of dividends by our PRC subsidiaries only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Our subsidiaries are also required to set aside at least 10% of their after-tax profits based on PRC accounting standards each year to their general reserves until the accumulative amount of such reserves reach 50% of their respective registered capital. These reserves are not distributable as cash dividends. In addition, at the discretion of their respective board of directors, our PRC subsidiaries may allocate a portion of their after-tax profits to their respective staff welfare and bonus funds, which may not be distributed to equity owners except in the event of liquidation. Furthermore, if our PRC subsidiaries incur debt on their own behalves in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us, which may restrict our ability to satisfy our liquidity requirement. In addition, dividends paid by our PRC subsidiaries to their non-PRC parent companies will be subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Limitations on the ability of our PRC subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, or otherwise fund and conduct our business.

PRC regulations on currency exchange and foreign investment may limit our ability to receive and use our revenues effectively and may delay or prevent us from using the proceeds from our fundraising activities to make loans or additional capital contributions to our PRC operating subsidiaries.

A certain portion of our revenues and expenses are also denominated in Renminbi. If our revenues denominated in Renminbi increase or expenses denominated in Renminbi decrease in the future, we may need to convert a portion of our revenues into other currencies to meet our foreign currency obligations, including, among others, payment of dividends declared, if any, in respect of our ordinary shares. Under PRC regulations the Renminbi is currently convertible under the current account, which includes dividends, trade and service-related foreign exchange transactions, but not under the capital account, which includes foreign direct investment and loans, without the prior approval of the State Administration of Foreign Exchange, or SAFE. Currently, our PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payments of dividends to us, without prior approval from SAFE, by complying with certain procedural requirements. However, we cannot assure you that the PRC government will not take further measures in the future to restrict access to foreign currencies for current account transactions.

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Foreign exchange transactions by our PRC subsidiaries under the capital account continue to be subject to significant foreign exchange controls and require the approval of or need to be registered with PRC governmental authorities, including SAFE. To utilize the proceeds of any equity or debt offering as an offshore holding company of our PRC operating subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loan from offshore companies to our PRC subsidiaries is subject to PRC regulations. For example, loans by us to our subsidiaries in China, which are foreign-invested enterprises, or FIEs, to finance their activities cannot exceed the difference between the total investment and the registered capital of that subsidiary and must be registered with SAFE.

We may also finance our subsidiaries by means of capital contributions. These capital contributions must be approved by certain government authorities, including the NDRC, MOFCOM, or their local counterparts. We may not be able to obtain these government approvals on a timely basis, if at all, with respect to future capital contributions by us to our subsidiaries. If we fail to receive such approvals, our ability to use the proceeds we have received, or may receive, from our equity or debt offerings and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and grow our business.

Our business benefits from certain PRC tax incentives. Expiration of, revocation of, or changes to, these incentives could have a material adverse effect on our operating results.

Under the previous PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises, or the FEIT Law, and the related implementation rules, FIEs established in China were generally subject to enterprise income tax, or EIT, at a state tax rate of 33% on PRC taxable income. The PRC government provided certain incentives to FIEs in order to encourage foreign investments, including tax exemptions, tax reductions and other measures. Under the FEIT Law and the related implementation rules, FIEs were entitled to be exempted from foreign enterprise income tax for a two-year period starting from their first profit-making year followed by a 50% reduction of foreign enterprise income tax payable for the subsequent three years, provided that they fell into the category of production-oriented enterprises with an operational period of more than 10 years in China. Such two-year tax exemption and three-year 50% tax reduction period are referred to as the Tax Holiday.

In March 2007, China enacted a new PRC Corporate Income Tax Law, or CIT Law, which became effective on January 1, 2008 and replaced the FEIT Law. The CIT Law imposes a unified EIT rate of 25% on all domestic enterprises and FIEs unless they qualify under certain limited exceptions. The CIT Law provides a five-year transition period to FIEs, during which they are permitted to grandfather their existing preferential income tax treatment until such treatment expires in accordance with its current terms. In addition, certain enterprises may still benefit from a preferential tax rate of 15% under the CIT Law if they qualify as an advanced and new technology enterprise, or ANTE, subject to certain general factors described therein. Where the transitional preferential policies and the preferential policies for ANTE as prescribed under the CIT Law and its implementation rules overlap, an enterprise shall choose to carry out the most preferential policy, but shall not enjoy multiple preferential policies.

JA Hebei, JA Yangzhou, Solar Silicon Valley and JA Fengxian were production-oriented enterprises established prior to the effective date of the CIT Law, and therefore, were entitled to their then-existing preferential income tax treatment provided under the FEIT Law and its related interpretations rules until December 31, 2012.

With respect to income related to JA Hebei s initial capital contribution, JA Hebei received approval from the relevant tax authorities to enjoy the Tax Holiday commencing from 2006. In 2007, JA Hebei effected a capital injection, or the 2007 Capital Injection, and was approved by the local tax bureau of Xingtai City, Hebei Province, to enjoy a separate Tax Holiday on taxable income attributable to the 2007 Capital Injection commencing from 2007. In February 2013, JA Hebei received a notice from the local tax bureau of Xingtai City, Hebei

Province, revoking its original approval that JA Hebei was entitled to enjoy a separate Tax Holiday for taxable income attributable to the 2007 Capital Injection, which caused us to record an additional income tax expense of RMB82.5 million at the end of 2012 and to make subsequent payment in March 2013.

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A number of our PRC subsidiaries, such as JA Hebei, JA Yangzhou, JA Lianyungang and JA Fengxian, are entitled to enjoy a preferential tax rate of 15% due to their qualification as ANTE. The preferential tax rate, once being approved by the relevant government authorities, is subject to renewal every three years.

In November 2010, JA Hebei was recognized as an ANTE and is entitled to the preferential income tax of 15% from 2010 to 2012. In March 2014, JA Hebei was again recognized as an ANTE and is entitled to the preferential income tax of 15% from 2013 to 2015. In August 2011, JA Yangzhou was recognized as an ANTE and is entitled to the preferential income tax of 15% from 2011 to 2013. In August 2014, JA Yangzhou was again recognized as an ANTE and is entitled to the preferential income tax of 15% from 2014 to 2016. In November 2011, JA Lianyungang was recognized as an ANTE and is entitled to the preferential income tax of 15% from 2011 to 2013. In October 2014, JA Lianyungang was again recognized as an ANTE and is entitled to the preferential income tax of 15% from 2014 to 2016. JA Fengxian was recognized as an ANTE and is entitled to the preferential income tax of 15% from 2011 to 2013. In September 2014, JA Fengxian was again recognized as an ANTE and is entitled to the preferential income tax of 15% from 2014 to 2016. JA Wafer R&D was recognized as an ANTE and is entitled to the preferential income tax of 15% from 2012 to 2014. In 2015, JA Wafer R&D ceased being recognized as an ANTE. JA Hebei, JA Yangzhou, JA Fengxian and JA Lianyungang are collectively referred to as ANTE Entities.

However, we cannot assure that the current tax benefits enjoyed by the ANTE Entities will be extended upon expiration. If these tax benefits cannot be extended or otherwise become unavailable, the effective income tax rate of the ANTE Entities will increase significantly, and any such increase in the future could have a material adverse effect on our financial condition and results of operations. In addition, we cannot assure you that the relevant tax authorities will not have different interpretations of the existing laws in the future. Any discontinuation or revocation of preferential tax treatment or any increase of the EIT rate applicable to us could have a material adverse effect on our financial condition and results of operations.

We may be deemed a PRC resident enterprise under the CIT Law and be subject to the PRC taxation on our worldwide income.

Pursuant to the CIT Law, and its implementation rules, which became effective on January 1, 2008, an enterprise established outside of China with de facto management bodies within China is considered a resident enterprise, meaning that it can be treated in a manner similar to a Chinese enterprise for EIT purposes. Under the implementation rules of the CIT Law, the term de facto management body is defined as the management body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which is amended and supplemented by the Announcement Regarding the Determination of PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies issued by the State Administration of Taxation on January 29, 2014. Circular 82 and its amendments sets out certain specific criteria and process for determining whether the de facto management body of a Chinese-controlled offshore incorporated enterprise is located in China. Given that the CIT Law and its implementation rules are relatively new and ambiguous in terms of some definitions, requirements and detailed procedures, it is unclear how tax authorities will determine tax residency based on the facts of each case.

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If the PRC tax authorities determine that we are a resident enterprise for PRC EIT purposes, a number of unfavorable PRC tax consequences could follow: (i) we may be subject to EIT at a rate of 25% on our worldwide taxable income as well as PRC EIT reporting obligations; (ii) a 10% (or a lower rate under an applicable tax treaty, if any) withholding tax may be imposed on dividends we pay to non-PRC enterprise holders (20% for non-PRC individual holders) of our shares and ADSs; and (iii) a 10% PRC tax may apply to gains realized by non-PRC enterprise holders (20% for non-PRC individual holders) of our shares and ADSs from transferring our shares or ADSs, if such income is considered PRC-source income.

Similarly, such unfavorable tax consequences could apply to our Hong Kong subsidiaries, if either of them is deemed to be a resident enterprise by the PRC tax authorities. Notwithstanding the foregoing provisions, the CIT Law also provides that the dividends paid between qualified resident enterprises are exempt from EIT. If our Hong Kong subsidiaries are deemed resident enterprises for PRC EIT purposes, the dividends they receive from their PRC subsidiaries may constitute dividends between qualified resident enterprises and therefore qualify for tax exemption. However, the definition of qualified resident enterprise is unclear and the relevant PRC government authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC EIT purposes. Even if such dividends qualify as tax-exempt income, we cannot guarantee that such dividends will not be subject to any withholding tax.

Dividends payable by us to our non-PRC holders of our ordinary shares and ADSs and gain on the sale of our ADSs or ordinary shares may become subject to PRC taxes.

Under the CIT Law and its implementation regulations, PRC income tax at the rate of 10% is applicable to PRC sourced dividends payable to investors that are non-resident enterprises and that do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. The implementation regulations for the CIT Law further sets forth that dividend income is viewed as PRC-sourced income if the enterprise that pays dividend is a resident enterprise. Similarly, any gain realized on the transfer of ADSs or shares by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. It is unclear whether we may be considered as a resident enterprise under the CIT law. If we are deemed as a PRC resident enterprise for PRC tax purposes, dividends we pay with respect to our ordinary shares or ADSs, or the gain our shareholders may realize from the transfer of our ordinary shares or ADSs, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the CIT Law to withhold PRC income tax on dividends payable to our non-PRC holders of ordinary shares and ADSs who are non-resident enterprises, or if our non-PRC holders of ordinary shares and ADSs are required to pay PRC income tax on the transfer of our ordinary shares or ADSs, the value of their investment in our ordinary shares or ADSs may be materially and adversely affected.

We and our non-resident investors face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the State Administration of Taxation, which became effective retroactively as of January 1, 2008, where a non-resident enterprise investor transfers equity interests in a PRC resident enterprise indirectly by way of disposing of equity interests in an overseas holding company, the non-resident enterprise investor, being the transferor, may be subject to PRC EIT, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfer may be subject to PRC withholding tax at the rate of up to 10%. In addition, the PRC resident enterprise may be required to provide necessary assistance to support the enforcement of Circular 698.

On February 3, 2015, the State Administration of Tax issued the Notice on Certain Corporate Income Tax Matters on Indirect Transfers of Properties by Non-Resident Enterprises, or Circular 7. Circular 7 has introduced a new tax regime that is significantly different from that under Circular 698. Circular 7 extends its tax jurisdiction to not only indirect transfers set forth under Circular 698 but also transactions involving transfer of other taxable assets, through the offshore transfer of a foreign intermediate holding company. In addition, Circular 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Circular 7 also brings challenges to both the foreign transferor and transferee (or other person who is obligated to pay for the transfer) of the taxable assets. Where a non-resident enterprise conducts an indirect transfer by transferring the taxable assets indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise being the transferor, or the transferee, or the PRC entity which directly owned the taxable assets may report to the relevant tax authority such indirect transfer. Using a substance over form principle, the PRC tax authority may re-characterize such indirect transfer as a direct transfer of the equity interests in the PRC tax resident enterprise and other properties in China. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of up to 10% for the transfer of equity interests in a PRC resident enterprise. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

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However, as these rules and notices are relatively new and there is a lack of clear statutory interpretation, we face uncertainties on the reporting and consequences on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises, or sale or purchase of shares in other non-PRC resident companies or other taxable assets by us. Our Cayman Islands holding company and other non-PRC resident enterprises in our group may be subject to filing obligations or may be taxed if our Cayman Islands holding company and other non-PRC resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our Cayman Islands holding company and other non-PRC resident enterprises in our group are transferees in such transactions. For the transfer of shares in our Cayman Islands holding company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in the filing under Circular 698 and Circular 7. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our Cayman Islands holding company and other non-resident enterprises in our group should not be taxed under Circular 698 and Circular 7, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply Circular 698 and Circular 7 to our offshore restructuring transactions where non-PRC resident investors were involved if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, we and our non-PRC resident investors may be at risk of being taxed under Circular 698 and Circular 7 and may be required to comply with or to establish that we should not be taxed under Circular 698 and Circular 7, which may have a material adverse effect on our financial condition and results of operations or such non-PRC resident investors investments in us. We have conducted acquisition transactions in the past and may conduct additional acquisition transactions in the future. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Labor laws in the PRC may adversely affect our results of operations.

In June 2007, the PRC government promulgated a new labor law, the Labor Contract Law of the PRC, or the Labor Contract Law, which became effective on January 1, 2008. The Labor Contract Law was further amended on December 28, 2012 which became effective on July 1, 2013. Labor Contract Law and its amendment impose greater liabilities on employers and significantly increase the cost of an employer s decision to reduce its workforce. Furthermore, it requires certain terminations to be based upon duration of employment and not the merits of employees. In the event we decide to significantly change or decrease our workforce, the Labor Contract Law could adversely affect our ability to enact such changes in a manner that is most advantageous to our business or in a timely and cost effective manner, thus materially and adversely affecting our financial condition and results of operations.

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PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident shareholders to personal liability and limit our ability to inject capital into our PRC subsidiaries, limit our PRC subsidiaries ability to distribute profits to us, or otherwise adversely affect us.

In October 2005, SAFE issued the Circular on the Relevant Issues in the Foreign Exchange Control over Financing and Return Investment Through Special Purpose Companies by Residents Inside China, or Circular 75, which is now replaced by the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or Circular 37, issued by SAFE on July 4, 2014. According to Circular 37, PRC residents are required to register with local SAFE branches in connection with their direct establishment or indirect control of an offshore entity for the purposes of overseas investment and financing, with such PRC residents legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in Circular 37 as a special purpose vehicle. The term control under Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by the PRC residents in the offshore special purpose vehicles or PRC companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible bonds or other arrangements. Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of the special purpose vehicle, such as changes in a PRC resident individual shareholder, name or operation period; or any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. If the shareholders of the offshore holding company who are PRC residents do not complete their registration with the local SAFE branches, the PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under PRC law for evasion of applicable foreign exchange restrictions. On February 13, 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13, which will take effect on June 1, 2015. SAFE Notice 13 has delegated to the qualified banks the authority to register all PRC residents investment in special purpose vehicle pursuant to the Circular 37, except that those PRC residents who have failed to comply with Circular 37 will remain to fall into the jurisdiction of the local SAFE branches and must make their supplementary registration application with the local SAFE branches.

PRC resident shareholders of our offshore companies that have made onshore investments in the PRC have filed the registration as required under Circular 37. We cannot assure you when they can successfully complete their registrations. We have also requested other PRC residents who we know hold direct or indirect interest in our offshore companies to make the necessary applications, filings and amendments as required under Circular 37 and other related rules. We attempt to comply, and attempt to ensure that these PRC residents holding direct or indirect interest in our offshore companies comply, with the relevant requirements, and those persons holding direct or indirect interests in our securities whose identities and addresses we know and who are subject to Circular 37 and the relevant SAFE regulations have conducted the registration procedures prescribed by Circular 37 and will update such registration. However, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our offshore companies, and we cannot provide any assurances that these PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by Circular 37 or the relevant SAFE regulations. Historically, certain shareholders of Jinglong BVI, our largest shareholder, were imposed of administrative penalties by Hebei SAFE branch for failure to fully comply with the registration requirements of Circular 75. The failure or inability of PRC residents to make any required registrations or comply with other requirements under Circular 37 and the relevant SAFE regulations may subject such PRC residents or our PRC subsidiaries to fines and legal sanctions and may also limit our ability to contribute additional capital into or provide loans to our PRC subsidiaries and our consolidated affiliated entities, limit our PRC subsidiaries ability to pay dividends or otherwise distribute profits to us, or otherwise materially and adversely affect us.

PRC rules on mergers and acquisitions may subject us to sanctions, fines and other penalties and affect our future business growth through acquisition of complementary business.

On August 8, 2006, six PRC government and regulatory authorities, including MOFCOM, promulgated a rule entitled Interim Provisions on the Takeover of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was subsequently revised on June 22, 2009. The M&A Rules provide procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In the future, we may grow our business in part by acquiring complementary businesses. Complying with the requirements of the M&A Rule to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM, may delay or inhibit the completion of such transactions, which could affect our ability to grow our business or maintain our market share. If any of our acquisitions were subject to the M&A Rule and were found not to be in compliance with the requirements of the M&A Rule in the future, relevant PRC regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects.

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Failure to comply with PRC regulations regarding the registration requirements for stock incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Since 2007, SAFE has implemented rules requiring PRC residents who participate in employee stock option plans of overseas publicly listed companies to register with SAFE or its local office and complete certain other procedures. Effective on February 15, 2012, SAFE promulgated the Circular on the Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in an Employees Share Incentive Plan of an Overseas-Listed Company, or SAFE Notice 7. Under SAFE Notice 7, PRC residents who participate in a share incentive plan of an overseas publicly listed company are required to register with SAFE and complete certain other procedures. PRC residents include directors, supervisors, management and employees of PRC domestic companies specified in the Administrative Regulations of the People s Republic of China on Foreign Exchange, regardless of nationality. SAFE Notice 7 further requires that an agent should also be designated to handle matters in connection with the exercise or sale of share options granted under the share incentive plan to participants. We and the PRC residents to whom we have granted stock options are subject to SAFE Notice 7. We have advised our employees and directors participating in the 2006 Plan and 2014 Plan to handle foreign exchange matters in accordance with SAFE Notice 7, they completed registration with Hebei branch of SAFE on August 28, 2012 with respect to the 2006 Plan and have submitted their application to Hebei branch of SAFE with respect to the 2014 Plan in January 20, 2015. However, we cannot assure you that our PRC residents can always successfully register with SAFE in full compliance with SAFE Notice 7. If we or our PRC optionees fail to comply with these regulations, we or our PRC optionees may be subject to fines and other legal or administrative sanctions.

Risks Related to Our Ordinary Shares and ADSs

Potential uncertainty involving the going private transaction may adversely affect our business and the market price of our ADSs.

On June 5, 2015, our board of directors received a preliminary non-binding proposal letter from Mr. Baofang Jin, our chairman and chief executive officer, and Jinglong BVI, of which Mr. Baofang Jin is the sole director (collectively, the Buyer Group), to acquire all of our outstanding shares not already owned by the Buyer Group in a going private transaction for US$9.69 in cash per ADS. On June 15, 2015, our board of directors formed a special committee of independent directors, or the Special Committee, to review and evaluate the proposal.

The going-private transaction, whether or not consummated, presents a risk of diverting management focus, employee attention and resources from other strategic opportunities and from operational matters. The development of the transaction, such as the entry into or the termination of any definitive agreement, may increase volatility of the trading price of our ADSs.

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The market price for our ADSs has been volatile and may continue to be volatile.

The trading prices of our ADSs have been and may continue to be highly volatile and could fluctuate widely due to factors beyond our control. From the initial listing of our ADSs on the NASDAQ Global Select Market on February 7, 2007 to February 7, 2008, the closing prices of our ADSs ranged from US$16.30 to US$75.43 per ADS. Then from the day after the date of our 3-for-1 ADS split (February 7, 2008) to December 7, 2012, the closing process of our ADSs ranged from US$0.6 to US$25.75. On October 11, 2012, NASDAQ notified us that, based upon the closing bid price of our ADSs for 30 consecutive business days, we failed to meet the US$1.00 per ADS minimum bid price requirement set forth in the listing rule. In order to regain compliance with NASDAQ listing rule, we changed the ratio of our ADSs to ordinary shares from one ADS representing one ordinary share to one ADS representing five ordinary shares, effective on December 10, 2012. The trading price of our ADSs from December 10, 2012 through April 26, 2016 has ranged from US$3.21 to US$13.14 per ADS. This is due to broad market and industry factors, such as the anti-dumping and countervailing duty investigation in the United States, the escalation of the European sovereign debt crisis in 2011, the economic slowdown in the Eurozone in 2014, significant government subsidy reduction, the performance and fluctuation in the market prices or the underperformance or declining financial results of other companies based in China that have listed their securities in the United States in recent years. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. In addition, the market price of our ADSs may continue to fluctuate in response to factors including the following:

- changes in international trade policies;
- announcements of technological or competitive developments;
- regulatory developments in our target markets affecting us, our customers, our potential customers or our competitors;
- announcements regarding patent litigation or the issuance of patents to us or our competitors;
- announcements of studies and reports relating to the conversion efficiencies of our products or those of our competitors;
- actual or anticipated fluctuations in our quarterly operating results;

- changes in financial estimates by securities research analysts;
- changes in the performance or market valuations of other PV technology companies;
- addition or departure of our executive officers;
- fluctuations in the exchange rate between the U.S. dollar and Renminbi;
- detrimental negative publicity about us, our competitors or our industry;
- general economic or political conditions; and
- sales or perceived sales of additional ordinary shares or ADSs.

Our most current memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

Our most current memorandum and articles of association limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares, in the form of ADS or otherwise. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of our ADSs may fall and the voting and other rights of the holders of our ordinary shares and ADSs may be materially and adversely affected.

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Holders of our ADSs have fewer rights than holders of our ordinary shares, and you may not receive voting materials in time to be able to exercise your right to vote.

Holders of our ADSs do not have the same rights of holders of our ordinary shares and may only exercise the voting rights attaching to the ordinary shares evidenced by our ADSs in accordance with the provisions of the deposit agreement. Under our most current memorandum and articles of association, the minimum notice period required to convene a general meeting will be ten days. When a general meeting is convened, holders of our ADSs may not receive sufficient notice of a shareholders meeting to permit them to withdraw their ordinary shares to cast vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to holders of our ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of our ADSs in a timely manner, but we cannot assure you that holders of our ADSs will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of our ADSs may not be able to exercise their right to vote and they may lack recourse if their ADSs are not voted as requested. In addition, an ADS holder, under such capacity, will not be able to call a shareholder meeting.

You may be subject to limitations on transfers of our ADSs.

Our ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings and you may not receive cash dividends if it is impractical to make them available to you.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to our ADS holders in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to our ADS holders unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property and you will not receive such distribution.

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We are a Cayman Islands company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

Our corporate affairs are governed by our most current memorandum and articles of association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, our board of directors or our controlling shareholders than they would as shareholders of a U.S. public company.

You may have difficulty enforcing judgments obtained against us.

We are a Cayman Islands company and substantially all of our assets are located outside of the United States. A significant portion of our current operations are conducted in China. In addition, most of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon these persons. It may also be difficult for you to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such Cayman Islands or PRC courts would be competent to hear original actions brought in the Cayman Islands or the PRC against us or such persons predicated upon the securities laws of the United States or any state.

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could result in adverse United States federal income tax consequences to U.S. holders of our ADSs or ordinary shares.

Although it is likely that we were a PFIC in the past, based on market price of our ADSs and ordinary shares, the value of our assets, and the composition of our assets and income, we believe that we were not a PFIC for our taxable year ended December 31, 2015 and we do not expect to be a PFIC for our current taxable year ending December 31, 2016 or in the foreseeable future. We can give no assurances in this regard, however, as PFIC determination is inherently factual and, in addition, depends upon certain questions of law for which there is inadequate or uncertain authority. Accordingly, we cannot assure you that we will not be a PFIC for our current or any future taxable year.

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A non-United States corporation, such as our company, will be classified as a PFIC for United States federal income tax purposes for any taxable year, if either (1) 75% or more of its gross income for such year consists of certain types of passive income, or (2) 50% or more of its average quarterly assets as determined on the basis of fair market value during such year produce or are held for the production of passive income. Because there are uncertainties in the application of the relevant rules and PFIC status is a fact-intensive determination made on an annual basis, no assurance may be given with respect to our PFIC status for any taxable year.

If we are classified as a PFIC for any year during which a U.S. Holder holds the ADSs or ordinary shares, a U.S. Holder may incur significantly increased United States income tax on gain recognized on the sale or other disposition of the ADSs or ordinary shares and on the receipt of distributions on the ADSs or ordinary shares to the extent such gain or distribution is treated as an excess distribution under the United States federal income tax rules. Furthermore, a U.S. Holder will generally be treated as holding an equity interest in a PFIC in the first taxable year of the U.S. Holder s holding period in which we become a PFIC and subsequent taxable years even if, we, in fact, cease to be a PFIC in subsequent taxable years. Accordingly, a U.S. Holder should, to the extent an election is available, consider making a deemed sale election. See the discussion under Item 10. Additional Information E. Taxation United States Federal Income Taxation Considerations Passive Foreign Investment Company Considerations concerning the United States federal income tax consequences of an investment in the ADSs or ordinary shares if we are or become classified as a PFIC, including the possibility of making a deemed sale election.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Our ultimate holding company, JA Solar, was incorporated on July 6, 2006 as an exempted company with limited liability. JA Solar is governed by the Companies Law of the Cayman Islands.

We commenced our business in May 2005 through JA Hebei, a limited liability company established in China. To enable us to raise equity capital from investors outside of China, we incorporated JA BVI in the British Virgin Islands in July 2006, and established a holding company structure by restructuring JA Hebei as a wholly-owned subsidiary of JA BVI.

In August 2006, we undertook a further restructuring by issuing shares of JA Solar to all existing shareholders of JA BVI in exchange for all of the shares that these shareholders held in JA BVI. As a result, JA BVI became a wholly-owned subsidiary of JA Solar. We completed our initial public offering in February 2007 and had our ADSs listed on the NASDAQ Stock Market.

Historically, we have primarily been engaged in the manufacturing and sales of solar cells. Since the fourth quarter of 2009, we have expanded our business to silicon wafer manufacturing and manufacturing and sales of solar modules. We further expanded our business to engage in project development activities in 2013. We mainly operate our business through the following significant subsidiaries:

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Name	Jurisdiction of Incorporation	Relationship with us
JA Development Co., Ltd.	British Virgin Islands	Wholly-owned subsidiary
JA Solar Malaysia Sdn. Bhd.	Malaysia	Wholly-owned subsidiary
JA Solar Hong Kong Limited	Hong Kong	Wholly-owned subsidiary
JA Solar Investment (Hong Kong) Limited	Hong Kong	Wholly-owned subsidiary
Dunhuang JA Solar Power Development Co., Ltd.	China	Wholly-owned subsidiary
JingAo Solar Co., Ltd.	China	Wholly-owned subsidiary
Shanghai JA Solar Technology Co., Ltd.	China	Wholly-owned subsidiary
Shanghai JA Solar PV Technology Co., Ltd.	China	Wholly-owned subsidiary
JA Solar Technology Yangzhou Co., Ltd.	China	Wholly-owned subsidiary
Yangzhou JA Solar PV Engineering Co., Ltd.	China	Wholly-owned subsidiary
Jing Hai Yang Semiconductor Material (Donghai) Co., Ltd.	China	Wholly-owned subsidiary
Hefei JA Solar Technology Co., Ltd.	China	Wholly-owned subsidiary
JA Solar (Xingtai) Co., Ltd.	China	Wholly-owned subsidiary
Solar Silicon Valley Electronic Science and Technology Co., Ltd.	China	Wholly-owned subsidiary
Hebei Ningjin Songgong Semiconductor Co., Ltd.	China	65%-owned subsidiary

Our principal executive offices are located at No. 36, Jiang Chang San Road, Zhabei, Shanghai, the People s Republic of China. Our telephone number at this address is (86) 21-60955999 and our fax number is (86) 21-60955727.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our website is *www.jasolar.com*. The information contained on our website is not part of this annual report. Our agent for service of process in the United States is JA Solar USA. Inc., located at 2570 North First Street, Suite 360, San Jose, CA 95131.

B. BUSINESS OVERVIEW

Overview

Our primary business is to design, develop, manufacture and sell solar power products that convert sunlight into electricity for a variety of uses. Historically, we primarily engaged in the manufacturing and sales of solar cells. Since 2009, we have expanded our business to the manufacturing and sales of solar modules as well as silicon wafer manufacturing. Our principal products consist of both monocrystalline and multicrystalline solar modules and solar cells in a variety of standards and specialties. We sell our products mainly under our JA Solar brand name, and also produce original equipment for manufacturers or customers, known as OEMs, under their brand names. We also started to engage in project development activities in the first quarter of 2013.

We began commercial production of solar cells in April 2006 and have since grown rapidly to become one of the world s largest manufacturers of solar power products. As of December 31, 2015, we had a solar cell manufacturing capacity of 4,400 MW per annum. We manufacture solar cells from silicon wafers utilizing crystalline silicon technology, which converts sunlight into electricity through a process known as PV effect. Performance of solar cells is primarily measured by their conversion efficiency rate, the percentage that sunlight energy is converted into electricity. As of December 31, 2015, the average conversion efficiency rates of our mainstream monocrystalline and multicrystalline solar cells were 19.7% and 18.5%, respectively.

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We expanded our business to the manufacturing and sales of solar module products in the fourth quarter of 2009. We now produce and sell a wide variety of module types that fulfill different requirements of our customers, from on-grid systems to off-grid systems, from commercial use to industrial use, and from residential to public utility use. We also manufacture customized module products according to our customers and end-users specifications. As of December 31, 2015, we had a solar module manufacturing capacity of 3,900 MW per annum.

We began manufacturing silicon wafers in the fourth quarter of 2009 to achieve more vertical integration. In 2011, we acquired all the equity interests in Silver Age in order to increase our silicon wafer manufacturing capability, secure wafer supplies and reduce costs of silicon wafers for our solar cell manufacturing. Silver Age owns 100% equity interests of Solar Silicon Valley, a leading producer of monocrystalline silicon wafer based in Sanhe, Hebei Province, China. Our silicon wafer manufacturing capability helps us secure wafer supplies and reduce costs of silicon wafers for our solar cell manufacturing. Currently, we manufacture silicon wafers primarily to meet our internal demand. As of December 31, 2015, we had a silicon wafer manufacturing capacity of 1,500 MW per annum.

We sell our solar power products to module manufacturers, system integrators, project developers and distributors. Through our marketing efforts, we have developed a diverse customer base in various markets worldwide, including China, Japan, Philippines, United Kingdom, India, the United States, Thailand, the Netherlands, Australia, Switzerland and Guatemala. In 2015, 57.0% of our total revenues were generated from sales to customers outside China. We have also developed cooperative relationships with a number of leading Chinese independent power producers and leading Chinese utility companies, such as China Power Investment Corporation, TBEA Xinjiang Sunoasis Co., Ltd. and China Electric Power Construction Group Co., Ltd. We also generated certain of our revenues from providing silicon wafer and solar cell processing services.

We have grown rapidly since we began manufacturing solar power products in 2006. In 2013, 2014 and 2015, we sold 2.07 GW, 3.06 GW and 3.94 GW of solar power products, respectively. Our total revenues increased from RMB7.2 billion in 2013 to RMB11.3 billion in 2014 and to RMB13.5 billion (US$2.1 billion) in 2015 as a result of improved worldwide solar market condition, increased shipment, and increased proportion of our module sales.

The average selling price per watt of our PV modules decreased from RMB4.0 in 2013 to RMB3.9 in 2014 and to RMB3.5 (US$0.5) in 2015. The average selling price per watt of our PV cells decreased from RMB2.4 in 2013 to RMB2.3 in 2014 and to RMB1.9 (US$0.3) in 2015. We expect the prices of solar power products will continue to decline in the long run due to reduced manufacturing costs from improving technology and economies of scale, and industry pursuit to grid cost parity with traditional forms of electricity. In an effort to deepen our downstream reach in the solar market value chain, we began to engage in project development activities in 2013.

Our Products and Services

We are primarily engaged in the design, development, manufacturing and sales of solar power products based on crystalline silicon technologies. We also derive a portion of our revenues through the provision of solar product processing services and project development services.

Solar Modules

A solar module is an assembly of solar cells that have been electrically interconnected and encapsulated via a lamination process into a durable and weather-proof package. We produce multicrystalline and monocrystalline solar modules in 48-cell, 60-cell, and 72-cell formats. The power output of our mainstream multicrystalline and monocrystalline 60-cell modules ranges from 255W to 270W and from 265W to 280W, respectively. The power output of our multicrystalline and monocrystalline 72-cell modules ranges from 305W to 320W and from 325W to 335W, respectively. In 2015, solar modules and solar modules tolling constituted nearly 93.3% of our total shipments.

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Solar Cells

Solar cells are semiconductor devices that directly convert sunlight into electricity and are the most elementary component of a solar power system. Solar cells consist of a light-absorbing layer mounted on a substrate, together with top and back electrical contact points, much like a household battery.

We currently produce and sell a variety of monocrystalline and multicrystalline solar cells. In addition to conventional solar cells, we introduced a monocrystalline solar cells named SECIUM in 2010 and MAPLE in 2011. In 2012, we introduced the new Cypress series, which have higher conversion efficiency, to replace the SECIUM and the MAPLE cell. The Cypress series cells feature excellent solderability and lower encapsulation power loss resulting from high-voltage, low-current electrical performance parameters, elaborated current rating, and positive tolerance for cell power compensation. In 2013, improving upon the Cypress series, we introduced a new generation of cell technology named Cypress2, featuring even better conversion efficiency and reliability performance. We also introduced monocrystalline PERCIUM series with an average conversion efficiency of over 20.6% and multicrystalline RIECIUM series with a conversion efficiency of over 18.8%.

Silicon Wafers

Silicon wafers are the most important raw materials for producing solar cells, with monocrystalline and multicrystalline silicon wafers as the most commonly used materials. Currently, we produce multicrystalline silicon wafers with dimensions of 156*156mm and an average thickness of 180 microns and monocrystalline silicon wafers with dimension of 156*156mm and an average thickness of 185 microns.

Solar Product Processing

In order to maximize the effective utilization of our manufacturing capacity, we also provide solar product processing services to some of our customers. Depending on the arrangements with our customers, we may charge a fee for the processing services provided, or alternatively, we may purchase raw materials from our customers, such as polysilicon or silicon wafers, process these raw materials into solar cells or solar modules, and then sell these products back to our customers.

Solar Power Plant Project Development and Electricity Generation

Project development involves securing land use rights, obtaining and maintaining necessary regulatory approvals and permits, arranging project financing, project construction, and eventually selling the project assets in a lump sum or retaining them to generate revenues from electricity sales. We began to engage in solar project development both domestically and abroad in 2013 and we started to generate revenues from electricity sales in 2015.

Raw Materials and Utilities

The raw materials used in our manufacturing process consist primarily of silicon materials, including polysilicon, silicon wafers and, from time to time, ingots, as well as other materials such as metallic pastes, ethylene vinyl acetate, tempered glass, aluminum frames and related consumables.

Polysilicon and Silicon Wafers

The basic raw material for producing solar cell and module products is silicon wafers, which are sliced from crystalline ingots developed from melted polysilicon. As such, polysilicon is an essential raw material in the manufacturing of silicon wafers, including our own wafer production.

The prices of polysilicon have seen significant fluctuation over the years due to various factors. Historically, through the first half of 2008, an industry-wide shortage of polysilicon coupled with rapidly growing demand from the solar power industry, caused rapid escalation of polysilicon prices and an industry-wide silicon shortage. However, during the second half of 2008 and the first half of 2009, polysilicon prices fell substantially as a result of significant new manufacturing capacity coming on line and falling demand for solar power products resulting from the global economic crisis and credit market contraction. As the demand for solar power products significantly recovered in response to a series of factors, including the recovery of the global economy, the implementation of incentive policies for renewable energy including solar power and increasing availability of financing for solar power projects, the price of polysilicon went up in the second half of 2010. However, polysilicon prices substantially fell again during 2011 and 2012 due to an industry-wide oversupply. In 2013 and 2014, polysilicon prices stabilized as market conditions improved. In the first three quarters of 2015, polysilicon price fell again due to strong competitiveness and then stabilized due to robust demand. We expect prices of polysilicon continue to fluctuate but remain relatively stable in the near future.

We procure silicon raw materials through a combination of long-term supply contracts and spot market purchases. We anticipate to obtain silicon raw materials from the spot market to supplement supplies under our existing long-term supply contracts. The unit prices of silicon wafers and polysilicon under our long-term supply contracts were either fixed or fixed during an initial period of several months, after which, the prices would be determined by further negotiations. We have completed re-negotiations on various terms of our supply agreements with certain of our suppliers and are continuing to engage in discussions with our other various suppliers to re-adjust the pricing, prepayment, quantity, delivery and other terms of our existing supply agreements to better reflect current market conditions.

Other Raw Materials

We use metallic pastes as raw materials in our solar cell production process. Metallic pastes are used to form the grids of metal contacts that are printed on the front and back surfaces of the solar cells through screen-printing to create negative and positive electrodes. In addition, we use ethylene vinyl acetate, tempered glass, aluminum frames and other raw materials in our solar module production process. We seek to maintain active relationships with multiple suppliers for each of these auxiliary raw materials, and we believe we can readily find alternative sources of supply on terms acceptable to us if any of our current suppliers cannot meet our requirements.

Utilities

We consume a significant amount of electrical power and water in our production of solar power products. We have obtained the necessary approvals and/or permits from the relevant PRC governmental authorities for our water and electricity usage in our existing manufacturing and research and development centers.

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Manufacturing Process

Solar Cells

We use a semi-automated manufacturing process to lower our production costs and capital expenditures. We intend to optimize the balance between automation and manual operations in our manufacturing process to take advantage of our location in China, where the costs of skilled labor and engineering and technical resources tend to be lower than those in developed countries. The following provides a brief overview of the most important steps in our solar cell manufacturing process:

- *Texturing and cleaning*. The solar cell manufacturing process begins with texturing of the surface of wafers which reduces the solar cell s reflection of sunlight, followed by surface cleaning of the cells. The texturing process for multicrystalline wafers is slightly different from that for monocrystalline wafers.

- *Diffusion*. Next, through a thermal process, a negatively charged coating is applied to the positively charged raw wafers in a diffusion furnace. At the high furnace temperature, the phosphorous atoms diffuse into the wafer surface. As a result, the wafer now has two separate layers a negatively charged layer on the surface and a positively charged layer below it.

- *Isolation*. To achieve a clean separation of the negative and positive layers, the edges of the wafers are isolated through etching, a process that removes a very thin layer of silicon around the edges of the solar cell resulting from the diffusion process.

- *Anti-reflection coating*. We then apply an anti-reflection coating to the front surface of the solar cell to enhance its absorption of sunlight.

- *Printing*. In a screen printing process, we print silver paste and aluminum paste to the front and back surfaces of the solar cell, respectively, to act as contacts, with the front contact in a grid pattern to allow sunlight to be absorbed.

- *Co-firing*. Subsequently, contacts are connected through an electrode firing process in a conveyor belt furnace at high temperature. The high temperature causes the silver paste to become embedded in the surface of the silicon layer forming a reliable electrical contact. The aluminum paste on the back of the cell serves as a mirror for particles, further enhancing the efficiency level.

- *Testing and sorting*. Finally, we complete the manufacturing of solar cells by testing and sorting. The finished cells are sorted according to efficiency levels and optical criteria. Each cell is tested and subsequently assigned to a performance and quality class depending on the testing results.