

FORM 20-F

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR
(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

0 SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ **to** _____

1

JA Solar Holdings Co., Ltd.

(Exact name of Registrant as specified in its charter)

The Cayman Islands

(Jurisdiction of incorporation or organization)

Building No.8, Noble Center, Automobile Museum East Road

Fengtai, Beijing 100070

The People's Republic of China

(Address of principal executive offices)

Ms. Ying Li

JA Solar Holdings Co., Ltd.

Building No.8, Noble Center, Automobile Museum East Road

Fengtai, Beijing 100070

The People's Republic of China

Tel: +86-10-63611888

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(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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Table of Contents

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:

237,926,352 ordinary shares, par value US\$0.0001 per share, as of December 31, 2017.

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

☐ Yes ☒ 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.

☐ Yes ☒ 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.

☒ Yes ☐ 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).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Emerging growth company ☐

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If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The term new or revised financial accounting standard refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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

US GAAP ☒

International Financial Reporting Standards as issued
by the International Accounting Standards Board ☐

Other ☐

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.

☐ Item 17 ☐ 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).

☐ Yes ☒ 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.

☐ Yes ☐ No

Table of Contents

Table of Contents

<u>PART I</u>		4
<u>ITEM 1.</u>	<u>IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	4
<u>ITEM 2.</u>	<u>OFFER STATISTICS AND EXPECTED TIMETABLE</u>	4
<u>ITEM 3.</u>	<u>KEY INFORMATION</u>	4
<u>A.</u>	<u>SELECTED FINANCIAL DATA</u>	4
<u>B.</u>	<u>CAPITALIZATION AND INDEBTEDNESS</u>	6
<u>C.</u>	<u>REASONS FOR THE OFFER AND USE OF PROCEEDS</u>	6
<u>D.</u>	<u>RISK FACTORS</u>	7
<u>ITEM 4.</u>	<u>INFORMATION ON THE COMPANY</u>	38
<u>A.</u>	<u>HISTORY AND DEVELOPMENT OF THE COMPANY</u>	38
<u>B.</u>	<u>BUSINESS OVERVIEW</u>	40
<u>C.</u>	<u>ORGANIZATIONAL STRUCTURE</u>	53
<u>D.</u>	<u>PROPERTY, PLANTS AND EQUIPMENT IN OPERATION</u>	54
<u>ITEM 4A.</u>	<u>UNRESOLVED STAFF COMMENTS</u>	54
<u>ITEM 5.</u>	<u>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	54
<u>A.</u>	<u>OPERATING RESULTS</u>	55
<u>B.</u>	<u>LIQUIDITY AND CAPITAL RESOURCES</u>	73
<u>C.</u>	<u>RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.</u>	76
<u>D.</u>	<u>TREND INFORMATION</u>	77
<u>E.</u>	<u>OFF-BALANCE SHEET ARRANGEMENTS</u>	77
<u>F.</u>	<u>TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS</u>	78
<u>G.</u>	<u>SAFE HARBOR</u>	79
<u>ITEM 6.</u>	<u>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	79
<u>A.</u>	<u>DIRECTORS AND SENIOR MANAGEMENT</u>	79
<u>B.</u>	<u>COMPENSATION</u>	82
<u>C.</u>	<u>BOARD PRACTICES</u>	84
<u>D.</u>	<u>EMPLOYEES</u>	87
<u>ITEM 7.</u>	<u>MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	89
<u>A.</u>	<u>MAJOR SHAREHOLDERS</u>	89
<u>B.</u>	<u>RELATED PARTY TRANSACTIONS</u>	89
<u>C.</u>	<u>INTERESTS OF EXPERTS AND COUNSEL</u>	90
<u>ITEM 8.</u>	<u>FINANCIAL INFORMATION</u>	90
<u>A.</u>	<u>CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION</u>	90
<u>B.</u>	<u>SIGNIFICANT CHANGES</u>	91
<u>ITEM 9.</u>	<u>THE OFFER AND LISTING</u>	91
<u>A.</u>	<u>OFFER AND LISTING DETAILS</u>	91
<u>B.</u>	<u>PLAN OF DISTRIBUTION</u>	92
<u>C.</u>	<u>MARKETS</u>	92
<u>D.</u>	<u>SELLING SHAREHOLDERS</u>	92
<u>E.</u>	<u>DILUTION</u>	92
<u>F.</u>	<u>EXPENSES OF THE ISSUE</u>	92
<u>ITEM 10.</u>	<u>ADDITIONAL INFORMATION</u>	93
<u>A.</u>	<u>SHARE CAPITAL</u>	93
<u>B.</u>	<u>MEMORANDUM AND ARTICLES OF ASSOCIATION</u>	93
<u>C.</u>	<u>MATERIAL CONTRACTS</u>	95
<u>D.</u>	<u>EXCHANGE CONTROLS</u>	95
<u>E.</u>	<u>TAXATION</u>	95

Table of Contents

<u>F.</u>	<u>DIVIDENDS AND PAYING AGENTS</u>	100
<u>G.</u>	<u>STATEMENT BY EXPERTS</u>	100
<u>H.</u>	<u>DOCUMENTS ON DISPLAY</u>	100
<u>I.</u>	<u>SUBSIDIARY INFORMATION</u>	101
<u>ITEM 11.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	101
<u>ITEM 12.</u>	<u>DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	102
<u>A.</u>	<u>DEBT SECURITIES</u>	102
<u>B.</u>	<u>WARRANTS AND RIGHTS</u>	102
<u>C.</u>	<u>OTHER SECURITIES</u>	102
<u>D.</u>	<u>AMERICAN DEPOSITARY SHARES</u>	103
<u>ITEM 13.</u>	<u>DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	103
<u>ITEM 14.</u>	<u>MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	104
<u>ITEM 15.</u>	<u>CONTROLS AND PROCEDURES</u>	104
<u>ITEM 16A.</u>	<u>AUDIT COMMITTEE FINANCIAL EXPERT</u>	105
<u>ITEM 16B.</u>	<u>CODE OF ETHICS</u>	105
<u>ITEM 16C.</u>	<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	105
<u>ITEM 16D.</u>	<u>EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	106
<u>ITEM 16E.</u>	<u>PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	106
<u>ITEM 16F.</u>	<u>CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	106
<u>ITEM 16G.</u>	<u>CORPORATE GOVERNANCE</u>	106
<u>ITEM 16H.</u>	<u>MINE SAFETY DISCLOSURE</u>	107
<u>ITEM 17.</u>	<u>FINANCIAL STATEMENTS</u>	107
<u>ITEM 18.</u>	<u>FINANCIAL STATEMENTS</u>	107
<u>ITEM 19.</u>	<u>EXHIBITS</u>	107

Table of Contents

CERTAIN TERMS AND CONVENTIONS

Unless otherwise indicated, in this annual report:

- **ADS** refers to American depositary shares, each representing five ordinary shares of JA Solar, par value US\$0.0001 per share;
- **Buyer Group** refers to Holdco, Parent, Merger Sub, Mr. Baofang Jin, JASO Top and the Rollover Shareholders collectively;
- **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;
- **Hebei Jinglong** refers to Jinglong Industry and Commerce Group Co., Ltd., which is controlled by the shareholders of Jinglong BVI;
- **Holdco** refers to JASO Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands;
- **JA BVI** refers to JA Development Co., Ltd., our directly wholly-owned subsidiary, a British Virgin Islands company;
- **JA Donghai** refers to Donghai JA Solar Technology Co., Ltd., our indirectly wholly-owned subsidiary in Jiangsu, China;

- JA Dunhuang refers to Dunhuang JA Solar Power Development Co., Ltd., our indirectly wholly-owned subsidiary in Gansu, China;
- 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, the Company, our company and our refer to JA Solar Holdings Co., Ltd. unless 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;

Table of Contents

- **JA Yangzhou** refers to JA Solar Technology Yangzhou Co., Ltd., our indirectly wholly-owned subsidiary in Jiangsu, China;
- **JA Xingtai** refers to JA Solar (Xingtai) Co., Ltd., our indirectly wholly-owned subsidiary in Hebei, China;
- **JA Malaysia** refers to JA Solar Malaysia Sdn. Bhd., our indirectly wholly-owned subsidiary in Penang, Malaysia;
- **JASO Top** refers to JASO Top Holdings Limited, an exempted company incorporated under the laws of the Cayman Islands company and wholly owned by Mr. Baofang Jin;
- **Jinglong BVI** refers to Jinglong Group Co., Ltd., a business company incorporated under the laws of the British Virgin Islands company and our largest shareholder;
- **Jinglong Group** refers to Hebei Jinglong and its consolidated subsidiaries;
- **Merger Sub** refers to JASO Acquisition Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, and a wholly owned subsidiary of Parent;
- **Parent** refers to JASO Parent Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands, and a wholly owned subsidiary of Holdco;
- **price per watt** refers to the price of solar power products, respectively, relative to the number of watts of electricity a solar power product generates;
- **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;

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- Rollover Shareholder refers to Jinglong BVI, Mr. Chin Tien Huang, Ms. Pak Wai Wong, and Ms. Chi Fung Wong collectively;
- 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;
- U.S. refers to the United States;
- US\$ and U.S. dollars refer to the legal currency of the U.S.;
- 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.

Table of Contents

Forward-looking statements typically are identified by words or phrases such as may, will, expect, anticipate, aim, estimate, intend, 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
- 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.

Table of Contents**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 years ended December 31, 2015, 2016 and 2017 and our balance sheet data as of December 31, 2016 and 2017 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, 2013 and 2014 and selected consolidated balance sheet data as of December 31, 2013, 2014 and 2015 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.

	2013	2014	Year ended December 31,		2017	
			2015	2016		
			(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	4,388	9,292	12,689	14,781	18,350	2,821
Solar cells and other products	2,414	1,848	762	800	905	139
Electricity generation			64	156	404	62
Solar products processing	381	156	10			
Total revenues	7,183	11,296	13,525	15,737	19,659	3,022
Cost of revenues						
Solar modules	(3,861)	(7,844)	(10,521)	(12,612)	(16,242)	(2,496)

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Solar cells and other products	(2,270)	(1,602)	(675)	(743)	(865)	(133)
Electricity generation			(30)	(88)	(143)	(22)
Solar products processing	(290)	(93)	(7)			
Total cost of revenues	(6,421)	(9,539)	(11,233)	(13,443)	(17,250)	(2,651)
Gross (loss)/profit	762	1,757	2,292	2,294	2,409	371
Operating expenses						
Selling, general and administrative expenses	(765)	(954)	(1,245)	(1,058)	(1,514)	(232)
Research and development expenses	(88)	(140)	(149)	(176)	(160)	(25)
Loss from purchase commitments and contract termination costs				(149)	(16)	(2)
Impairment loss on property, plant and equipment						
Impairment loss on project assets			(33)	(8)	(3)	(1)
Total operating expenses	(853)	(1,094)	(1,427)	(1,391)	(1,693)	(260)
(Loss)/income from operations	(91)	663	865	903	716	111
Change in fair value of derivatives	(52)	84	44	49	(2)	(1)
Convertible notes buy back loss						
Interest expense	(285)	(230)	(249)	(285)	(324)	(50)
Interest income	17	28	26	19	17	3
Foreign exchange (loss)/gain	(44)	(62)	32	81	(70)	(11)
(Loss)/income from equity method investment	(2)	3	6	10	9	1
Other income, net	16	34	48	66	53	8
(Loss)/income before income taxes	(441)	520	772	843	399	61
Income tax benefit/(expense)	15	(73)	(157)	(123)	(99)	(15)
Net (loss)/income	(426)	447	615	720	300	46
Less: (earnings)/loss attributable to the noncontrolling interest	(3)	(23)	9	(36)		
Net (loss)/income attributable to JA Solar Holdings	(429)	424	624	684	300	46
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)			
Net (loss)/income attributable to JA Solar's ordinary shareholders	(473)	347	516	684	300	46
Net (loss)/income per share						
Basic	(2.35)	1.43	2.12	2.92	1.28	0.20
Diluted	(2.35)	1.38	2.12	2.92	1.28	0.20
Net (loss)/income per ADS						
Basic	(11.76)	7.17	10.59	14.59	6.40	0.98
Diluted	(11.76)	6.88	10.58	14.58	6.40	0.98
Weighted average number of shares outstanding:						
Basic	201,317,884	242,192,859	243,506,821	234,290,842	234,331,621	234,331,621
Diluted	201,317,884	242,863,084	243,744,921	234,402,452	234,369,595	234,369,595

Table of Contents

	2013	2014	As of December 31,		2017	
			2015	2016		
			(in millions)			
	RMB	RMB	RMB	RMB	RMB	US\$
Consolidated						
Balance Sheet Data:						
Cash and cash equivalents	2,120	2,155	2,883	2,569	1,473	226
Total current assets	6,352	8,601	10,025	10,265	9,978	1,534
Total assets	11,882	14,484	16,306	19,031	20,832	3,202
Total current liabilities	5,041	6,580	7,175	8,651	9,965	1,532
Total long-term liabilities	2,137	2,437	3,214	3,919	4,101	630
Total liabilities	7,178	9,017	10,389	12,570	14,066	2,162
Total Shareholders equity	4,704	5,467	5,917	6,461	6,766	1,040
Common share capital	170	186	176	176	176	27
Common shares outstanding	227,499,837	252,301,917	237,853,602	237,853,602	237,926,352	237,926,352

	2013	Year ended December 31,		2016	2017	
		2014	2015			
Operating Data:						
Products sold (in MW)	2,072.0	3,057.9	3,937.9	4,920.4	7,501.1	
Average PV cells selling price per watt (in RMB)	2.4	2.3	1.9	1.8	1.3	0.19
Average PV modules selling price per watt (in RMB)	4.0	3.9	3.5	3.2	2.6	0.39

Table of Contents**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 RMB6.5063 to US\$1.00, the noon buying rate in effect as of December 29, 2017. 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 20, 2018, the noon buying rate was RMB6.2945 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.

Period	Period End	Exchange Rate		
		Average(1)	Low	High
		(RMB per US\$1.00)		
2013	6.0537	6.1412	6.0537	6.2438
2014	6.2046	6.1704	6.0402	6.2591
2015	6.4778	6.2869	6.1870	6.4896
2016	6.9430	6.6549	6.4480	6.9580
2017	6.5063	6.7350	6.4774	6.9575
October	6.6328	6.6254	6.5712	6.5633
November	6.6090	6.6200	6.5967	6.6385
December	6.5063	6.5932	6.6210	6.5063
2018				
January	6.2841	6.4233	6.2841	6.5263
February	6.3280	6.3183	6.2649	6.3471
March	6.2726	6.3174	6.2685	6.3565
April (through April 20, 2018)	6.2945	6.2859	6.2655	6.3045

Source: Federal Reserve Statistical Release

(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.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

Table of Contents

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 end of quantitative easing by the U.S. Federal Reserve and the economic slowdown in the Eurozone since 2014. The growth of 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 stayed stable at 6.9% in 2017. The Chinese economy was on a bumpy road over the past few years, demonstrated by various factors such as the stock market volatility and RMB depreciation. There is considerable uncertainty over the long-term effects of the monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the U.S. 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 Europe, 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 countries, including surrounding Asian countries, which may potentially lead to foreign investors closing down their businesses or withdrawing their investments in China and thus exiting the China market, and other 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 U.S. For the years ended December 31, 2015, 2016 and 2017, we generated 10.1%, 4.0% and 8.0%, respectively, of our revenue from sales to customers located in the European Union, and during the same periods, we generated 4.0%, 10.0% and 13.4%, respectively, of our revenue from sales to customers located in the U.S.

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. 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 and quota limitation will not be subject to any anti-dumping and anti-subsidy tariffs. We previously accepted such undertaking and were subject to fixed floor prices and quota limitation. Such fixed floor prices have increased our selling price and had an adverse effect on our ability to secure orders from customers in the European Union.

Table of Contents

Above measures expired when the EU Commission imposed a definitive antidumping duty and a countervailing duty for a period of 18 months on solar cell and module from China on March 1, 2017 following an expiry review investigation. (the AD and CVD Regulation). The AD and CVD Regulation provided for a new MIP mechanism that importation below new MIP shall be subject to duties unless qualified Chinese exporters selling at a price higher than new MIP. Although JA Solar has such qualification thus can choose to sell above new MIP without duties or below new MIP with duties, the new MIP have increased our selling price still and had a continuous diverse effect on our ability to secure orders from the customers in the European Union.

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 by transshipment via Taiwan and Malaysia. Circumvention has been found and the European Commission extended the duties in force against China to solar panels and solar cells consigned from Taiwan and Malaysia. On February 11, 2016, the European Commission reached the definitive conclusion of this investigation. According to the definitive conclusion, AD of 53.4% and CVD of 11.5% which 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 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 Taiwan or not.

Furthermore, in December 2012, the U.S. Department of Commerce, or DOC, issued its final determination to impose AD and countervailing duties, or 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 U.S. 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 initiated 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 initiated 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 of the anti-subsidy tariff. The AD/CVD rate applicable to us was 27.72% until the release of the final determination of the third annual administrative review. In February 2016, DOC initiated 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. The AD/CVD rate applicable to us recently is 27.02%. In February 2017, DOC initiated its fourth annual administrative review of anti-dumping tariff applicable from December 1, 2015 to November 11, 2016 and the anti-subsidy tariff applicable from January 1, 2015 to December 31, 2015. The final determination is expected to be released in June 2018. If the final determination resulted in a rate higher than 27.02%, we will be obligated to pay for the difference between the final rate and 27.02% for products exported during the review period. In February 2018, DOC initiated its fifth annual administrative review of anti-dumping tariff applicable from December 1, 2016 to November 11, 2017 and the anti-subsidy tariff applicable from January 1, 2016 to December 31, 2016. We are participating in the fifth annual review process.

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 imports of certain crystalline silicon PV products from Taiwan have been sold in the U.S. at dumping margins ranging from 11.45% to 27.55%. The AD/CVD rate was also subject to annual administrative review. In February 2016, DOC initiated its first annual administrative review of the anti-dumping tariff applicable from July 31, 2014 to January 31, 2016 and its second annual administrative review of the anti-dumping tariff applicable from February 1, 2016 to January 31, 2017. If the final determination resulted in a higher rate, we will be obligated to pay for the difference between the final rate and the rate applied for products exported during the review period. Certain of our PV modules have been imported to the U.S. were assembled from PV cells supplied by a Taiwan-based supplier. The AD rate applicable to such Taiwan-based supplier was 11.45% and is currently 4.2 %. If the final determination resulted in a rate higher than 4.2%, we will be obligated to pay for the difference between the final rate and 4.2% for products using such supplier's PV cells. The final determination of the first review will be released in the middle of 2018.

Table of Contents

On January 23, 2018, the U.S. President issued a proclamation that imposes a safeguard measure on imports of certain photovoltaic cells and modules, including those from China and South Asia. The safeguard duties will last for 4 years from February 7, 2018 at a rate of 30% for the first year, 25% for the second year, 20% for the third year and 15% for the fourth year. Our production both in and outside China were covered by this measure and thus we suffer diverse effect on our ability to secure orders from the customers in the U.S.

The parallel AD/CVD rate applicable to us and above safeguard measure 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 U.S. 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 orders from customers located outside of the U.S. 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 U.S., 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 did not 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 in 2016. After re-investigation, the Australian Anti-dumping Commission announced on October 18, 2016 to terminate such investigation on the ground that the damages caused by PV products imported from China are negligible.

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.

On July 1, 2016, Turkey's Ministry of Economy initiated an anti-dumping investigation on imports of crystalline silicon PV modules from China. The final result was announced on April 1, 2017. Turkey's Ministry of Economy decided to impose anti-dumping tariffs on solar panel (PV module) products exported from China for a period of five years. The tax rates applicable to Chinese exporters of solar panel range from US\$20 per square meter to US\$25 per square meter.

On July 21, 2017, Indian Department of Commerce (Directorate General of Anti-Dumping & Allied Duties, Ministry of Commerce & Industry) initiated an anti-dumping investigation concerning imports of Solar Cells, whether or not assembled partially or fully in modules or panels or on glass or some other suitable substrates originating in or exported from China and Malaysia. We submitted the exporter's questionnaire in September, 2017 and participated the verification dated from January 4 to January 6, 2018. On March 23, 2018, Indian Ministry of Commerce & Industry determined to terminate the investigation.

On December 19, 2017, Indian Ministry of Finance (Directorate General of Safeguards, Customs and Central Excise) initiated a safeguard investigation concerning import of Solar Cells, whether or not assembled in modules or panels. On January 5, 2018, Indian Ministry of Finance

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recommended a provisional safeguard duty at the rate 70% ad valorem on the imports of solar cells whether or not assembled in modules or panels. The final decision is not reached yet. We are participating the joint defense led by CCCME.

Table of Contents

Furthermore, we import some of our raw materials, including polysilicon, from suppliers located outside of China, such as the European Union, the U.S. and South Korea. MOFCOM initiated investigations on solar grade polysilicon imported from the U.S. and the European Union in July 2012 and November 2012, respectively. In July 2013, MOFCOM announced a preliminary ruling that it found exporters in the U.S. 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 U.S. and South Korea. In January 2014, MOFCOM upheld its previous ruling that investigated products from South Korea and the U.S. 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 an understanding concerning the export of polysilicon by Wacker to China. Pursuant to such understanding, Wacker undertook not to sell polysilicon produced at its European plants to China below a specific minimum price, in return, Wacker was exempt from AD and CVD imposed by MOFCOM. Various import tariffs and limitations imposed on foreign polysilicon suppliers may lead to the increased prices of products from domestic suppliers 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 2015, 2016 and 2017, we sourced 98.0 %, 87.9% and 72.0%, respectively, of our polysilicon purchases from suppliers located in the European Union and South Korea. On November 22, 2016, MOFCOM initiated a mid-term review of anti-dumping measures applicable to imported solar grade polysilicon originating in South Korea. The final result of the investigation was released on November 22, 2017, the investigated Korean enterprises are subject to AD rates ranging from 4.4% to 113.8%.

In addition, there have been trade frictions between U.S. and China recently. If the situation deteriorates, we may face more uncertainties in terms of international trade and our results of operation may be adversely affected.

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 U.S., 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.

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. Each of Japan and Germany used to be one of our largest overseas markets. However, our sales to Japan and Germany have significantly decreased over the past years, primarily due to decline in customer demands resulted from their reduction of feed-in tariff. The current U.S. administration may create regulatory uncertainty in the renewable energy industry, including the solar industry. As a result, our business, operating and financial results could be adversely impacted. Members of the current U.S. administration have made public announcements that indicate the administration may not be supportive of various clean energy programs and initiatives designed to curb climate change and that it may be supportive of reducing the corporate tax rate and modifying policies or regulations enacted by the previous administration that placed limitations on coal and gas electricity generation, mining, and exploration. If the current U.S. administration or the U.S. Congress takes action in support of any such policies, we would be subject to significant risks. 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.

Table of Contents

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, 2017, 42.3% 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 RMB259.8 million, RMB188.3 million and RMB227.8 million (US\$35.0 million) in 2015, 2016 and 2017, respectively. During the year ended December 31, 2017, for sales of solar modules, we generally provide credit terms of up to 180 days to customers with good credit-worthiness as determined by our credit assessment. 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.

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.

Table of Contents

In light of our significant international operations, we face risks associated with manufacturing, marketing, distribution and sales 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 51.5% of our total revenues. We have expanded our sales network to over ninety countries over the world, including the U.S., Japan, United Kingdom and India, and established our manufacturing facilities in Malaysia and Vietnam. We also plan to continue expanding our business in the overseas market. 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, foreign exchange restrictions 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 and potential loss in foreign currency conversion;
- difficulty in engaging distributors and other appropriate partners who are knowledgeable about, and can function effectively in, overseas markets, and maintaining good cooperative relationships with them;
- 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 complete construction of our overseas facilities as planned;

- failure to obtain or maintain certifications for our products in these markets;
- failure to obtain, maintain or enforce intellectual property rights; and
- increased costs associated with doing business in foreign jurisdictions.

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

Table of Contents

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 are expected to increase in the long term. As a result, our electricity costs may become substantially higher than our overseas 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

Table of Contents

- the potential loss of or harm to relationships with our employees, customers or suppliers resulting from our integration of new businesses.

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.

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 win a competitive bidding for new projects;
- 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 canceled; therefore, our financial condition, results of operations and growth prospects 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.

In order to deliver electricity, the solar power plants need to connect to the transmission grid. 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, availability of large systems such as transformers and switch gear, 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. These factors 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. 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.

Table of Contents

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.

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

Due to various reasons, such as a 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 affected, 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 in China, our rights to receive central government 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 Catalog, 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 August 24, 2016, the MOF, NDRC and NEA published the 6th Subsidy Catalog. One of our solar power plants is included in the 6th Subsidy Catalog. Two of our solar power plants have applied for being listed in the 7th Subsidy Catalog, which has not been published yet. As of December 31, 2017, we had RMB394.2 million (US\$60.6 million) in accounts receivable, representing unpaid subsidies to be paid. If we cannot receive subsidies for our projects as expected, our financial condition may be materially adversely affected.

Table of Contents

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.

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.

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.

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 the 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 we may not 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; or if we fail to resell the raw materials at a price higher than our purchase price, our results of operations may be materially and adversely affected. To the extent we are not able to pass these increased costs to our customers, our business and results of operations may also be materially and adversely affected.

Table of Contents

In order to settle the lawsuit brought by Hemlock Semiconductor Pte. Ltd., or Hemlock, against JA Yangzhou with respect to a long-term supply agreement, or the Original Supply Agreement, dated as of May 4, 2011, as amended, by and between Hemlock and JA Yangzhou, JA BVI, JA Yangzhou and Hemlock Semiconductor Operations LLC, or Hemlock Operations, entered into a new long-term supply agreement, or the New Supply Agreement, on October 31, 2016, under which we agreed to purchase a certain amount of solar grade polycrystalline silicon products from Hemlock Operations on a quarterly basis until October 31, 2026. If we breach any of our obligations under the New Supply Agreement, we may be subject to claims brought by Hemlock. As a result, our ability to renegotiate the unit price and volume may be limited and our business and results of operations may be materially and adversely affected if we breach any of our obligations under the New Supply Agreement. We fulfilled the obligation under the New Supply Agreement and did not record any contingency liabilities as of December 31, 2017.

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.

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.

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 canceled or not renewed. Since the end of 2016, approximately RMB1,428.2 million (US\$219.5 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 decreased from RMB691.9 million as of December 31, 2015 to RMB610.7 million as of December 31, 2016, and increase to RMB719.0 million (US\$110.5 million) as of December 31, 2017.

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.

Table of Contents

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, 2017, our short-term borrowings and current portion of long-term borrowings were RMB2,910.9 million (US\$447.4 million) and RMB996.0 million (US\$153.1 million), respectively, and our long-term borrowings (excluding current portions) were RMB2.1 billion (US\$0.3 billion).

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 canceled, 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.

Table of Contents

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, e.g. Perovskite solar cells, 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.

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, 2015, 2016 and 2017 accounted for 23.3%, 14.6% and 14.4%, respectively, of our total revenues.

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.

Table of Contents

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.

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 2017, we extended our product warranty period from ten years to twelve years, warranting that the modules will be free from defects in materials and workmanship from the time of delivery. As of the date of this annual report, we have not encountered any material warranty claims since we first started manufacture and sell solar modules in the fourth quarter of 2009. 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 for multicrystalline module or 3% power degradation for monocrystalline module in the first year, followed by a linear annual degradation rate of less than 0.5% for both multicrystalline and monocrystalline module. 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 based 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 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.

Table of Contents

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 borrowing of RMB84.0 million (US\$12.9 million) and short-term borrowings of RMB44.9 million (US\$6.9 million) from Industrial and Commercial Bank of China was secured by certain of our buildings and land use right in Shanghai Jinglong Solar Technology Co., Ltd., or JA Jinglong. Our long-term loan of RMB 1,152.0 million (US\$177.1 million) from Industrial and Commercial Bank of China entrusted by Hefei High-Tech Industrial Development Zone Management Co., Ltd. was secured by the buildings, machineries and equipment and construction-in-progress and land use rights owned by JA Hefei Technology and all of the equity interests in JA Hefei Technology. Our long-term borrowing of RMB504.0 million (US\$77.5 million) from Industrial and Commercial Bank of China was secured by project assets of JA Dunhuang. Our long-term borrowing of RMB235.5 million (US\$36.2 million) from Industrial and Commercial Bank of China was secured by our project assets. Our long-term borrowing of RMB12.5 million (US\$1.9 million) from 77 Bank was secured by our project assets. Our long-term bank borrowing of RMB232.9 million (US\$35.8 million) from China Merchants Bank was secured by the project assets and all of the equity interests in JA Solar PV Electric (Datong) Co, Ltd. Our long-term borrowing of RMB150.0 million (US\$23.1 million) from Bank of Tianjin was secured by the buildings and land use rights of JA Solar (Xingtai) Co., Ltd., or JA Xingtai. Our short-term loan of RMB45.0 million (US\$6.9 million) from China Construction Bank was secured by buildings and land use right in JA Lianyungang. Our short-term borrowing of RMB200.0 million (US\$30.7 million) from the Industrial and Commercial Bank of China was secured by certain of our buildings in Shanghai JA Solar PV Technology Co., Ltd. Our short-term bank borrowing of RMB49.0 million (US\$7.5 million) from China Construction Bank was secured by the building of JA Yangzhou. Our short-term bank borrowing of RMB47.0 million (US\$7.2 million) from Shanghai Pudong Development Bank was secured by the land use rights of Donghai District Longhai Property Co., Ltd. Our short-term bank borrowing of RMB35.0 million (US\$5.4 million) from Bank of Jiangsu was secured by the building and land use rights owned by JA Donghai. Our short-term bank borrowing of RMB7.1 million (US\$1.1 million) from China Merchants Bank was secured by the project assets. Our short-term bank borrowing of RMB210.1 million (US\$32.3 million) from Agricultural Bank of China was secured by the accounts receivable of JA Hebei. Our short-term bank borrowing of RMB50.0 million (US\$7.7 million) from China Everbright Bank was secured by the land use rights of JA Hebei. Our short-term bank borrowing of RMB156.1 million (US\$24.0 million) from Maybank was secured by the machineries and equipment, and construction-in-progress owned by JA Malaysia. 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 have a total of 386 issued patents and 55 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. See Item 4. Information on the Company B. Business Overview Intellectual Property. In the ordinary of business, we have received claims from various third parties alleging intellectual property infringement by us and we cannot assure you that we will not be subject to more claims in the future. We have defended and intend to continue defending vigorously against these claims and as of the date of this annual report, these claims have not had any material adverse effect on our business, results of operations or financial condition. 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.

Table of Contents

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.

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, 2018, we have granted options to purchase 23,299,000 ordinary shares and awarded 4,402,000 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. As a result of these grants and potential future grants, we have incurred, and will incur in future periods, significant share-based compensation expenses. 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, which may have a material adverse effect on our net income. Moreover, the additional expenses associated with administering 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.

Table of Contents

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 and largest shareholder of Hebei Jinglong. We currently lease properties from Hebei Jinglong and its affiliate, and also received guarantees from Hebei Jinglong for certain long-term and short-term bank borrowings. 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. 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.

Table of Contents

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 environmental protection regulations in the jurisdictions we have operations, including China, Malaysia and Vietnam. Compliance with environmental regulations is expensive. The governments in the jurisdictions we have operations are adopting more stringent environmental protection regulations and the costs of complying with these regulations are expected to increase.

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 delay or 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.

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. We were also previously named as a defendant in a lawsuit brought by Hemlock and we were able to settle the lawsuit with Hemlock by entering into a New Supply Agreement. During the process, we incurred significant legal expenses and allocated management time and attention to the litigations. If we breach any of our obligations under the New Supply Agreement, we may again be subject to claims brought by Hemlock. We may also 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.

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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 U.S. and a firm registered with the U.S. Public Company Accounting Oversight Board, or PCAOB, is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. 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.

Table of Contents

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 U.S.

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 further determined that each of the firms should be censured and barred 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 follow the procedures or 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 U.S.

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 is 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 level of government involvement;

- the level of development;
- the growth rate;

Table of Contents

- 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.

Table of Contents

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. In 2016, a massive flood hit Xingtai, Hebei where one of our manufacturing facilities was located. Although our operations were not adversely affected by such massive flood, we cannot assure you that our business, financial condition and results of operations would not be materially and adversely affected if such natural disasters were to reoccur in the future. Political unrest, acts of war and terrorist 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 terrorist 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, the H1N1 flu or the H7N9 flu. 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 2015, 2016 and 2017 were 1.4%, 2.0% and 1.6%, respectively. The year-over-year percent changes in the consumer price index for December 2015, 2016 and 2017 were increases of 1.6%, 2.1% and 1.8%, 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, or 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.

Table of Contents

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% or 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 Council 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.

Table of Contents

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, the 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.

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 must be registered with SAFE.

Table of Contents

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.

The Corporate Income Tax Law, or the CIT Law, which became effective on January 1, 2008, imposes a unified enterprise income tax rate of 25% on all domestic enterprises and FIEs unless they qualify under certain limited exceptions. Among others, certain enterprises may enjoy a preferential tax rate of 15% under the CIT Law if they qualify as an advanced and new technology enterprise, or an ANTE, subject to certain general factors described therein. A number of our PRC subsidiaries, such as JA Hebei, JA Yangzhou, JA Lianyungang, JA Fengxian, JA Hefei Technology, JA Wafer R&D and JA Xingtai 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 under the CIT Law and was entitled to the preferential income tax of 15% from 2010 to 2012. In March 2014, JA Hebei was again recognized as an ANTE under the new CIT Law and was entitled to the preferential income tax of 15% from 2013 to 2015. In November 2016, JA Hebei was once more recognized as an ANTE and is entitled to the preferential income tax of 15% from 2016 to 2018. In August 2011, JA Yangzhou was recognized by the Chinese government as an ANTE and was entitled to the preferential income tax of 15% from 2011 to 2013. In August 2014, JA Yangzhou was again recognized as an ANTE under the new CIT Law and was entitled to the preferential income tax of 15% from 2014 to 2016. In December 2017, JA Yangzhou was once more recognized as an ANTE and is entitled to the preferential income tax of 15% from 2017 to 2019. In November 2011, JA Lianyungang was recognized by the Chinese government as an ANTE and was entitled to the preferential income tax of 15% from 2011 to 2013. In October 2014, JA Lianyungang was again recognized as an ANTE under the new CIT Law and was entitled to the preferential income tax of 15% from 2014 to 2016. In December 2017, JA Lianyungang was once more recognized as an ANTE and is entitled to the preferential income tax of 15% from 2017 to 2019. JA Fengxian was recognized as an ANTE and was entitled to the preferential income tax of 15% from 2011 to 2013. JA Fengxian had chosen to complete the above mentioned 2+3 holiday for the overlapping period of 2011 and 2012. In September 2014, JA Fengxian was again recognized as an ANTE under the new CIT Law and was entitled to the preferential income tax of 15% from 2014 to 2016. In October 2017, JA Fengxian was once more recognized as an ANTE and is entitled to the preferential income tax of 15% from 2017 to 2019. JA Wafer R&D was recognized by the Chinese government as an ANTE and was entitled to the preferential income tax of 15% from 2012 to 2014. In 2015, JA Wafer R&D's recognition as an ANTE expired. In November 2016, JA Wafer R&D was again recognized as an ANTE and is entitled to the preferential income tax of 15% from 2016 to 2018. In October 2016, JA Hefei Technology was recognized as an ANTE under the CIT Law and is entitled to the preferential income tax of 15% from 2016 to 2018. In July 2017, JA Xingtai was recognized as an ANTE under the CIT Law and is entitled to the preferential income tax of 15% from 2017 to 2019. JA Hebei, JA Yangzhou, JA Lianyungang, JA Fengxian, JA Hefei Technology, JA Xingtai and JA Wafer R&D are collectively referred to as ANTE Entities.

Furthermore, under the CIT Law, certain entities that operate solar power plants, or Solar Power Plant Entities, may be entitled to a three-year CIT exemption starting from the first year when the revenues are generated from sales of electricity and a 50% CIT reduction, effectively 12.5%, for the succeeding three years thereafter for the revenues generated from investing and operating in the qualified public basic infrastructure projects as specified therein, or three-year CIT exemption and three-year 50% CIT reduction. A number of our PRC subsidiaries, including JA Dunhuang, Jiuzhou Fangyuan New Energy (Xinjiang) Co., Ltd., or Jiuzhou Xinjiang, Jingneng New Energy Development (Lincheng) Co., Ltd., or Lincheng Jingneng, JA Solar PV Electric (Linzhou) Co., Ltd., or JA Linzhou, JA Solar PV Electric (Datong) Co., Ltd., or JA Datong, JA Solar PV Electric (Hefei) Co., Ltd., or JA Hefei Electric, JA Solar PV Electric (Yanchi) Co., Ltd., or JA Yanchi, JA Solar PV Electric (Jarud) Co., Ltd., or JA Jarud, JA Solar New Energy Electric (Chifeng) Co., Ltd., or JA Chifeng, JA Solar PV Electric (Xingtai) Co., Ltd., or JA

Xingtai Electric, JA Solar PV Electric (Shexian) Co., Ltd., or JA Shexian, JA Solar PV Electric (Laiwu) Co., Ltd., or JA Laiwu, Jingneng PV Electric (Zhengding) Co., Ltd., or JA Zhengding, Jingneng Solar PV Electric (Daqing) Co., Ltd., or JA Daqing, and Jingneng New Energy Development (Renxian) Co., Ltd., or JA Renxian Electric are entitled to such preferential tax treatment.

Table of Contents

JA Dunhuang started generating revenues from sales of electricity since 2015 and is entitled to the three-year tax exemption and three-year 50% CIT reduction from 2015 to 2020. Jiuzhou Xinjiang, Lincheng Jingneng, JA Linzhou, JA Datong, JA Hefei Electric, JA Yanchi, JA Jarud and JA Chifeng started generating revenues from sales of electricity since 2016 and are entitled to the three-year CIT exemption and three-year 50% CIT reduction from 2016 to 2021. JA Xingtai Electric, JA Shexian, JA Laiwu, JA Zhengding, JA Daqing and JA Renxian started generating revenue from the sale of electricity since 2017 and are entitled to the three-year tax exemption and three-year 50% CIT reduction from 2017 to 2022.

However, we cannot assure that the current tax benefits enjoyed by the ANTE Entities or our Solar Power Plant 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 or Solar Power Plant 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 CIT 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.

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.

Table of Contents

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 another 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 another 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.

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.

Table of Contents

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 the 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.

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 another material events. 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 took 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.

Table of Contents

We have, up to the present, completed SAFE registration for all current beneficial shareholders of our company who are, to our knowledge, PRC residents. However, we may not be fully informed of the identities of the beneficial owners of our company and we cannot assure you that all of our PRC resident beneficial owners will comply with SAFE regulations. The failure of our beneficial owners who are PRC residents to make any required registrations may subject us to fines and legal sanctions, and prevent us from making distributions or paying dividends, as a result of which our business operations and our ability to distribute profits to you could be materially and adversely affected.

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 Rules 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 Rules and were found not to be in compliance with the requirements of the M&A Rules 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.

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 completed registration for options and restricted share units granted under the 2006 Plan and have submitted an application to Hebei branch of SAFE with respect to the 2014 Plan on January 20, 2015. However, we cannot assure you that we 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.

Table of Contents

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.

We have entered into a definitive agreement and plan of merger with Holdco, Parent and Merger Sub on November 17, 2017 for a potential going private transaction. See Item 4. Information on the Company A. History and Development of the Company Going Private Transaction.

Although the merger agreement has been authorized and approved at the extraordinary general meeting held on March 12, 2018, the merger is subject to various closing conditions and we cannot assure you the result of the going private transaction. If the merger is consummated, each share of the Company that is issued outstanding immediately prior to the effective time of the merger, other than shares held by rollover shareholders and dissenting shareholders (collectively, the Excluded Shares), will be canceled and cease to exist in exchange for the right to receive US\$1.51 in cash without interest and each ADS that is issued and outstanding immediately prior to the effective time, other than ADSs that represent Excluded Shares, shall represent the right to surrender the ADS in exchange for US\$7.55 in cash without interest, less ADS depositary services fee pursuant to the terms of the Deposit Agreement, but excluding withholding taxes if any, as described in the merger agreement. Shares held by rollover shareholders will be canceled and cease to exist at the effective time and rollover shareholders shall be entitled to certain shares issued by the Holdco. Shares held by dissenting shareholders will be canceled and cease to exist at the effective time of the merger in exchange for the right to receive the fair value of such share as determined in accordance with Section 238 of the Cayman Islands Companies Law. For details, please see ITEM 4. Information on the Company Going Private Transaction. If the going private transaction is not closed and the merger agreement is terminated, our business and the trading price of our ADSs may be adversely affected.

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 27, 2018 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 U.S., 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 U.S. 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 U.S., 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;

Table of Contents

- 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 contain provisions which may 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.

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 as 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 is ten clear 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.

Table of Contents

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 U.S. 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.

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 Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (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 U.S. In particular, the Cayman Islands has a less developed body of securities laws than the U.S. 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 U.S. 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 U.S. A

substantial portion of the assets of these persons are located outside the U.S. As a result, it may be difficult for you to effect service of process within the U.S. 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 U.S. and the substantial majority of whose assets are located outside of the U.S. 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 U.S. 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 U.S. or any state.

Table of Contents

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

Although it is likely that we were a Passive Foreign Investment Company (PFIC) for the taxable year ended December 31, 2012, 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, 2017 and we do not expect to be a PFIC for our current taxable year ending December 31, 2018 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.

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. 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 (as defined below) holds the ADSs or ordinary shares, such U.S. Holder may incur significantly increased U.S. 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 U.S. 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, for example a U.S. Holder that held our ADS or ordinary shares during 2012 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 U.S. 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 under the laws 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.

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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 wafers 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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Table of Contents

Name	Jurisdiction of Incorporation	Relationship with us
JA Development Co., Ltd.	The British Virgin Islands	Wholly-owned subsidiary
JA Solar Malaysia Sdn. Bhd.	Malaysia	Wholly-owned subsidiary
JA Solar Vietnam Company Limited	Vietnam	Wholly-owned subsidiary
JA Solar USA Inc.	The U.S.	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
Baotou JA Solar Technology Co., Ltd.	China	Wholly-owned subsidiary

Our principal executive offices are located at Building No.8, Noble Center, Automobile Museum East Road, Fengtai, Beijing, the People's Republic of China. Our telephone number at this address is (86) 10- 6361 1888 and our fax number is (86) 10-6361 1999.

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 U.S. is JA Solar USA Inc., located at 2570 North First Street, Suite 360, San Jose, CA 95131.

Going Private Transaction

On June 5, 2015, our board of directors received a preliminary non-binding proposal letter from the Buyer Group, indicating its intention to acquire all of the outstanding shares not already owned by the Buyer Group in a going private transaction for US\$9.69 per ADS in cash (the Proposal). On June 15, 2015 our board held a telephonic meeting to discuss the Proposal. During the meeting, the attending directors discussed the various qualifications of the directors to serve on a special committee of the board to evaluate the Proposal. After the discussion, the board determined that it was in the best interests of the Company and its shareholders to establish a special committee of independent and disinterested directors (the Special Committee) and thus passed a written resolution establishing the Special Committee to consider the Proposal, consisting of independent directors Mr. Shaohua Jia and Mr. Yuwen Zhao, with Mr. Shaohua Jia serving as chairman of the Special Committee.

On November 17, 2017, we entered into a definitive agreement and plan of merger (the Merger Agreement) with Holdco, Parent and Merger Sub. Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Company and cease to exist, with the Company continuing as the surviving company resulting from the merger (the Merger). For details, please see the Form 13E-3 filed by the Buyer Group and Rollover Shareholders on February 1, 2018 (File No.: 005-83549).

Table of Contents

If the Merger is consummated, each share of the Company that is issued and outstanding immediately prior to the effective time of the Merger, other than shares held by Rollover Shareholders and dissenting shareholders (collectively, the Excluded Shares), will be cancelled and cease to exist in exchange for the right to receive US\$1.51 in cash without interest and each ADS that is issued and outstanding immediately prior to the effective time, other than ADSs that represent Excluded Shares, shall represent the right to surrender the ADS in exchange for US\$7.55 in cash without interest, less ADS depositary services fee pursuant to the terms of the Deposit Agreement, but excluding withholding taxes if any, as described in the Merger Agreement. Shares held by Rollover Shareholders will be canceled and cease to exist. Shares held by dissenting shareholders will be canceled and cease to exist at the effective time of the Merger in exchange for the right to receive the fair value of such share as determined in accordance with Section 238 of the Cayman Islands Companies Law. At the effective time of the Merger, we shall (i) terminate our share incentive plan, and any relevant award agreements applicable to the share incentive plan, (ii) approve resolutions to accelerate the vesting of the company options, restricted shares, and RSUs (collectively, the Company Equity Awards) such that the Company Equity Awards would be vested immediately prior to the effective time notwithstanding the vesting date in respect thereof, and (iii) cancel each Company Equity Award that is then outstanding and unexercised, whether or not vested or exercisable. Under the terms of the Support Agreement entered into by and among Holdco and the Rollover Shareholders concurrently with the execution and delivery of the Merger Agreement, the parties have agreed that each share (including shares represented by ADS) owned by the Rollover Shareholders (the Rollover Share) shall be cancelled at closing of the Merger, and the Holdco shall issue to such Rollover Shareholders shares equal to the aggregate number of Rollover Shares canceled, at par value per share. After completion of the Merger, pursuant to the Support Agreement, the Rollover Shareholders will beneficially own 25.7% of the outstanding shares of Holdco.

Our board of directors, acting upon the unanimous recommendation of the special committee, which was comprised solely of independent and disinterested directors unaffiliated with any members of the management of our Company, approved the Merger Agreement and the Merger and resolved to recommend that our shareholders vote for authorization and approval of the Merger Agreement and the Merger. The special committee negotiated the terms of the Merger Agreement with the assistance of its financial and legal advisors.

The Merger is subject to various closing conditions, including a condition that the Merger Agreement and the Merger be authorized and approved by an affirmative vote of shareholders representing two-thirds or more of the ordinary shares present and voting in person or by proxy as a single class at a meeting of our shareholders. An extraordinary general meeting of shareholders was held on March 12, 2018, at which the Merger Agreement and the Merger was duly authorized and approved.

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. We are a vertically integrated manufacturer of PV products, and 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 are also engaged in project development activities.

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, 2017, we had a solar cell manufacturing capacity of 6,500 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, 2017, the average conversion efficiency rates of our mainstream monocrystalline and multicrystalline solar cells were 21.3% and 18.6%, respectively.

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, 2017, we had a solar module manufacturing capacity of 7,000 MW per annum.

Table of Contents

We began manufacturing silicon wafers in the fourth quarter of 2009 to achieve more vertical integration. 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, 2017, we had a silicon wafer manufacturing capacity of 2,700 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 over ninety countries worldwide, including China, the U.S., Japan, United Kingdom, India, Thailand, the Netherlands, Australia, Switzerland and Guatemala. In 2017, 51.5% 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 and China Electric Power Construction Group Co., Ltd.

In 2015, 2016 and 2017, we sold 3.94 GW, 4.92 GW and 7.50 GW of solar power products, respectively. Our total revenues increased from RMB13.5 billion in 2015 to RMB15.7 billion in 2016 and further to RMB19.7 billion (US\$3.0 billion) as a result of the improved worldwide solar market condition, increased shipment, and an increased proportion of our module sales.

The average selling price per watt of our PV modules decreased from RMB3.5 in 2015 to RMB3.2 in 2016 and further to RMB2.6 (US\$0.40) in 2017. The average selling price per watt of our PV cells decreased from RMB1.9 in 2015 to RMB1.8 in 2016 and further to RMB1.3 (US\$0.20) in 2017. 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 and started to generate revenues from electricity sales in 2015.

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 60-cell modules ranges from 270W to 280W. The power output of PERC monocrystalline 60-cell and 72-cell modules ranges from 295W to 305W and 350W to 360W, respectively. The power output of our multicrystalline 72-cell modules ranges from 320W to 330W. In 2017, solar modules and solar

modules tolling constituted nearly 95.2% of our total shipments.

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 cell 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 2016, improving upon the Cypress series, we introduced a new generation of cell technology named Cypress5, featuring even better conversion efficiency and reliability performance. We also introduced monocrystalline PERCIUM series utilizing PERC (Passivated Emitter Rear Cell) technology with an average conversion efficiency of over 21.3%, and multicrystalline RIECIUM series utilizing RIE (Reactive Ion Etching) technology with a conversion efficiency of over 19.5%.

Table of Contents

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 156.75*156.75 mm and an average thickness of 185 microns and monocrystalline silicon wafers with dimensions of 156.75*156.75 mm 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 a 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. Starting from 2013, polysilicon prices began to stabilize as market conditions improved. From 2013 to 2017, the price of polysilicon slightly fluctuated. We expect prices of polysilicon continue to fluctuate 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.

Table of Contents

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.

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.

Table of Contents

- *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.

Solar Modules

Our solar modules are formed by interconnecting multiple solar cells in the desired electrical configuration through taping and stringing. The interconnected cells are laid out and laminated in a vacuum and then go through a curing process, or a heating process. Through these processes, our solar modules are sealed and become weatherproof and are able to withstand high levels of ultraviolet radiation and moisture. Assembled solar modules are packaged in a protective aluminum frame prior to testing.

Silicon Wafers

Currently we produce both multicrystalline and monocrystalline silicon wafers. Our production process with multicrystalline silicon wafers starts with producing multicrystalline ingots from polysilicon in multicrystalline furnaces through a casting process. The multicrystalline ingots are then cut into pre-determined sizes. After a testing process, multicrystalline ingots are cropped and the usable parts of the ingots are sliced into wafers by wire saws by high-precision cutting techniques. After being inserted into frames, the wafers go through a cleansing process to remove debris from the previous processes, and are then dried. Wafers are inspected for contaminants and then packed and transferred to our solar cell production facilities.

Our production process with monocrystalline silicon wafers starts from producing monocrystalline ingots from polysilicon. After the ingots are inspected, monocrystalline ingots are squared by squaring machine. Through high-precision cutting techniques, the squared ingots are then sliced into wafers using diamond sawing wire technology. After inserting into frames, the wafers are cleaned to remove debris from the previous processes and then dried. Finally, the wafers are inspected for contaminants and then packed and transferred to our solar cell production facilities.

Diamond sawing wire technology was widely introduced into the production of silicon wafers in recent years, as such technology has various advantages over slurry cutting technology, including higher productivity, lower need of wire length and spool size, less disposal issue, lower energy consumption and less space occupation. Furthermore, as the price of diamond wires decreased while the endurance of diamond wires enhanced, the cost of utilizing diamond sawing wires technology is lower than the slurry cutting technology in many fields. Currently, diamond sawing wire technology has been used in production of all of our monocrystalline silicon wafers, and we are in the process of upgrading the technology used in our multicrystalline silicon wafer production to diamond sawing wire technology.

Production Equipment

The major manufacturing equipment for the production of our solar power products includes ingot furnaces, stringer, laminator, texturing machines, diffusion furnaces, edge isolators, wafer cleaning machines, coating systems, contact printers, co-firing machines and sorting machines. We purchase our equipment from various recognized equipment manufacturers in China, the U.S., Europe and Japan. We have developed relationships with the world's leading equipment manufacturers in the solar power industry and work closely with selected equipment manufacturers to develop and build our manufacturing lines. In addition, we have developed technical specifications for the design of certain equipment and engaged manufacturers to construct the equipment in accordance with our specifications. This custom-made equipment is manufactured in China and used to substitute for certain equipment that we would otherwise be required to import from overseas at a higher cost. Our technical team is responsible for overseeing the installation of the manufacturing lines to ensure that the interaction between the various individual components and the entire production process is optimized.

Table of Contents**Manufacturing Capacity and Facilities**

As of December 31, 2017, our manufacturing capacities for silicon wafers, solar cells and solar modules were 2,700 MW, 6,500 MW and 7,000 MW per annum, respectively.

Of our manufacturing facilities, one is located in Malaysia, one is located in Vietnam and under construction, and all others are located in China. They are all owned by us through our wholly-owned subsidiaries. Our solar cell manufacturing facilities are located in Ningjin, Hebei Province, Yangzhou, Jiangsu Province and Penang, Malaysia. Our solar module manufacturing facilities are located in Fengxian, Shanghai, Hefei, Anhui Province, Ningjin, Hebei Province and Xingtai, Hebei Province and our silicon wafer manufacturing facilities are located in Lianyungang, Jiangsu Province, Sanhe, Hebei Province and Hanoi, Vietnam. The table below sets forth certain information regarding our current and planned manufacturing capacity in our various manufacturing facilities:

Product	Facilities location	Rated manufacturing capacity per annum in 2017(in MW)	Rated manufacturing capacity per annum expected in 2018 (in MW)
Solar cell	Ningjin, Hebei	2,500	2,500
	Yangzhou, Jiangsu	3,000	3,300
	Penang, Malaysia	1,000	1,200
	Total Rated Capacity	6,500	7,000
Solar module	Fengxian, Shanghai	1,500	1,900
	Hefei, Anhui	3,300	4,100
	Ningjin, Hebei	600	600
	Xingtai, Hebei	1,600	1,900
	Total Rated Capacity	7,000	8,500
Silicon wafer	Lianyungang, Jiangsu	1,000	2,500
	Sanhe, Hebei	1,700	2,000
	Viet Yen, Vietnam	0	500
	Total Rated Capacity	2,700	5,000

Baotou JA Technology Co., Ltd., or Baotou JA, our new manufacturing facility, located in Baotou, Inner Mongolia, produces monocrystalline silicon rods and polycrystalline ingot casting. The manufacturing capacity is expected to be 4,000 MW in 2018.

As our business develops, we may introduce new manufacturing equipment with higher conversion efficiency rates to replace old manufacturing equipment or we may eliminate outdated production capacity from time to time. We expect to finance the above capital requirements through our cash flows from operations and borrowing from lending institutions.

Quality Assurance and Certifications

We employ strict quality control procedures at each stage of the manufacturing process in accordance with ISO 9001 quality management standards to ensure the consistency of product quality and compliance with our internal production benchmarks. We have also received CE and TÜV certifications for all of our solar modules sold in Europe and UL certifications for all solar modules sold in the U.S. As part of our effort to be a technology leader in the solar power industry, in December 2011, we entered into a strategic cooperative agreement with TÜV SÜD. With TÜV SÜD's support, we have established at our Fengxian facility a world-class testing center, which are qualified to conduct IEC61215/61730 testing. TÜV SÜD has also awarded TMP (Testing at Manufacturers' Premises) certification to our in-house laboratories in Fengxian and Hefei. The TMP qualification has enabled us to complete our product certification more quickly and has improved our cost efficiencies. In February 2012, we joined Intertek's Satellite Program to strengthen cooperation in the fields of quality, safety and ecology, the designation by Intertek as a Satellite Program certified laboratory is a professional recognition of our quality management system, and enables us to become more independent in controlling our product testing and certification processes, thereby significantly improving the product operating cycle and helping us further strengthen our leadership in product quality. Our Hefei laboratory also received the Satellite Program certification in 2013. In August 2012, JA Fengxian also obtained the accreditation of ISO/IEC 17025:2005 General Requirements for the Competence of Testing and Calibration Laboratories from China National Accreditation Service for Conformity Assessment.

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Table of Contents

The following table sets forth the certifications we have received over the past three years and major test standards our products and manufacturing processes have met:

Date	Certification and Test Standard	Relevant Product or Process
November 16, 2016	ISO 9001: 2015	JA Hebei's quality management system in designing, manufacturing and sale of solar modules
November 16, 2016	ISO 14001: 2015	JA Hebei's environmental management system in designing, manufacturing and sale of solar modules
November 16, 2016	OHSAS 18001: 2007	JA Hebei's safety management system in designing, manufacturing and sale of solar modules
November 17, 2016	ISO 9001: 2015	JA Malaysia's quality management system in manufacturing and sale of solar cells
November 17, 2016	ISO 14001: 2015	JA Malaysia's environmental management system in manufacturing and sale of solar cells
October 13, 2016	OHSAS 18001: 2007	JA Malaysia's safety management system in manufacturing and sale of solar cells
November 15, 2016	ISO 9001: 2015	JA Fengxian's quality management system in designing, manufacturing and sale of solar modules
November 15, 2016	ISO 14001: 2015	JA Fengxian's environmental management system in designing, manufacturing and sale of solar modules
November 15, 2016	OHSAS 18001: 2007	JA Fengxian's safety management system in designing, manufacturing and sale of solar modules
May 4, 2015	ISO 9001: 2008	JA Hefei Technology's quality management system in manufacturing and sale of solar modules
May 4, 2015	ISO 14001: 2008	JA Hefei Technology's environmental management system in manufacturing and sale of solar modules
May 4, 2015	OHSAS 18001: 2007	JA Hefei Technology's safety management system in manufacturing and sale of solar modules
February 20, 2017	ISO 9001: 2015	JA Xingtai's quality management system in designing, manufacturing and sale of solar modules
February 20, 2017	ISO 14001: 2015	JA Xingtai's environmental management system in designing, manufacturing and sale of solar modules
February 20, 2017	OHSAS 18001: 2007	JA Xingtai's safety management system in designing, manufacturing and sale of solar modules
April 20, 2015	ISO 9001: 2008	JA Yangzhou's quality management system in manufacturing and sale of solar cells
April 20, 2015	ISO 14001: 2008	JA Yangzhou's environmental management system in manufacturing and sale of solar cells
April 20, 2015	OHSAS 18001: 2007	JA Yangzhou's safety management system in manufacturing and sale of solar cells
July 7, 2017	ISO 9001: 2015	JA Wafer R&D's quality management system in manufacturing and sale of solar wafers
July 7, 2017	ISO 14001: 2015	JA Wafer R&D's environmental management system in manufacturing and sale of solar wafers
July 7, 2017	OHSAS 18001: 2007	JA Wafer R&D's safety management system in manufacturing and sale of solar wafers
May 26, 2017	ISO 9001: 2015	Solar Silicon Valley's quality management system in manufacturing and sale of solar wafers
May 26, 2017	ISO 14001: 2015	Solar Silicon Valley's environmental management system in manufacturing and sale of solar wafers
May 26, 2017	OHSAS 18001: 2007	Solar Silicon Valley's safety management system in manufacturing and sale of solar wafers

Our senior management team is actively involved in setting quality assurance policies and managing quality assurance performance to ensure the high quality of our solar power products. During the manufacturing process, we continuously monitor the quality of our products in the process by following procedures including: (i) automatic monitoring and sorting system based on measurement of the efficiency level, breakage rate, and purity level of solar products and (ii) manual inspection of the surface outlook of solar cells. If any solar power product is damaged, defective, or does not meet other quality standards, it will be removed during the monitoring process.

Table of Contents

We have a strong equipment maintenance team with well-trained personnel to oversee the operation of our manufacturing lines to avoid any unintended interruption, and to minimize the regular down time, of such manufacturing lines. To ensure that our quality assurance procedures are effectively applied, manufacturing line employees are provided with regular job training.

Markets and Customers

We sell our solar cell and module products primarily to module manufacturers, system integrators, project developers and distributors. We have developed a diverse customer base in various markets worldwide, including China, Japan, Philippines, United Kingdom, India, the U.S., Thailand, the Netherlands, Australia, Switzerland and Guatemala. We perform ongoing credit evaluations of our customers' financial condition whenever deemed necessary and generally does not require collateral. We maintain an allowance for doubtful accounts based upon the expected collectability of all accounts receivable, which takes into consideration an analysis of historical bad debts, specific customer credit worthiness and current economic trends. We plan to continue to expand our direct sales both internationally and domestically as well as to establish long-term relationships with existing customers to develop a loyal customer base.

Historically, we sold a significant portion of our products to customers in China. 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. For the years ended December 31, 2015, 2016 and 2017, approximately 57.0%, 48.6% and 51.5% of our revenues were generated from customers outside China, respectively. For the year ended December 31, 2015, 2016 and 2017, there is one customer located in Japan accounting for 12.5 %, 4.0% and 2.6% of our total revenues.

The following table summarizes our net revenues generated from different geographic markets:

	2015	Year Ended December 31, 2016 (RMB in millions)	2017
China	5,820	8,081	9,533
Outside China			
Japan	2,438	1,401	1,540
Rest of the world	5,267	6,255	8,586
Total revenues	13,525	15,737	19,659

Sales and Marketing

We market and sell our solar power products worldwide primarily through a direct sales force and via market-focused sales agents. We have established subsidiaries in Japan, Germany, the U.S. and Mexico to conduct sales, marketing and brand development for our products in the Japanese, European, North American and Latin American markets. Our marketing activities include trade shows, conferences, sales training, product launch events, advertising and public relations campaigns. Working closely with our sales and product development teams, our marketing team is also responsible for collecting market intelligence and supporting our sales team's lead generation efforts.

We sell our products primarily under two types of arrangements:

- Sales contracts with module manufacturers for the sale of solar cells, and with systems integrators, project developers and distributors for the sale of solar modules. We deliver solar power products according to pre-agreed schedules set forth in purchase orders. We require prepayment prior to shipping under some of our sales contracts, we also extend credit terms under some of our sales contracts depending on the general market condition and credit worthiness of customers.

Table of Contents

- OEM/tolling manufacturing arrangements. Under these arrangements, we purchase polysilicon or silicon wafers from customers, and then sell solar cell or solar module products back to the same customers, who then sell those products under their own brands. In addition, we have been using our own solar cells to make modules for a limited number of strategic customers who brand the finished solar module products with their own labels.

Seasonality

Our business is subject to seasonal variations in demand linked to construction cycles and weather conditions. Purchases of solar power products tend to decrease during the winter months in our key markets, such as China, due to adverse weather conditions that can complicate the installation of solar power systems. Demand from other countries, such as Japan and the U.S., may also be subject to significant seasonality.

Intellectual Property

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 annual report, we had a total of 386 issued patents and 55 pending patent applications in China.

With respect to, among other things, proprietary know-how that is not patentable and processes for which patents are difficult to enforce, we rely on trade secret protection and confidentiality agreements to safeguard our intellectual property. We believe that many elements of our solar power products and manufacturing processes involve proprietary know-how, technology or data that are not covered by patents or patent applications, including technical processes, equipment designs, algorithms and procedures. We have taken security measures to protect these elements. Our research and development personnel are required to enter into confidentiality, non-competition and proprietary information agreements with us. These agreements address intellectual property protection issues and require our employees to assign to us all of their inventions, designs and technologies they develop during their terms of employment with us. We also take other precautions, such as internal document and network assurance and using a separate dedicated server for technical data.

In order to protect our reputation and brand, we currently maintain 157 trademark registrations in China, including the Chinese characters of our name and JA Solar. We also maintain 33 trademarks outside China.

In the ordinary of business, we have received claims from various third parties alleging intellectual property infringement by us. We have defended and intend to continue defending vigorously against these claims. As of the date of this annual report, these claims have not had any material adverse effect on our business, results of operations or financial condition.

Competition

The solar power market is intensely competitive and rapidly evolving. As we build out our solar module and wafer manufacturing capacity to become more vertically integrated, we mainly compete with integrated manufacturers of solar power products such as Trina Solar Limited, Jinko Solar, and Canadian Solar. We expect to face increased competition, which may result in price reductions, reduced margins or loss of market share. Some of our competitors have become vertically integrated, from silicon wafer manufacturing to solar power system integration for a longer period than we do. 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 most other energy sources, solar energy is generally not competitive without government incentive programs.

Table of Contents

Regulations

This section sets forth a summary of the most significant regulations or requirements that affect our business activities in China and our shareholders' rights to receive dividends and other distributions from us.

Renewable Energy Law and Other Government Directives

Over the past few years, various PRC governmental authorities have issued various notices and interim measures to promote the development of solar power.

On April 1, 2008, the PRC Energy Conservation Law came into effect and was amended on July 2, 2016. The law encourages the utilization and installation of solar power facilities on buildings for energy-efficiency purposes. The law also encourages and supports the development of solar energy system in rural areas.

On December 26, 2009, China revised its Renewable Energy Law, which originally became effective on January 1, 2006. The revised Renewable Energy Law became effective on April 1, 2010 and sets forth policies to encourage the development and on-grid application of solar energy and other renewable energy. The law also sets forth a national policy to encourage the installation and use of solar energy water heating systems, solar energy heating and cooling systems, solar PV systems and other systems that use solar energy. It also provides financial incentives, such as national funding, preferential loans and tax preferential treatment for the development of renewable energy projects and authorizes the relevant pricing authorities to set favorable prices for electricity generated from solar and other renewable energy sources.

The PRC government has promulgated a number of directives to support energy conservation and the use of solar energy. On October 10, 2010, the PRC State Council promulgated a decision to accelerate the development of seven strategic new industries. Pursuant to this decision, the PRC government will promote the popularization and application of solar thermal technologies by increasing tax and financial policy support, encouraging investment and providing other forms of beneficial support.

On February 16, 2013, the NDRC promulgated the revised Guideline Catalogue for Industrial Restructuring which categorizes the solar power industry as an encouraged item.

On July 4, 2013, the PRC State Council promulgated a guideline to promote the development of PV industry, stating that new PV projects shall satisfy the following standards: (1) the conversion efficiency of single crystal silicon PV battery shall be no less than 20%; (2) the conversion efficiency of polysilicon PV battery shall be no less than 18%; (3) the conversion efficiency of thin film PV battery shall be no less than 12%; and (4) the general power consumption of polysilicon production shall be no more than 100 kwh/kg. On July 18, 2013, the NDRC issued the Interim Measures on Management of Distributed Generation to support the development of distributed generation of PV projects.

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On August 26, 2013, the NDRC issued a feed-in tariff scheme for utility-scale and distributed generation PV projects approved after September 1, 2013, or approved before September 1, 2013 with construction completed on or after January 1, 2014. The scheme was amended by the NDRC on December 26, 2016. Under the amended scheme, utility scale PV projects are eligible for feed-in tariff ranging from RMB0.65 to RMB0.85 depending on the project location, while distributed generation projects are eligible for feed-in tariff of RMB0.42. The feed-in tariff will be adjusted on an annual basis.

On August 20, 2014, the NDRC issued Directory of New Western Incentive Industry. Solar energy related projects are categorized as encouraged group in 11 of the listed 12 western provinces.

Various notices and guidelines were issued in 2015 and 2016 to promote the healthy development of the PV industry through various means, such as including renewable energy projects in China's long-term development plan, developing measures to resolve curtailment problem and promoting smart grid. For example:

On July 6, 2015, the NDRC and the NEA jointly issued the Guideline of Promoting the Development of Smart Grid, reiterating the importance of developing smart grid and stating that China will build safe and effective long-distance transmission grid and reliable and flexible main transmission grid to realize the full use of various clean energy (including solar power), accelerate the construction of micro grid, promote the use of various distributed power such as distributed PV, micro turbine and residual heat and pressure to optimize the allocation of energy resources and achieve the goal of energy structure adjustment.

Table of Contents

On October 8, 2015, the NDRC issued a notice announcing a pilot program of consuming renewable energy at nearby locations. The notice stated that the pilot program will be first carried out in Gansu and Inner Mongolia to gain experience in purchasing the full amount of electricity generated from renewable energy sources as a protection measure for the renewable energy companies facing curtailment issues. The program is intended to prepare for a nationwide implementation, resolve curtailment issues to the extent possible so as to promote the continuous development of renewable energy.

On March 3, 2016, the NEA released the Guiding Opinions on Establishing Renewable Energy Portfolio Standards, which sets renewable energy consumption targets for China. China aims to rely on renewable energy for 15% of total primary energy consumption by 2020, and 20% by 2030. Non-hydro renewables should produce 9% of consumed electricity by 2020.

On March 28, 2016, the NEA issued the Administrative Measures for Full Protection Purchase System on Power Generated by Renewable Energy, which has become a driving force to resolve the curtailment issues, and promote the development of renewable energy (such as wind power and PV) industry.

On November 29, 2016, the State Council released the Thirteen Five-Year Development Plan for National Strategic New Industries, which aims to promote the diversification and large-scale development of solar power industry.

On December 8, 2016, the NEA officially released the Thirteen Five-Year Plan on Solar Power Development, pursuant to which, the NEA will provide market support to advanced technology and product and lead the PV technical advances and industry upgrading.

On December 30, 2016, the MIIT, NDRC, the Ministry of Science and Technology and MOF jointly promulgated the Development Guide Regarding the New Materials Industry to support and provide details for the development of the PRC solar power industry.

On December 31, 2016, the CPC Central Committee and the State Council publicly released Several Opinions on Further Promoting the Supply-side Structural Reform of the Agriculture and Accelerating the Development of New Agricultural and Rural Energy, which points out that it is necessary to implement the rural new energy action, promote PV power generation, and gradually expand the supply of electricity, gas, and coal in rural areas.

In 2016, the State Council issued a series of directives to reduce poverty. These directives illustrate, among others, the measures to increase the income of people in poverty. As one of these measures, local governments are encouraged to invest agriculture-related fiscal funds in developing hydroelectricity and PV industry and share the benefits with rural poor household.

On January 18, 2017, the NEA, the NDRC and the Ministry of Finance released the Trial Implementation of Green Electricity Certificate Issuance and the Voluntary Subscription Trading System, which plans to grant the green electricity certificate for renewable energy enterprises and implement the voluntary subscription trading system to promote the use of clean energy and improve the subsidy mechanism for wind power and PV power generation.

On February 10, 2017, the NEA released the Guideline for Energy Work in 2017, indicating that the government would vigorously develop solar energy, continue to implement the plan of PV power leader, give full play to the role of the market mechanism, and promote the reduction of power generation costs. Furthermore, NEA plans to take measures to adjust the layout of the development of PV power plants.

On March 8, 2017, the NDRC issued the Administrative Measures on Approval and Filing for Enterprise Investment Projects, pursuant to which, the PV related project is subject to filing administration.

Table of Contents

On March 29, 2017, the NDRC and the NEA released the Notice on Orderly Opening Up the Plan of Electricity Generation and Utilization, which focuses on accelerating the execution of power purchase agreements between power generation companies and power purchase entities, reducing the planned electricity consumption of existing coal-fired power generation companies, standardizing and improving the market-based trade power price adjustment mechanism, and prioritizing the protection of new energy sources such as wind power, solar energy, and nuclear power.

On April 25, 2017, the Ministry of Industry and Information Technology issued Solar PV Industry Comprehensive Standardization Technology System, pointing out that by 2020, China will initially form a scientific, reasonable, technologically advanced and coordinated PV industry standard system, and will generally achieve full coverage of the general standards and key standards for PV industry and meet the development needs of the PV industry.

On July 18, 2017, the NEA, the Ministry of Industry and Information Technology, and the Certification and Accreditation Administration jointly released the Notice on Raising Technical Specifications of Major PV Products and Strengthening Supervision, stipulating that from January 1, 2018, PV product suppliers of PV power generation projects newly put into operation and connect to the grid shall meet the requirements of the Regulations for PV manufacturing industry.

On July 19, 2017, the NEA released the Guidelines for the Implementation of the 13th Five-Year Plan for the Development of Renewable Energy, pointing out that, in the next four years (2017-2020), the NEA will strengthen renewable energy target guidance and monitoring assessment.

On August 1, 2017, the NEA and the State Council Office for Poverty Alleviation released the Notice on the Relevant Matters Concerning the Preparation of the 13th Five-Year Plan for PV Poverty Alleviation, aiming to accelerate the progress of PV poverty alleviation project and ensure the poverty alleviation Effect.

On September 22, 2017, the NEA issued the Notice on Promoting the Implementation of the Leader Plan for PV Power Generation and the Requirements for the Construction of the Leader Base in 2017, which introduce PV power leader plan and technology leader base construction, aiming to promote PV power generation technology advancement, industrial upgrading, market application and cost reduction.

On September 25, 2017, the Ministry of Land and Resources, the State Council Office for Poverty Alleviation and the NEA jointly issued the Opinions on Supporting PV Poverty Alleviation and Standardizing Land for PV Power Generation, which guarantees the land use for PV poverty alleviation and further standardize the management of industrial land for PV power generation.

On December 8, 2017, the NEA issued Notice on Establishment of Market Environment Supervision and Evaluation Mechanism to Lead the Healthy and Orderly Development of the PV Industry, which claims to comprehensively conduct supervision and evaluation work by means of statistical data analysis and sampling survey. The supervision will focus on the power station and leader project, which excludes PV power station in poverty alleviation village and distributed PV

On December 22, 2017, the NDRC released the Notice on Pricing Policies for PV Power Generation Projects in 2018, which points out that based on the current technological progress and cost reduction of the PV industry, the benchmark tariffs of PV power plants put into operation after January 1, 2018 will be reduced. From 2019, the PV power generation projects that have been included in the annual scale management will all execute the corresponding benchmark tariffs according to the time of operation.

Environmental Regulations

We may use, generate and discharge toxic, volatile or otherwise hazardous chemicals and wastes in our research, development and manufacturing activities. We are subject to a variety of governmental regulations related to the storage, use and disposal of hazardous materials. The major environmental regulations applicable to us include the Environmental Protection Law of the PRC, the Law of PRC on the Prevention and Control of Water Pollution, Implementation Rules of the Law of PRC on the Prevention and Control of Water Pollution, the Law of PRC on the Prevention and Control of Air Pollution, the Law of PRC on the Prevention and Control of Solid Waste Pollution, the Law of PRC on the Prevention and Control of Noise Pollution and PRC regulations regarding Administration of Construction Project Environmental Protection.

Table of Contents

Restrictions on Foreign Businesses and Investments

The principal regulation governing foreign ownership of solar PV businesses in China is the Catalogue of Industries for Guiding Foreign Investment, updated and effective as of June 28, 2017. Under this regulation, the solar PV business is listed as an industry where foreign investments are encouraged. Encouraged foreign investment companies are entitled to certain preferential treatment, including exemption from tariff on equipment imported for their operations, after obtaining approval from the PRC government authorities.

Dividend Distribution

The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include:

- Wholly Foreign-Owned Enterprise Law, as amended;
- Wholly Foreign-Owned Enterprise Law Implementation Rules, as amended; and
- Company Law of China, as amended.

Under the current regulatory regime in China, FIEs in China may only pay dividends out of their accumulated profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10% of its after-tax profit calculated in accordance with the PRC accounting standards and regulations each year as its general reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends. The board of directors of a wholly foreign-owned enterprise has the discretion to allocate a portion of its after-tax profits to its staff welfare and bonus funds, which is also not distributable to its equity owners except in the event of a liquidation of the wholly foreign-owned enterprise.

Regulations on Stock Incentive Plans

On February 15, 2012, SAFE issued the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, or the Stock Incentive Plan Rules. The purpose of the Stock Incentive Plan Rules is to regulate foreign exchange administration of PRC domestic individuals who participate in employee stock holding plans and stock option plans of overseas listed companies. According to the Stock Incentive Plan Rules, if PRC domestic individuals (both PRC residents and non-PRC residents who reside in China for a continuous period of not less than one year, excluding the foreign diplomatic personnel and representatives of international organizations) participate in any stock incentive plan of an overseas listed company, a PRC domestic qualified agent, which could be the PRC subsidiary of such overseas listed company, shall, among others things, file, on behalf of such individual, an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan, and obtain approval for an

annual allowance with respect to the purchase of foreign exchange in connection with stock holding or stock option exercises. If we or our PRC employees fail to comply with the Stock Incentive Plan Rules, we and our PRC employees may be subject to fines and other legal sanctions. In addition, the State Administration of Taxation has issued a few circulars concerning employee stock options. Under these circulars, our employees working in China who exercise stock options will be subject to PRC individual income tax. Our PRC subsidiary has obligations to file documents related to employee stock options with relevant tax authorities and withhold individual income taxes of those employees who exercise their stock options. If our employees fail to pay and we fail to withhold their income taxes, we may face sanctions imposed by tax authorities or other PRC government authorities.

PRC VAT and Business Tax

Pursuant to the Interim Regulation of the People's Republic of China on Value-Added Tax, or the VAT Regulation, which was amended on November 10, 2008, any entity or individual engaged in the sales of goods, provision of specified services and importation of goods into China is generally required to pay VAT, at the rate of 17% of the gross sales proceeds received, less any deductible VAT already paid or borne by such entity.

Table of Contents

Pursuant to the PRC Provisional Regulations on Business Tax, taxpayers falling under the category of service industry in China are required to pay a business tax at a normal tax rate of 5% of their revenues.

In November 2011, MOF and the State Administration of Taxation jointly issued two circulars setting out the details of the VAT Pilot Program, which change business tax to VAT for certain pilot industries. The VAT Pilot Program initially applied only to pilot industries in Shanghai, and has been expanded to nationwide since August 1, 2013. On March 23, 2016, MOF and the State Administration of Taxation issued the Circular on Comprehensively Promoting the Pilot Program of the Collection of Value-added Tax in Lieu of Business Tax. Effective from May 1, 2016, the PRC tax authorities started to collect value-added tax in lieu of business tax on a trial basis within the territory of China, and in industries such as construction industries, real estate industries, financial industries, and living service industries.

Foreign Currency Exchange

Pursuant to applicable PRC regulations on foreign currency exchange, Renminbi is freely convertible only to the extent of current account items, such as trade-related receipts and payments, interest and dividends. Capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from SAFE or its local branch for conversion of Renminbi into a foreign currency, such as U.S. dollars. Payments for transactions that take place within the PRC must be made in Renminbi. Domestic companies or individuals can repatriate foreign currency payments received from abroad, or deposit these payments abroad subject to the requirement that such payments shall be repatriated within a certain period of time. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks. Foreign currencies received for current account items can be either retained or sold to financial institutions that have foreign exchange settlement or sales business without prior approval from SAFE, subject to certain regulations. Foreign exchange income under capital account can be retained or sold to financial institutions that have foreign exchange settlement and sales business, with prior approval from SAFE, unless otherwise provided.

On March 30, 2015, SAFE promulgated Circular 19, which expands a pilot reform of the administration of the settlement of the foreign exchange capitals of foreign-invested enterprises nationwide. Circular 19 came into force on June 1, 2015, replacing SAFE Circular 142, SAFE Circular 88 and SAFE Circular 36. Circular 19 removed certain restrictions previously provided under Circular 142 for foreign-invested enterprises. Circular 19 provides that, among other things, an FIE may convert foreign currency capital in its capital account into RMB on an at will basis. On June 9, 2016, SAFE promulgated Circular 16 to further expand and strengthen such at will conversion reform under Circular 19. Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items on an at will basis which applies to all enterprises registered in the PRC. Pursuant to Circular 16, in addition to foreign currency capital, enterprises registered in the PRC may also convert their foreign debts, as well as repatriated funds raised through overseas listing, from foreign currency to RMB on an at will basis. Circular 16 reiterates that the RMB funds so converted shall not be used for the purpose of, whether directly or indirectly, (i) paying expenditures out of the ordinary course of business or prohibited by laws or regulations; (ii) making securities investment or other investments (except for banks' principal-secured products); (iii) extending loans to non-affiliated enterprises (except as expressly permitted in the business license); and (iv) purchasing non-self-used real properties (except for real estate enterprises). Any violation of Circular 19 or Circular 16 may result in severe penalties, including substantial fines.

If we require financial support from our PRC subsidiaries or we plan to provide funds to our PRC subsidiaries through loans or capital contributions in the future, we will be subject to statutory limits and restrictions, including those described above.

c. ORGANIZATIONAL STRUCTURE

For a description of our organizational structure, See Item 4. Information on the Company A. History and Development of the Company.

Table of Contents**D. PROPERTY, PLANTS AND EQUIPMENT IN OPERATION**

We rent our principal executive office building (approximately 6,577 square meters) located in Fengtai, Beijing and also own an office building (approximately 12,695 square meters) located in Zhabei, Shanghai. In addition, we own and lease factory and office space in various locations around the world in connection with our operations. We believe that our existing facilities, together with the facilities under construction and to be constructed under our current plans, are adequate for our current requirements. The following table sets forth a summary of our material properties relating to our production and research and development as of December 31, 2017:

Location	Space (in square meters)	Usage of Property	Owned or Leased	Encumbrance
Ningjin, Hebei	427,552	Factory	Owned and Leased*	Yes*
Yangzhou, Jiangsu	527,200	Factory and R&D center	Owned	Yes**
Fengxian, Shanghai	204,262	Factory	Owned	Yes
Lianyungang, Jiangsu	309,890	Factory and R&D center	Owned	Yes
Hefei, Anhui	559,973	Factory	Owned	Yes