

JA Solar Holdings Co., Ltd.
Form F-1/A
October 01, 2007
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As filed with the Securities and Exchange Commission on October 1, 2007

Registration No. 333-146210

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Amendment No. 1 to

FORM F-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

JA Solar Holdings Co., Ltd.

(Exact Name of Registrant as Specified in its Charter)

Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

3674
(Primary Standard Industrial
Classification Code Number)
Jinglong Group Industrial Park

Not Applicable
(I.R.S. Employer
Identification Number)

Jinglong Street

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The People's Republic of China

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(Address, including zip code, and telephone number, including area code of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of this document is expected to be made pursuant to Rule 434, check the following box. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered ⁽¹⁾⁽²⁾	Proposed Maximum Offering Price Per Ordinary Share ⁽¹⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾	Amount of Registration Fee
Ordinary shares, par value US\$0.0001 per share ⁽²⁾⁽³⁾	21,838,500	US\$14.93	US\$326,121,600	US\$10,012 ⁽⁴⁾

- (1) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, on the basis of US\$44.80, which is the average of the high and low trading prices of the Registrant's ADSs, representing the Registrant's ordinary shares, on the Nasdaq Global Market on September 28, 2007.
- (2) Includes (i) ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public and (ii) ordinary shares that may be purchased by the underwriters pursuant to an over-allotment option. These ordinary shares are not being registered for the purpose of sales outside of the United States.
- (3) American depository shares evidenced by American depository receipts issuable upon deposit of the ordinary shares registered hereby have been registered under a separate registration statement on Form F-6 (Registration No. 333-140009). Each American depository share represents three ordinary shares.
- (4) Of which US\$8,422 was previously paid with the initial filing on September 20, 2007. The remaining US\$1,590 is being paid in conjunction with the filing of this amendment.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This preliminary prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Subject to Completion

Preliminary Prospectus Dated October 1, 2007

PROSPECTUS

6,330,000 American Depositary Shares

JA Solar Holdings Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

Representing 18,990,000 Ordinary Shares

JA Solar Holdings Co., Ltd, or JA Solar, is offering 4,000,000 American depositary shares, or ADSs, and the selling shareholders identified in this prospectus, including entities controlled by our chairman, our chief executive officer and our chief technology officer, are offering 2,330,000 ADSs. Each ADS represents three of our ordinary shares, par value US\$0.0001 per share. We will not receive any proceeds from the sale of the ADSs by the selling shareholders.

Our ADSs are listed on the Nasdaq Global Market under the symbol JASO. On September 28, 2007, the last trading price for our ADSs as reported on the Nasdaq Global Market was US\$44.95 per ADS.

Investing in our ADSs involves a high degree of risk. See Risk Factors beginning on page 12.

	Per ADS	Total
Public offering price	US\$	US\$
Underwriting discount	US\$	US\$
Proceeds, before expenses, to us	US\$	US\$
Proceeds, before expenses, to the selling shareholders	US\$	US\$

The underwriters may also purchase up to an additional 949,500 ADSs from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs through the book-entry transfer facilities of The Depository Trust Company in New York, New York on or about , 2007.

Joint Book-Running Managers

CREDIT SUISSE

LEHMAN BROTHERS

CIBC WORLD MARKETS

PIPER JAFFRAY

, 2007

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by or on behalf of us in connection with this offering. We, the selling shareholders and the underwriters have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We, the selling shareholders and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus is accurate only as of the date of this prospectus. Our business, financial condition, results of operations and prospectus may have changed since that date.

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PROSPECTUS SUMMARY

You should read the entire prospectus carefully, including the Risk Factors section beginning on page 12 and the audited consolidated financial statements and the accompanying notes to these financial statements beginning on page F-1 before making an investment decision.

JA Solar Holdings Co., Ltd.

Overview

We are an emerging and fast-growing manufacturer of high-performance solar cells based in China. We were established in May 2005 and we commenced commercial operations in April 2006 with one solar cell manufacturing line located in Hebei, which has a rated manufacturing capacity of 25 MW per annum. With our experienced technical and production teams, we reached full production capacity on our first manufacturing line in July 2006. We have since then ramped up six additional manufacturing lines in the same facilities, with each line having a rated manufacturing capacity of 25 MW per annum. Two of these lines became fully operational in October 2006 and the other four lines became fully operational in August 2007, which increased our total rated manufacturing capacity to 175 MW per annum. We believe our China-based operations allow us to lower our operating costs and expand our manufacturing facilities efficiently relative to solar cell producers located in higher cost locations. We plan to expand our manufacturing capacity further to 425 MW per annum by the end of 2008 by adding up to ten more manufacturing lines.

Access to supplies of silicon wafers, the most important raw material for manufacturing solar cells, is crucial to the success of solar cell manufacturers, including us. We believe we have contractually secured an adequate supply of silicon wafers to meet our anticipated production needs for the remaining months of 2007 and a large portion of our anticipated production needs for 2008. We currently purchase a significant portion of our wafer supplies from Jinglong Group, which is owned by the shareholders of our largest shareholder, Jinglong BVI. Jinglong Group is a leading producer and supplier of monocrystalline wafers in China with more than ten years' operating history in the silicon processing business. We have entered into a long-term supply contract with Jinglong Group with an initial term of 54 months, under which wafer deliveries to us began in July 2006. We have also entered into a 54-month wafer supply contract with M.SETEK Co., Ltd., or M.SETEK, under which wafer deliveries to us began in July 2007, a 43-month wafer supply contract with ReneSola Ltd., or ReneSola, under which wafer deliveries to us began in June 2007 and a 41-month wafer supply contract with Jiangsu Shunda Semiconductor Development Co., Ltd., or Shunda, under which wafer deliveries to us began in August 2007. We are in discussions with other potential suppliers to secure additional supplies of silicon wafers and/or polysilicon materials to meet our remaining anticipated production needs for 2008.

We use advanced processing technologies to produce high quality solar cells. Our monocrystalline solar cells have generally achieved conversion efficiency rates in the range of 16.1% to 16.9%, and the highest conversion efficiency rate achieved by our monocrystalline solar cells to date was 17.47%, as tested by the Photovoltaic and Wind Power System Quality Test Center of the Chinese Academy of Sciences. We sell our products to solar module manufacturers who assemble and integrate our solar cells into modules and systems that convert sunlight into electricity. We currently sell our products to customers primarily in China, though we believe most of the solar modules incorporating our solar cells are distributed globally. We also sell a small portion of our products directly to overseas customers, including those in Germany, Sweden, Spain, South Korea and the United States.

We became profitable within three months after we commenced commercial operations in April 2006, and have since then achieved profitability in every quarter. We generated revenues of RMB 696.5 million (US\$91.5 million) and net income of RMB 128.4 million (US\$16.9 million) for the year ended December 31, 2006. For the six months ended June 30, 2007, our revenues and net income were RMB 792.1 million (US\$104.1 million) and RMB 136.2 million (US\$17.9 million), respectively.

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Industry Background

The solar power market has grown significantly in the past decade. According to Solarbuzz, LLC, an independent solar energy research and consulting firm, the global solar power market, as measured by annual solar power system installations, increased from 427 MW in 2002 to 1,744 MW in 2006, representing a compounded annual growth rate, or CAGR, of 42.2%, while solar power industry revenues grew to approximately US\$10.6 billion in 2006. Despite the rapid growth, solar energy constitutes only a small fraction of the world's energy output and therefore may have significant growth potential. Solarbuzz projects in one of its forecasts that annual solar power industry revenue could reach US\$31.5 billion by 2011. Solar power generation has emerged as one of the most rapidly growing renewable sources of electricity.

Our Competitive Strengths

We believe that our following competitive strengths enable us to compete effectively and to capitalize on growth opportunities in the solar power market:

Access to solar wafers through long-term supply contracts. We have entered into long-term silicon wafer supply contracts with a number of suppliers, including Jinglong Group, M.SETEK, ReneSola and Shunda, in amounts that we believe would allow us to meet our anticipated production needs for the remaining months of 2007 and a large portion of our anticipated production needs for 2008.

Experienced management team with proven industry track record. We have an experienced management team, including our chief executive officer, Mr. Huaijin Yang and our chief technology officer, Dr. Ximing Dai, that has demonstrated its ability to successfully execute our business plans. Under the leadership of our management team, we have increased our manufacturing capacity, revenues and profits through rapid organic growth. We have recently further strengthened our management team by hiring several additional executive officers with international operational experience and related industry expertise.

Scalable manufacturing capacity and low overhead and operating costs. We have the ability to cost-effectively scale up our manufacturing capacity in a relatively short period of time. Our location in China provides us with access to low-cost utilities, rent and research and development and manufacturing personnel.

Advanced solar cell process technology. Our advanced process technologies allow us to produce high quality solar cells with good consistency in cell efficiencies and relatively low wafer breakage rates. Our monocrystalline solar cells have generally achieved conversion efficiency rates in the range of 16.1% to 16.9%, and our quarterly average wafer breakage rates have been kept below 2.5%.

Ability to quickly broaden and diversify our customer base. As we increased our production and our products gained more market recognition for their quality, we have broadened and diversified our customer base. As of June 30, 2007, we had 18 customers who have each purchased 1.2 MW or more of our products. In addition, while we currently sell our products to customers primarily in China, we believe most of the solar modules incorporating our solar cells are distributed globally and we have sold our products directly to customers in Germany, Sweden, Spain, South Korea and the United States.

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Our Strategies

Our objective is to become a leader in developing and manufacturing low-cost, high-performance solar cell products. We intend to achieve this objective by pursuing the following strategies:

Extend existing supply contracts and secure new supply commitments. We intend to extend our contractual relationship with existing silicon wafer suppliers and to expand our sources of supplies by entering into new supply contracts with other suppliers.

Selectively pursue opportunities to expand our operations into upstream and downstream businesses. To leverage our strengths in solar cell production, we plan to selectively pursue opportunities in upstream and downstream businesses in the solar power value chain through joint ventures, strategic investments and alliances, and acquisitions.

Grow revenue and expand manufacturing capacity. We have achieved a total rated manufacturing capacity of 175 MW per annum in August 2007 and we intend to increase our total rated manufacturing capacity to 425 MW per annum by the end of 2008.

Further enhance our technology through focused research and development efforts. We intend to further enhance our technology to improve solar cell efficiency and lower manufacturing costs by increasing our investment in research and development and through cooperation with our suppliers and customers.

Build JA Solar into a leading brand and expand sales in new and existing markets with a diversified customer base. We intend to build JA Solar into a leading solar cell brand by enhancing the high quality of our products and our credibility and reliability as a long term business partner to our customers. We plan to expand our sales in China and overseas markets and diversify and grow our customer base to include some of the large established players in the global solar power industry.

Our Challenges

We believe that the following are some of the major risks and uncertainties that may materially affect us:

Our limited operating history. We were established in May 2005 and commenced commercial operations in April 2006. We face challenges and risks as an early-stage company seeking to develop and manufacture new products in a rapidly growing market, and we cannot assure you that we will be successful in addressing these challenges and risks.

Our ability to remedy the control deficiencies in our internal control over financial reporting. During the course of the preparation and external audit of our financial statements as of and for the period from inception (May 18, 2005) to December 31, 2005 and as of and for the year ended December 31, 2006, we and our independent registered public accounting firm identified a number of deficiencies in our internal control over financial reporting, including a number of material weaknesses and significant deficiencies. If we fail to remedy these control deficiencies and significantly improve our internal control over financial reporting, we may be unable to timely and accurately record, process and report financial data or comply with disclosure and other reporting obligations.

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Our dependence on a limited number of suppliers for the supply of silicon wafers. We currently purchase our silicon wafer supplies from a limited number of suppliers, including Jinglong Group, M.SETEK, ReneSola and Shunda. Our rapid expansion requires us to significantly increase our supplies of silicon wafers. We may not be able to obtain adequate supply of wafers from these suppliers or other sources to meet our production needs.

Prepayment arrangements to our suppliers expose us to the credit risk of our suppliers and may increase our costs and expenses. We make prepayments to our suppliers without receiving collateral for such payments. As a result, our claims for such payments 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. In addition, if the market price of silicon wafers were to decrease after we prepay our suppliers, we will not be able to adjust any historical payment insofar as it relates to a future delivery at a fixed price. In addition, if demand for our solar cell products decreases, we may incur costs associated with carrying excess materials.

Current industry-wide shortage of polysilicon. Polysilicon is the essential material from which silicon wafers are made. There is currently an industry-wide shortage of polysilicon, which has resulted in limited availability of silicon wafers and significant price increases in both polysilicon and silicon wafers.

Our ability to significantly increase manufacturing capacity and output. We are susceptible to risks associated with rapid business expansion and may not be able to successfully carry out our planned expansions. Our failure to significantly increase manufacturing capacity and output may result in our inability to meet customer demand, lower profitability and a loss in market share.

Intense competition in the solar power market. The solar power market is intensely competitive and rapidly evolving. We face competition from photovoltaic divisions of large conglomerates, integrated manufacturers of photovoltaic products and other solar power product manufacturers, many of which have greater resources than us.

Limited adoption of photovoltaic technology and insufficient demand for solar power products. The solar power industry is at a relatively early stage of development and we are not certain of the extent to which solar power products will be adopted. If photovoltaic technology proves unsuitable for widespread adoption or if sufficient demand for solar power products fails to develop, we may not be able to grow our business or maintain our profitability.

Reduction or elimination of government subsidies and economic incentives for on-grid solar power applications. The near-term growth of the market for on-grid solar power applications depends in a large part on the availability and size of government subsidies and economic incentives. We face risks and challenges associated with the reduction or elimination of such subsidies and incentives.

Unavailability of financing or increase in interest rate. The availability of financing could have a significant effect on the level of sales of solar power products. Lack of or inadequate financing or an increase in interest rate could make it impossible or difficult for end users to finance the cost of solar power systems and could reduce the demand for our solar cells.

Market volatilities. Future increases in the supply of polysilicon, increased competition and other changing market conditions, such as reduced demand for solar power products in the end user

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markets, may cause a decline in the demand and average selling prices of solar cells, and may increase the level of our earnings volatility and reduce our profitability.

Please see Risk Factors and other information in this prospectus for a detailed discussion of these risks and uncertainties.

Corporate Information

Our principal executive offices are located at Jinglong Group Industrial Park, Jinglong Street, Ningjin, Hebei Province 055550, the People's Republic of China. Our telephone number at this address is (86) 319-580-0760 and our fax number is (86) 319-580-0754.

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 prospectus. Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, New York, NY 10011.

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Conventions Applicable to This Prospectus

Unless otherwise indicated, references in this prospectus to:

China and the PRC are to the People's Republic of China, excluding, for the purposes of this prospectus only, Taiwan and the special administrative regions of Hong Kong and Macau;

conversion efficiency are 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;

cost per watt and price per watt are to the cost and price of solar power products, respectively, relative to the number of watts of electricity a solar power product generates;

JA Solar, we, us, our company and our are to JA Solar Holdings Co., Ltd., its predecessor entities and its consolidated subsidiaries;

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

JA China are to JingAo Solar Co., Ltd., our predecessor and indirectly wholly-owned subsidiary in China. We conduct substantially all our businesses through JA China;

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

Jinglong Group are to Jinglong Industry and Commerce Group Co., Ltd. and its consolidated subsidiaries. Jinglong Group is controlled by the shareholders of Jinglong BVI;

photovoltaic effect are to a process by which sunlight is converted into electricity;

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

RMB and Renminbi are to the legal currency of the PRC;

US\$ and U.S. dollars are to the legal currency of the United States;

voltage or volts are to the rating of the amount of electrical pressure that causes electricity to flow in the power line; and

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watts are to the measurement of total electrical power, where kilowatts or KW means one thousand watts and megawatts or M means one million watts.

Unless otherwise indicated, information in this prospectus assumes that the underwriters do not exercise their over-allotment option to purchase additional ADSs.

This prospectus contains translations of certain Renminbi amounts into U.S. dollars at specified rates. All translations from Renminbi to U.S. dollars were made at the noon buying rate in The City of New York for

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cable transfers in Renminbi per U.S. dollar as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translation of Renminbi into U.S. dollars has been made at the noon buying rate in effect on June 29, 2007, which was RMB 7.6120 to US\$1.00. We make no representation that the Renminbi or dollar amounts referred to in this prospectus could have been or could be converted into dollars or Renminbi, as the case may be, at any particular rate or at all. See Risk Factors Risks Related to Doing Business in China Fluctuation in the value of the Renminbi may have a material adverse effect on our business and on your investment. On September 28, 2007, the noon buying rate was RMB 7.4928 to US\$1.00.

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Offering Price	US\$	per ADS
ADSs offered by us	4,000,000	ADSs
ADSs offered by selling shareholders	2,330,000	ADSs
Total ADSs offered in this offering	6,330,000	ADSs
ADSs	Each ADS represents three ordinary shares, par value US\$0.0001 per share, that will be held on deposit with the custodian for The Bank of New York, as depositary. As an ADS holder, you will not be treated as one of our shareholders. You will have rights as provided in the deposit agreement. Under the deposit agreement, you may instruct the depositary to vote the ordinary shares underlying your ADSs. You must pay a fee for each issuance or cancellation of an ADS, distribution of securities by the depositary or any other depositary service. For more information about our ADSs, see "Description of American Depositary Shares" in this prospectus and the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.	
Depositary	The Bank of New York.	
ADSs outstanding immediately after this offering	23,690,200 ADSs (or 24,639,700 ADSs if the underwriters exercise the over-allotment option in full).	
Ordinary shares outstanding immediately after this offering	150,270,000 ordinary shares (or 153,118,500 ordinary shares if the underwriters exercise the over-allotment option in full).	
Use of proceeds	We intend to use our net proceeds from this offering for the following purposes:	
	approximately US\$50 million to purchase and prepay raw materials;	
	approximately US\$70 million to purchase manufacturing equipment and construct manufacturing facilities to expand our manufacturing capacity;	
	approximately US\$10 million to enhance our research and development capabilities; and	

the remaining amount to be used for working capital and other general corporate purposes.

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We will not receive any of the proceeds from the sale of ADSs by the selling shareholders. Entities controlled by our chairman, our chief executive officer and our chief technology officer will be selling ADSs in this offering. See [Principal and Selling Shareholders](#).

Risk factors	See Risk Factors in this prospectus beginning on page 12 and other information included in this prospectus for a discussion of the risks you should carefully consider before deciding to invest in our ADSs.
Nasdaq Global Market Symbol	JASO.
Over-allotment option	We have granted the underwriters a 30-day option to purchase up to 949,500 additional ADSs to cover any over-allotments.
Dividend policy	We do not intend to pay any cash dividends on our ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings for use in the operation and expansion of our business. Our board of directors has complete discretion as to whether we will pay dividends in the future subject to approval by our shareholders.
Deposit and withdrawal of our ordinary shares	The depositary will issue ADSs, subject to the satisfaction of certain conditions, if you or your broker deposits ordinary shares or evidence of rights to receive ordinary shares with the custodian. You may turn in your ADSs at the depositary's corporate trust office and, upon payment of its fees and expenses and of any taxes or charges, the depositary will deliver the underlying ordinary shares and any distributions thereon to an account designated by you.
Dividends and other distributions	The depositary agrees to pay you any cash dividend or other distribution it receives on our ordinary shares or other deposited securities after deducting its fees and expenses.
Lock-up	We, our directors, executive officers, and all of the selling shareholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 90 days after the date of this prospectus. See Underwriting .
Payment and settlement	The underwriters expect to deliver our ADSs through the book-entry transfer facilities of The Depository Trust Company in New York, New York on or about _____.

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You should read the summary consolidated financial and operating data in conjunction with our audited consolidated financial statements and the related notes, Selected Consolidated Financial and Operating Data, and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

The summary consolidated financial data presented below as of December 31, 2005 and 2006 and for the period from inception of our business (May 18, 2005) to December 31, 2005 and the year ended December 31, 2006 have been prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP, and are derived from our audited consolidated financial statements included elsewhere in this prospectus. The summary consolidated financial data as of June 30, 2007 and for the six-month periods ended June 30, 2006 and 2007 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited interim financial statements reflect all adjustments, consisting only of normal and recurring adjustments, that are, in the opinion of our management, necessary for a fair presentation of our financial position and results of operations in the interim periods presented. Results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year. The historical results are not necessarily indicative of results to be expected in any future period.

	From					
	Inception to December 31, 2005	Year Ended December 31, 2006		Six Months Ended June 30, 2007		2007
	RMB	RMB	US\$(¹)	2006 RMB	2007 RMB	US\$(¹)
(in thousands, except for share and per share data)						
Consolidated Statements of Operations Data:						
Net revenues						
Solar cells to third parties		565,327	74,268	29,221	764,425	100,423
Solar cells to related parties		131,131	17,227	69,871	1,390	183
Solar cell processing					26,319	3,458
Total revenues		696,458	91,495	99,092	792,134	104,064
Cost of revenues						
Solar cells		(524,163)	(68,860)	(75,546)	(606,849)	(79,723)
Solar cell processing					(6,405)	(841)
Total cost of revenues		(524,163)	(68,860)	(75,546)	(613,254)	(80,564)
Gross profit		172,295	22,635	23,546	178,880	23,500
Selling, general and administrative expenses ⁽²⁾	(2,638)	(39,656)	(5,210)	(6,272)	(34,220)	(4,496)
Research and development expenses	(384)	(1,358)	(178)	(318)	(1,629)	(214)
Total operating expenses	(3,022)	(41,014)	(5,388)	(6,590)	(35,849)	(4,710)
Income/(loss) from operations	(3,022)	131,281	17,247	16,956	143,031	18,790
Interest expense		(5,055)	(664)	(1,778)	(3,777)	(496)
Interest income	39	824	108	107	31,394	4,124
Foreign exchange gain/(loss)	(128)	1,300	171	104	(36,543)	(4,801)
Other income		64	8		2,068	272
Income/(loss) before income taxes	(3,111)	128,414	16,870	15,389	136,173	17,889
Income tax benefit/(expense)						
Net income/(loss)	(3,111)	128,414	16,870	15,389	136,173	17,889

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Preferred shares accretion	(1,603)	(211)	(515)	(68)		
Preferred shares beneficial conversion charge	(34,732)	(4,563)				
Allocation of net income to participating preferred shareholders	(5,683)	(746)	(1,648)	(216)		
Net income available to ordinary shareholders	(3,111)	86,396	11,350	15,389	134,010	17,605
Net income/(loss) per share:						
Basic	(0.04)	1.08	0.14	0.19	1.08	0.14
Diluted	(0.04)	1.08	0.14	0.19	1.07	0.14
Weighted average number of shares outstanding:						
Basic	80,000,000	80,000,000	80,000,000	80,000,000	124,352,265	124,352,265
Diluted	80,000,000	80,166,178	80,166,178	80,000,000	125,439,873	125,439,873

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	From					
	Inception to December 31, 2005		Year Ended December 31, 2006		Six Months Ended June 30, 2007	
	RMB	RMB	US\$(¹)	RMB	RMB	US\$(¹)
	(in thousands)					

Consolidated Statements of Cash Flows Data:

Cash flows (used in) or provided by:						
Operating activities	(1,635)	(61,807)	(8,120)	(68,439)	(207,135)	(27,212)
Investing activities	(37,972)	(107,619)	(14,138)	(57,193)	(148,546)	(19,515)
Financing activities	50,700	254,840	33,479	159,901	1,858,186	244,113

	As of December 31, 2005		As of December 31, 2006		As of June 30, 2007	
	RMB	RMB	US\$(¹)	RMB	RMB	US\$(¹)
	(in thousands)					

Consolidated Balance Sheet Data:

Cash and cash equivalents	10,971	95,758	12,580	1,565,943	205,720
Inventories		154,675	20,320	161,161	21,172
Property and equipment, net	39,392	139,400	18,313	274,511	36,063
Total assets	59,068	492,892	64,752	2,543,540	334,149
Total liabilities	2,480	187,105	24,580	237,876	31,250
Total shareholders' equity	56,588	195,750	25,716	2,305,664	302,899

	From Inception to December 31, 2005		Year Ended December 31, 2006		Six Months Ended June 30, 2007	
Other Consolidated Financial Data (in percentages)						
Gross margin			24.7%	23.8%	22.6%	
Operating margin			18.8%	17.1%	18.1%	
Net margin			18.4%	15.5%	17.2%	

Selected Operating Data

Products sold (in MW)		26.3	3.6	38.4
Average selling price per watt (in RMB)		25.9	26.9	22.5
Average selling price per watt (in US\$) ⁽¹⁾		3.4	3.5	3.0

(1) Translations of RMB amounts into U.S. dollars were made at a rate of RMB 7.6120 to US\$1.00, the noon buying rate for U.S. dollars in effect on June 29, 2007 in New York City for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

(2) Includes RMB 18.2 million (US\$2.4 million) and RMB 13.2 million (US\$1.7 million) in share-based compensation cost for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively.

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RISK FACTORS

You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before you decide to buy our ADSs. Any of the following risks could have a material adverse effect on our business, prospects, financial condition and results of operations. In any such case, the trading price of our ADSs could decline, and you could lose all or part of your investment.

Risks Related to Our Business

Our limited operating history makes it difficult to evaluate our future prospects and results of operations.

We have only been in existence since May 2005. We completed our first solar cell manufacturing line in March 2006 and made our first commercial shipment of solar cells in April 2006. We have since then ramped up six additional manufacturing lines and increased our total rated manufacturing capacity to 175 MW per annum. Our future success will require us to scale up our manufacturing capacity beyond our existing capacity and further expand our customer base. Our business model and ability to achieve satisfactory manufacturing yields at higher volumes are unproven. To address these risks, we must, among other things, continue to respond to competitive developments, attract, retain and motivate qualified personnel, implement and successfully execute expansion plan and improve our technologies. We cannot assure you that we will be successful in addressing such risks. Although we have experienced revenue growth in recent periods, we cannot assure you that our revenue will continue to increase or continue at their current level. Our limited operating history makes the prediction of future results of operations difficult, and therefore, past revenue growth experienced by us should not be taken as indicative of the rate of revenue growth, if any, that can be expected in the future. We believe that period to period comparisons of our operating results are not meaningful and that the results for any period should not be relied upon as an indication of future performance. You should consider our business and prospects, in light of the risks, uncertainties, expenses and challenges that we will face as an early-stage company seeking to develop and manufacture new products in a rapidly growing market.

If we are unable to remedy the material weaknesses and significant deficiencies in our internal control over financial reporting, we may be unable to timely and accurately record, process and report financial data or comply with disclosure controls and procedures, internal control over financial reporting, and other reporting obligations.

During the course of the preparation and external audit of our financial statements as of and for the period from inception (May 18, 2005) to December 31, 2005 and as of and for the year ended December 31, 2006, we and our independent registered public accounting firm identified a number of control deficiencies in our internal control over financial reporting, including a number of material weaknesses and significant deficiencies, as defined in the standards established by the U.S. Public Company Accounting Oversight Board.

Among the material weaknesses identified was a lack of an effective control environment, including (i) an insufficient number of finance personnel with an appropriate level of knowledge, experience and training in the application of GAAP and in internal controls over financial reporting commensurate with our reporting requirements, (ii) a lack of an appropriate level of control consciousness as it relates to the establishment and maintenance of an oversight function and communication of internal controls, policies and procedures, assignment of roles and responsibilities, and the necessary lines of communications within our organizational structure to support our activities, (iii) a lack of effective monitoring activities, and (iv) a lack of an effective risk assessment process.

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The control environment sets the tone of an organization, influences the control consciousness of its people, and is the foundation of all other components of internal control over financial reporting. Accordingly, the material weakness in our control environment contributed to the development of additional material weaknesses, including:

ineffective controls over procedures used to enter transaction totals into the general ledger and initiate, authorize, record and process journal entries into the general ledger as well as record recurring and nonrecurring adjustments to the financial statements;

inadequate controls and procedures used to evaluate the creditworthiness of related party suppliers to which we advance funds in order to determine a provision, if necessary, and to ensure that transactions and arrangements with related parties are appropriately identified and summarized in the accounting records and disclosed in the financial statements;

ineffective controls over accounting for income taxes, including the determination of deferred income tax assets and liabilities and related valuation allowance;

inadequate policies and procedures related to accounting and disclosure for complex contracts; and

a lack of adequately designed controls over revenue cycle, inventory cycle, fixed assets, payroll cycle and purchase cycle.

In addition, we and our independent registered public accounting firm identified certain significant deficiencies in our internal control over financial reporting, including a lack of adequately designed controls over cash and cash equivalents and a lack of adequate human resources policies and procedures to address hiring, training, promoting and compensating employees. See Management's Discussion and Analysis of Financial Condition and Results of Operations Internal Control Over Financial Reporting.

Material weaknesses and significant deficiencies in our internal control over financial reporting could result in a material misstatement of our financial statements that will not be prevented or detected. As a result, we have begun taking actions and measures to significantly improve our internal control over financial reporting in order to obtain reasonable assurance regarding the reliability of our financial statements. However, we have not yet implemented all of these actions and measures and tested them. Furthermore, we cannot assure you if or when we will be able to remedy these control deficiencies, that our independent registered public accounting firm will agree with our assessment, or that additional material weaknesses or significant deficiencies in our internal control over financial reporting will not be identified in the future. If the control deficiencies we have identified recur, or if we identify additional deficiencies or fail to implement new or improved controls successfully in a timely manner, we may be unable to issue timely and accurate financial reports and investors could lose confidence in the reliability of our financial statements, which in turn could negatively impact the trading price of our ADSs, or otherwise harm our reputation.

We are committed to continuing to improve our internal control processes. However, any control system, regardless of how well designed, operated and evaluated, can provide only reasonable, not absolute, assurance that its objectives will be met. As we continue to evaluate and work to improve our internal control over financial reporting, we may take additional actions and measures to address any control deficiencies identified by us or our independent registered public accounting firm.

Under current rules and regulations implementing Section 404 of the U.S. Sarbanes-Oxley Act of 2002, or SOX 404, we expect to be required to, beginning with the fiscal year ending December 31, 2007, deliver a report that assesses the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm will be required to audit and report on the effectiveness of our internal control over financial reporting. We have a substantial effort ahead of us to complete the documentation and testing of

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our internal control over financial reporting, and to remediate any material weaknesses identified during that process. We may not be able to complete the required management assessment by our reporting deadline. An inability to complete this assessment in a timely manner or at all would result in receiving something other than an unqualified report from our independent registered public accounting firm with respect to our assessment of internal control over financial reporting. In addition, if material weaknesses are identified and not remedied, we would not be able to conclude that our internal control over financial reporting was effective, which would result in the inability of our independent registered public accounting firm to deliver an unqualified report on the effectiveness of our internal control over financial reporting. Inferior internal control over financial reporting could cause investors to lose confidence in the reliability of our financial statements, and such conclusion could negatively impact the trading price of our ADSs or otherwise harm our reputation.

We currently depend on a limited number of suppliers for the supply of our silicon wafer requirements. If our suppliers fail to deliver to us sufficient quantities of silicon wafers that meet our timing, quality and cost requirements, we may not be able to find suitable alternative suppliers in a timely manner and we may lose customers, market share and revenue.

Our basic raw material in producing solar cells is silicon wafers. We purchase silicon wafers from a limited number of suppliers, including Jinglong Group, M.SETEK, ReneSola and Shunda, with which we have entered into long-term wafer supply contracts. See Business Raw Materials and Utilities Silicon Wafers. Under these contracts, we believe we have secured an adequate supply of silicon wafers to meet our anticipated production needs for the remaining months of 2007 and a large portion of our anticipated production needs for 2008. We are in discussions with other potential suppliers to secure additional supplies of silicon wafers and/or polysilicon materials to meet our remaining anticipated production needs for 2008. However, we cannot assure you that we will be able to secure sufficient wafer supplies in order to operate our manufacturing lines at their full capacity. In addition, we cannot assure you that those suppliers with which we have entered into supply contracts will be able to deliver the agreed amount of wafers to us as provided under these contracts, or that we will be able to renew our supply contracts with these suppliers at commercially reasonable terms or at all when our current contracts expire. For example, Shunda's ability to supply its contractually agreed amount of wafers to us will depend on its ability to ramp up its polysilicon production facilities as planned, and the quality of the polysilicon materials it produces. In addition, to make silicon wafers, our suppliers must purchase its polysilicon requirements from polysilicon suppliers. There are a limited number of polysilicon suppliers and currently the solar power industry is experiencing a shortage of polysilicon, and we cannot assure you that our wafer suppliers will always be able to obtain sufficient polysilicon to satisfy its contractual obligations to us.

Our inability to obtain silicon wafers at commercially reasonable prices or at all would materially and adversely affect our ability to meet existing and future customer demand and could cause us to lose customers and market share, and could cause us to generate lower than anticipated revenue or any revenue at all, thereby materially and adversely affecting our business, financial condition and results of operations.

Prepayment arrangements for procurement of silicon wafers from Jinglong Group, M.SETEK, ReneSola, Shunda and other 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.

Under our long-term wafer supply contracts and consistent with the industry practice, we are required to make prepayments to our suppliers. Under our long-term supply contract with Jinglong Group, we have prepaid, and will prepay, Jinglong Group monthly a portion of the agreed prices for specified quantities of silicon wafers until the end of 2007. As of December 31, 2006 and June 30, 2007, we had RMB 35.6 million (US\$4.7 million) and RMB 16.7 million (US\$2.2 million) in advances to Jinglong Group, respectively. In addition, we made a prepayment of RMB 300 million to Jinglong Group in August 2007 for wafers to be delivered after January 1, 2008. Under our wafer supply contract with M.SETEK, we are required to make a total prepayment of US\$100 million. We have made two prepayments of US\$30 million each in June and August 2007, and are required to make another

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prepayment of US\$40 million before October 31, 2007. Under our wafer supply contract with ReneSola, we made a prepayment of RMB 32.1 million in January 2007, representing 30% of the agreed total payments of RMB 107.1 million for wafer supplies to be delivered in 2007. In September 2007, we made a prepayment of RMB 50.4 million to ReneSola and we are required to make another prepayment of RMB 50.4 million in December 2007, with the total of these two prepayments representing 25% of the agreed total payments of RMB 403.2 million for wafer supplies to be delivered in 2008. In addition, under our wafer supply contract with Shunda, we are required to make a total prepayment of RMB 350 million. We made two prepayments in the amounts of RMB 80 million and RMB 100 million in August 2007 and September 2007, respectively, and we expect to make the remaining required prepayment of RMB 170 million before November 30, 2007. See Business Raw Materials and Utilities Silicon Wafers.

We make prepayments to these suppliers for procurement of silicon wafers without receiving collateral to secure such payments. Our claims for such payments would rank as unsecured claims, which exposes 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, a default by our suppliers may have a material adverse effect on our financial condition, results of operations and liquidity. In addition, should a supplier to whom we make prepayment default on its obligations under the supply contract, we may not be able to recover all or a portion of our outstanding prepayment. Further, even if the supplier would refund our prepayment when it defaults on its obligations under the contract, we may still suffer losses if we do not get any interest payment on such refunded prepayment and, in the situation where we made prepayment in foreign currencies, we may suffer foreign exchange losses if we would need to exchange the U.S. dollar-denominated refund payment into Renminbi, which may have been revaluated in the course of time.

Furthermore, if the market price of silicon wafers were to decrease to a level that is below what we have prepaid after we make prepayment to our suppliers, we will not be able to adjust any historical payment. Additionally, if demand for our solar cell products decreases, we may incur costs associated with carrying excess materials. Each of such events may have a material adverse effect on our financial condition and results of operations. To the extent that we are not able to pass these increased costs and expenses to our customers, our business, results of operations and financial condition may be materially and adversely affected. We also face certain operational risks associated with our suppliers. For example, if our suppliers become subject to intellectual property infringement claims by third parties, our ability to recover our outstanding prepayments may be materially and adversely affected.

We are susceptible to the current industry-wide shortage of polysilicon, which could adversely affect our ability to meet existing and future customer demand for our products and cause us to lose customers and market share, generate lower than anticipated revenues and manufacture our products at higher than expected costs.

Polysilicon is the essential raw material to make silicon wafers. Polysilicon is created by refining quartz or sand, and is melted and grown into crystalline ingots. Silicon wafers are then sliced from crystalline ingots. There is currently an industry-wide shortage of polysilicon, which has resulted in limited availability of silicon wafers and significant price increases in both polysilicon and silicon wafers. As demand for solar cells has increased, many participants or companies in the solar power industry have announced plans to add additional manufacturing capacity. When the additional manufacturing capacity becomes operational, it will further increase the demand for polysilicon and may further exacerbate the current shortage. Polysilicon is also used in the semiconductor industry generally and any increase in demand from that sector could compound the shortage. Polysilicon and silicon wafer suppliers have been adding manufacturing capacity in response to the growing demand in recent years. However, building polysilicon production facilities generally requires significant capital and it typically takes an average of 18 to 24 months to construct. As a result, polysilicon and silicon wafer suppliers are generally willing to expand only if they are certain of sufficient customer demands to justify such capital commitment. Increasingly, polysilicon and silicon wafer suppliers are requiring customers to make prepayments for raw materials well in advance of their shipment, which, in turn, leads to significant working capital commitment from solar cell product manufacturers.

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We expect that polysilicon demand will continue to exceed supply for the foreseeable future. In order to meet our silicon wafer requirements, we have entered into long-term silicon wafer supply contracts with Jinglong Group, M.SETEK, ReneSola and Shunda. See Business Raw Materials and Utilities Silicon Wafers. We also purchase supplies of ingots or polysilicon from third party suppliers and engage Jinglong Group to process wafers from such ingots and polysilicon for us. We cannot assure you that we will be able to secure sufficient quantities of silicon wafers to meet our planned manufacturing requirements. Further increases in the demand for silicon wafers may cause us to encounter shortages or delays in obtaining adequate supplies of silicon wafers, which could materially and adversely affect our ability to operate at full production capacity and our ability to meet existing and future customer demand, resulting in decreased revenues and loss of customers. Furthermore, increases in prices of polysilicon and silicon wafers have increased and may continue to increase our manufacturing cost, and if we cannot pass such cost increase to our customers, our results of operations could be materially and adversely affected.

Furthermore, partly as a result of the industry-wide shortage, we may, from time to time, face the prospect of a shortage of silicon wafers and late or failed delivery of silicon wafers from our suppliers. We may experience actual shortage of silicon wafers or late or failed delivery in the future for the following reasons, among others. First, the terms of our wafer supply contracts with, or purchase orders to, our suppliers may be altered or cancelled by the suppliers with limited or no penalty to them, and in such cases we may not be able to recover damages fully or at all. Second, other than with Jinglong Group, we generally do not have a history of long-term relationships with suppliers who may be able to meet our silicon wafers needs consistently or on an emergency basis. Third, many of our competitors also purchase silicon wafers from our suppliers and have had longer and stronger relationships with, as well as greater buying power and bargaining leverage over, our suppliers.

If we fail to obtain delivery of silicon wafers in amounts and according to time schedules as agreed with the suppliers, or at all, we may be forced to reduce production or secure alternative sources, which may not provide silicon wafers in amounts required by us or at comparable or affordable prices, or at all. Our failure to obtain the required amounts of silicon wafers on time and at affordable prices can seriously hamper our ability to meet our contractual obligations to deliver our products to our customers. Any failure by us to meet such obligations could have a material adverse effect on our reputation, retention of customers, market share, business and results of operations and may subject us to claims from our customers and other disputes. In addition, our failure to obtain sufficient silicon wafers will result in underutilization of our existing and planned production facilities and an increase in our marginal production cost, and may prevent us from implementing capacity expansion as currently planned. Any of the above events could have a material adverse effect on our growth, profitability and results of operations.

Our future success substantially depends on our ability to significantly increase our manufacturing capacity, output and sales. Our ability to achieve our expansion goals is subject to a number of risks and uncertainties. In addition, we may not be able to manage our expansion effectively.

Our future success depends on our ability to significantly increase our manufacturing capacity, output and sales. We currently plan to build up to ten additional solar cell manufacturing lines by the end of 2008 to increase our total manufacturing capacity to 425 MW per annum. Our ability to establish or successfully operate our additional manufacturing capacity and increase output is subject to significant risks and uncertainties, including:

our ability to expand and to operate new manufacturing facilities;

our ability to secure adequate supplies of silicon wafers, including our ability to maintain adequate working capital to make prepayments on such supplies;

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delays and cost overruns associated with the build-out of any additional facilities due to factors, many of which may be beyond our control, such as delays in government approvals, problems with equipment vendors or raw material suppliers and equipment malfunctions and breakdowns;

diversion of significant management attention and other resources; and

failure to execute our expansion plan effectively.

If we are unable to establish or successfully operate additional manufacturing capacity or increase our manufacturing output, we may be unable to expand our business as planned. If we are unable to carry out our planned expansions, we may not be able to meet customer demand, which could result in lower profitability and a loss in market share. Moreover, we cannot assure you that if we do increase our manufacturing capacity and output we will be able to generate sufficient customer demand for our products to support our increased production levels. In addition, to manage the potential growth of our operations, we will be required to improve our operational and financial systems, procedures and controls, and expand, train and manage our growing employee base. Furthermore, our management will be required to initiate, maintain and expand our relationships with new and existing customers, suppliers and other third parties. Such relationships may not achieve their intended results. For example, in January 2007, we signed a customer agreement with PowerLight, a wholly-owned subsidiary of SunPower Corporation, under which we were to supply PowerLight with a total of 120 MW of solar cells through the end of 2009. This contract was terminated by mutual agreement in September 2007 due to an unanticipated quality problem with respect to metallurgical grade polysilicon which could not be resolved in the near term and unresolved pricing terms. We cannot assure you that we are able to improve our operations, personnel, systems, internal procedures and controls to adequately support our future growth. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, execute our business strategies or respond effectively to competitive pressures.

Our senior management has worked together for a short period of time, which may make it difficult for you to evaluate their effectiveness and ability to address challenges.

Due to our limited operating history and recent additions to our management team, certain of our senior management and employees have worked together at our company for a relatively short period of time. For example, in September 2007, we hired a number of additional executive officers, including our president and chief operating officer, Dr. Kang Sun, our vice president of operations, Dr. Qingtang Jiang, our vice president of business development, Ms. Jane Wu, and our vice president of sales and marketing, Mr. Raymond P. Wilson. These individuals need to be integrated with our existing senior management team. As a result of these circumstances, it may be difficult for you to evaluate the effectiveness of our senior management and their ability to address future challenges to our business. Members of our senior management may not work together effectively as a team to manage our growth successfully, which could result in us losing market share, business opportunity and revenues.

As we have granted and will continue to grant employee share options to certain of our directors, officers, employees and consultants, our net income will be adversely affected.

Under our 2006 stock incentive plan, we may grant options to purchase up to 10% of our issued share capital to certain of our directors, employees and consultants. On August 21, 2006, April 3, 2007, and September 17, 2007, we granted options to purchase 1,728,000, 2,400,000 and 4,410,000 ordinary shares, respectively, to a number of our directors, employees and consultants. Additionally in September 2007, the recently hired executive officers received restricted stock units for 510,000 ordinary shares. See Management Stock Option Plan. In accordance with Statement No. 123 (Revised 2004), Share-Based Payment, or SFAS 123(R), of the Financial Accounting Standards Board, 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 share options including share options granted to our directors, employees

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and consultants using a fair-value based method and recognize expenses in our consolidated statement of operations in accordance with the relevant rules under U.S. GAAP. Our share-based compensation expenses will have a material and adverse effect on our reported earnings for the year ending December 31, 2007 and over the remaining vesting periods. We estimate that our total share-based compensation expenses relating to our September 2007 option grants would be approximately US\$31.6 million, which would be amortized over the applicable service periods using a graded vesting method. In addition, we estimate that our total share-based compensation expenses relating to our September 2007 stock awards would be approximately US\$6.8 million, which would be amortized over the vesting period of these shares ranging from six months to two years starting from the recipients' respective date of employment with us. Moreover, the additional expenses associated with 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. As we have granted and will continue to grant employee share options or other share-based compensation in the future, our net income will be adversely affected.

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

Jinglong BVI, which is controlled by the shareholders of Jinglong Group, is our largest shareholder. In addition, Mr. Baofang Jin, our chairman of the board of directors, is a shareholder of Jinglong BVI and is also the president of Jinglong Group. Jinglong Group currently provides a number of products and services to us, including silicon wafer supply and real property leases. Our transactions with Jinglong Group are governed by a number of contracts between Jinglong Group and us, the terms of which were negotiated on an arm's length basis. See **Related Party Transactions** - **Transactions with Jinglong Group**. However, the interest of Jinglong BVI may conflict with our own interest with respect to our transactions with Jinglong Group. As a result, we may have limited ability to negotiate with Jinglong Group over the terms of the agreements because Jinglong BVI may exert significant influence on our affairs through the board which could cause us to take actions that may not be in our best interests. 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 Jinglong Group. Furthermore, we cannot assure you that our transactions with Jinglong Group will always be concluded on terms favorable to us or maintained at the current level or at all in the future.

We currently sell a significant portion of our solar cell products to a limited number of customers. Our dependence on these customers may cause significant fluctuations or declines in our revenues.

We currently sell a substantial portion of our products to a limited number of customers, most of which are module manufacturers based in China. For the year ended December 31, 2006, approximately 41% of our total revenues were derived from sales of our solar cell products to our three largest customers, two of which, Shanghai Chaori Sun Power Technology Development Co., Ltd., or Shanghai Chaori, and Shanghai Huinong Co., Ltd., or Shanghai Huinong, were our related parties until August 2006. See **Related Party Transactions** - **Transactions with Other Related Parties**. For the six months ended June 30, 2007, approximately 63% of our total revenues were derived from sales to our three largest customers, which include Shanghai Chaori and two other third parties. Sales to our top ten customers accounted for approximately 84.3% and 87.8% of total revenues for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively. We anticipate that our dependence on a limited number of customers will continue for the foreseeable future. Consequently, any one of the following events may cause material fluctuations or declines in our revenues and have a material adverse effect on our results of operations:

reduction, delay or cancellation of orders from one or more of our significant customers;

selection of our competitor's products by one or more of our significant customers;

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loss of one or more of our significant customers and our failure to identify additional or replacement customers; and

failure of any of our significant customers to make timely payment for our products.

Because we compete in a highly competitive market and many of our competitors have greater resources than us, we may not be able to compete successfully.

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. In the global market, our competitors include photovoltaic divisions of large conglomerates, such as BP Solar International Inc., Schott AG, Sharp Corporation, Mitsubishi Electric Corporation and Sanyo Electric Co., Ltd., specialized cell and module manufacturers such as Motech Industries, Inc., E-Ton Solar Tech Co., Ltd., Q-Cells AG, as well as integrated manufacturers of photovoltaic products such as SolarWorld AG. In the Chinese market, we compete with Suntech Power Co., Ltd., China Sunergy Co., Ltd., Solarfun Power Holdings Co., Ltd., Yingli Green Energy Holding Company Limited and Jiangyin Jietion Science & Technology Co., Ltd. Some of our competitors have also become vertically integrated, from upstream silicon wafer manufacturing to solar power system integration. We expect to compete with future entrants to the photovoltaic market that offer new technological solutions. We may also face competition from semiconductor manufacturers, several of which have already announced their intention to start production of solar cells. Many of our competitors are developing or currently producing products based on new photovoltaic technologies, including thin film, ribbon, sheet and nano technologies, which they believe will ultimately cost the same as or less than crystalline silicon technologies similar to ours. In addition, the entire photovoltaic 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.

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 provides 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. For example, those of our competitors that also manufacture semiconductors may source both semiconductor grade silicon wafers and solar grade silicon wafers from the same supplier. As a result, such competitors may have stronger bargaining power with the supplier and have an advantage over us in pricing as well as securing silicon wafer supplies at times of shortages. 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 than we can. 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 and results of operations.

If we do not achieve satisfactory yields or quality in our production of solar cells, our sales could decrease and our relationships with our customers and our reputation may be harmed.

The manufacture of solar cells is a highly complex process. Minor deviations in the manufacturing process can cause substantial decreases in yields, affect the quality of the product and in some cases, cause production to be suspended or yield products unfit for commercial sale. This often occurs during the production of new products or the installation and start-up of new process technologies or equipment. We currently plan to build up to ten additional solar cell manufacturing lines by the end of 2008 to further increase our total manufacturing capacity to 425 MW per annum. As we expand our manufacturing capacity and add additional manufacturing lines or facilities into production, we may experience lower yields and conversion efficiencies initially as is typical with any new equipment or process. We also expect to experience lower yields initially if

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we modify our manufacturing processes by utilizing thinner wafers. If we do not achieve satisfactory yields or quality, our product costs could increase, our sales could decrease and our relationships with our customers and our reputation could be harmed, any of which could have a material adverse effect on our business and results of operations.

We may face risks associated with the marketing, distribution and sale of our products internationally, and if we are unable to effectively manage these risks, they could impair our ability to expand our business abroad.

As part of our growth strategy, we plan to expand our sales in new and existing markets, including overseas markets. Any international marketing, distribution and sale of our products will expose us to a number of risks, including:

fluctuations in currency exchange rates;

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

increased costs associated with maintaining marketing efforts in various countries;

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

inability to obtain, maintain or enforce intellectual property rights; and

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

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

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 operation 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 complicates 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 to decline if our operating results for any particular quarter fall below investor expectations.

If photovoltaic technology is not suitable for widespread adoption, or sufficient demand for solar power products does not develop or takes longer to develop than we anticipated, our sales may not continue to increase or may even decline, and we may be unable to sustain profitability.

The solar power market is at a relatively early stage of development and the extent to which solar power products will be widely adopted is uncertain. Market data in the solar power industry are not as readily available as those in other more established industries where trends can be assessed more reliably from data gathered over a longer period of time. Many factors may affect the viability of widespread adoption of photovoltaic technology and demand for solar power products, including:

cost-effectiveness of solar power products compared to conventional and other non-solar energy sources and products;

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performance and reliability of solar power products compared to conventional and other non-solar energy sources and products;

availability of government subsidies and incentives to support the development of the solar power industry;

success of other alternative energy generation technologies, such as fuel cells, wind power and biomass;

fluctuations in economic and market conditions that affect the viability of conventional and non-solar alternative energy sources, such as increases or decreases in the prices of oil and other fossil fuels; and

capital expenditures by end users of solar power products, which tend to decrease when the economy slows down.

The solar power market also competes with other sources of renewable energy and conventional power generation. If prices for conventional and other renewable energy resources decline, or if these resources enjoy greater policy support than solar power, the solar power market could suffer. If photovoltaic technology proves unsuitable for widespread adoption or if demand for solar power products fails to develop sufficiently, we may not be able to grow our business or generate sufficient revenues to sustain our profitability. In addition, demand for solar power products in our target markets may not develop or may develop to a lesser extent than we anticipated.

Our failure to further refine our technology and manufacturing processes and develop and introduce new solar power products could render our products uncompetitive or obsolete, and reduce our sales and market share.

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. However, research and development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our research results. A variety of competing photovoltaic 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 photovoltaic 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. Our failure to further refine our technology and develop and introduce new solar power products could render our products uncompetitive or obsolete, and result in a decline in our market share as well as our revenues and profits.

One of the alternative technologies in the production of solar cells is thin film technology, which involves depositing several thin layers of silicon or more complex materials on a substrate such as glass to make a solar cell. The use of thin film technology in the production of solar cells would significantly reduce the consumption of silicon materials and manufacturing costs. Some universities, research institutions and companies in the solar power industry have devoted resources to the research and development on commercialization of thin film technology in the production of solar cells. New developments in commercialization of thin film technology may render our existing technologies obsolete and our products uncompetitive, which would result in loss in our profitability and market share and could materially and adversely affect our business, financial condition and results of operations.

In addition, any new development or adjustment in the manufacturing processes may affect our ability to maintain our competitive position. For example, we currently only produce monocrystalline solar cells because

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our wafer supplies are monocrystalline. If our new suppliers provide us with multicrystalline silicon wafers, we believe that we are capable of producing multicrystalline solar cells by making minor adjustments in our manufacturing processes. However, we cannot assure you that we can competitively produce solar cells from multicrystalline silicon wafers. Any failure to refine our manufacturing processes to competitively produce new solar cell products may result in a loss of our market share and revenue, which could materially and adversely affect our business, financial condition and results of operations.

The reduction or elimination of government subsidies and economic incentives could cause our revenue to decline.

We believe that the near-term growth of the market for on-grid applications, where solar power is used to supplement a customer's electricity purchased from the utility network, depends in a large part on the availability and size of government subsidies and economic incentives. The solar power market is segmented into two main application types: on-grid applications and off-grid applications. The reduction or elimination of government and economic incentives may adversely affect the growth of this market or result in increased price competition, both of which could cause our revenue to decline and materially and adversely affect our business, financial conditions and results of operations.

Today, the cost of solar power exceeds the cost of power furnished by the electric utility grid in many locations. As a result, government bodies in many countries, most notably Germany, Spain, Japan and the U.S., have provided incentives in the form of rebates, tax credits and other incentives to end users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy in on-grid applications and to reduce dependency on other forms of energy. These government economic incentives could be reduced or eliminated altogether. For example, Germany has been a strong supporter of solar power products and systems and political changes in Germany could result in significant reductions or eliminations of incentives, including the reduction of feed-in tariffs over time. Some solar program incentives expire or decline over time or are limited in total funding or require renewal of authority. Reductions in, or eliminations or expirations of, these governmental subsidies and economic incentives could result in decreased demand for our products and cause our revenue to decline. In addition, despite governmental subsidies and economic incentives, these countries may from time to time experience a slowdown in demand for photovoltaic products. This may also have an adverse effect on our revenues.

The lack or unavailability of financing or an increase in interest rates could make it impossible or difficult for end-users to finance the cost of solar power systems and could reduce the demand for our solar cells.

The end products that use our solar cells are used in both on-grid applications and off-grid applications. Off-grid applications are used where access to utility networks is not economical or physically feasible. 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 our sales of solar cells to decline. In addition, for those end-users who depend on debt financing to fund the initial capital expenditure required to purchase and install a solar power system, an increase in interest rates could make it difficult for them to secure the financing necessary to purchase and install a solar power system on favorable terms, or at all and thus lower demand for our solar cells and reduce our net sales. Furthermore, we believe that a significant percentage of the end-users install solar power systems as an investment, funding the initial capital expenditure through a combination of equity and debt. An increase in interest rates could lower investors' return on investment in solar power systems, or make alternative investments more attractive relative to solar power systems, and, in each case, could cause these end-users to seek alternative investments.

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Future increases in the supply of polysilicon, increased competition and other changing market conditions may cause a decline in the demand and average selling prices of solar cells and may potentially increase the level of our earnings volatility and reduce our profitability.

Due to the current shortage of polysilicon, solar cell manufacturers are experiencing over-capacity. However, it is generally expected that the polysilicon supply constraints will ease in 2009 as silicon producers increase their production. Any significant increase in the polysilicon supply may allow higher utilization of existing and planned solar cell production capacity which could result in significant downward pressure on the average selling prices of solar cells. In addition, increased competition from existing solar cell producers and new market participants as well as changes in other market conditions, such as reduced demand for solar power products in the end user markets, may cause a decline in the demand and average selling prices of solar cells from time to time, as we have experienced in the fourth quarter of 2006 and the first quarter of 2007. If we are unable to lower our production cost per watt to the same extent as the average selling price per watt declines, the level of our earnings volatility would increase and our profitability would decline, which would materially and adversely affect our business, financial condition and results of operations.

We obtain certain manufacturing equipment from sole or a limited number of suppliers and if such equipment is damaged or otherwise unavailable, our ability to deliver products on time will suffer, which in turn could result in order cancellations and loss of revenue.

Some of our equipment used in the manufacture of our solar cell products has been developed and made specifically for us, is not readily available from alternative vendors and would be difficult to repair or replace if it were to become damaged or stop working. In addition, we obtain some equipment from sole or a limited number of suppliers. If any of these suppliers were to experience financial difficulties or go out of business, or if there were any damage to or a breakdown of our manufacturing equipment at a time when we are manufacturing commercial quantities of our products, our business would suffer. In addition, a supplier's failure to supply our ordered equipment in a timely manner, with adequate quality and on terms acceptable to us, could delay the capacity expansion of our manufacturing facilities and otherwise disrupt our production schedule or increase our costs of production.

Problems with product quality or product performance in our solar cells could result in a decrease in revenue, unexpected expenses and loss of market share.

While we employ quality assurance procedures at key manufacturing stages to identify and resolve quality issues, our solar cells 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 cells with errors or defects, or if there is a perception that our solar cells contain errors or defects, our credibility and the market acceptance and sales of our solar power products could be harmed. In addition, while we currently do not provide product warranties, to the extent we provide such warranties in the future, we could incur warranty-related expenses.

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, including Mr. Huaijin Yang, our chief executive officer, and Dr. Ximing Dai, our chief technology officer. We do not maintain key man life

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insurance on any 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 executives 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 have entered into employment agreements with us, which contain 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. See **Risks Related to Doing Business in China** – **Uncertainties with respect to the PRC legal system could have a material adverse effect on us.**

Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly and may not be resolved in our favor.

We seek to protect our proprietary manufacturing processes, documentation and other written materials primarily through intellectual property laws and contractual restrictions. However, we have not obtained patent protection for our technology related to the manufacture of our solar cells. Instead, we rely on trade secrets and other similar protections. We also require employees and consultants with access to our proprietary information to execute confidentiality agreements with us. The steps taken by us to protect our proprietary information may not be adequate to prevent misappropriation of our technology. In addition, our proprietary rights may not be adequately protected because:

people may not be deterred from misappropriating our technologies despite the existence of laws or contracts prohibiting it;

policing unauthorized use of our intellectual property may be difficult, expensive and time-consuming, and we may be unable to determine the extent of any unauthorized use; and

enforcement under intellectual property laws in China may be slow and difficult in light of the application of such laws and the uncertainties associated with the PRC legal system. See **Risks Related to Doing Business in China** – **Uncertainties with respect to the PRC legal system could have a material adverse effect on us.**

Reverse engineering, unauthorized copying or other misappropriation of our proprietary technologies could enable third parties to benefit from our technologies without paying us for doing so. Any inability to adequately protect our proprietary rights could harm our ability to compete, to generate revenue and to grow our business.

We cannot assure you that infringement of our intellectual property rights by other parties does not exist now or that it will not occur in the future. To protect our intellectual property rights and to maintain our competitive advantage, we may file suits against parties who we believe infringe our intellectual property. Such litigation may be costly and may divert management attention as well as expend our other resources away from our business. In certain situations, we may have to bring suit in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings and the amount of damage that we can recover. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, we have no insurance coverage against litigation costs and would have to bear all costs arising from such litigation to the extent we are unable to recover them from other parties. The occurrence of any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

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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. The validity and scope of claims relating to photovoltaic technology patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. Although we are not currently aware of any parties pursuing or intending to pursue infringement claims against us, we cannot assure you that we will not be subject to such claims in the future. Also, because patent applications in many jurisdictions are kept confidential for 18 months before they are published, we may be unaware of other persons' pending patent applications that relate to our products or processes. Our wafer suppliers such as Jinglong Group 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 wafer 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.

Although a substantial portion of our solar cells are used in products sold outside China, we currently have no intention to apply for any patents outside China. Our business, results of operations and financial condition would be materially and adversely affected if our sales outside China were to be restricted by intellectual property claims by third parties.

We do not have, and have not applied for, any patent for our proprietary technologies outside China although we believe a substantial portion of our solar cells are used in products sold outside China. As a result, others may independently develop substantially equivalent technologies, or otherwise gain access to our proprietary technologies, and obtain patents for such intellectual properties in other jurisdictions, including the countries to which our solar cell products are sold ultimately. If any third parties are successful in obtaining patents for technologies that are substantially equivalent or the same as the technologies we use in our solar cell products in any of our markets before we do and enforce their intellectual property rights against us, our ability to sell products containing the allegedly infringing intellectual property in those markets will be materially and adversely affected. If we are required to stop selling such allegedly infringing products, seek license and pay royalties for the relevant intellectual properties, or redesign such products with non-infringing technologies, our business, results of operations and financial condition may be materially and adversely affected.

Changes to existing regulations over the utility sector and the solar power industry may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products.

The market for power generation products is heavily influenced by government regulations and policies concerning the electric utility industry, as well as the internal policies of electric utilities companies. These regulations and policies often relate to electricity pricing and technical interconnection of end user-owned power generation. In a number of countries, these regulations and policies are being modified and may continue to be modified. End users' purchases of alternative energy sources, including solar power products, could be deterred by these regulations and policies, which could result in a significant reduction in the potential demand for our solar power products. For example, 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

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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 cells less desirable, thereby having an adverse effect on our business, prospects, results of operations and financial condition.

We anticipate that products that use our solar cells and their installation will be subject to oversight and regulation in accordance with national and local ordinances relating to building codes, safety, environmental protection, utility interconnection and metering and related matters in various countries. It is also burdensome to track the requirements of individual localities and design equipment to comply with the varying standards. Any new government regulations or utility policies pertaining to products that use our solar cells may result in significant additional expenses to us and end users and, as a result, could cause a significant reduction in demand for our solar cells and the products that use our solar cells.

Compliance with environmental regulations can be expensive, and noncompliance with these regulations may result in adverse publicity and potentially significant monetary damages and fines.

We use, generate and discharge toxic, volatile and otherwise hazardous chemicals and wastes in our research and development and manufacturing activities, and we are subject to regulations and periodic monitoring by local environmental protection authorities and are required to comply with all PRC national and local environmental protection laws and regulations. Under PRC environmental regulations, we are required to obtain a pollutant discharging permit and a safety appraisal, which includes a permit for the storage and use of hazardous chemicals and a permit for the use of atmospheric pressure containers, with relevant governmental authorities after we have completed the installation of our manufacturing lines but before the manufacturing lines commence commercial production. We are also required to undergo an environmental protection examination and obtain approval from relevant governmental authority within three months of the launch of trial production and before the manufacturing lines commence full operation. The relevant governmental authorities have the right to impose fines or a deadline to cure any non-compliance, or order us to cease the production if we fail to comply with these requirements.

We have obtained the pollutant discharging permit, the safety appraisal and the environmental protection examination and approval for our first three manufacturing lines and are required to obtain such permits and approvals for the commencement of full operation of the other four new manufacturing lines which became operational in July 2007. If we cannot obtain project environmental protection completion approval within three months upon our launch of operation, we will be warned by relevant government authorities and be required to cure such non-compliance within a time frame specified by the relevant government authorities. If we fail to obtain project environmental protection completion approval within such specified time frame, we may be required to pay fines up to RMB 50,000, suspend production or cease operation. In addition, if more stringent regulations are adopted in the future, the costs of compliance with these new regulations could be substantial. Any failure by us to control the use of or to adequately restrict the discharge of hazardous substances could subject us to potentially significant monetary damages and fines or suspensions in our business operations.

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. We do not currently carry any third-party liability insurance against 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 operation could have a material adverse effect on our business, financial condition or results of operations.

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. Although our solar cell products do not generate electricity without

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being incorporated into modules or other solar power devices, it is possible that users could be injured or killed by modules or other devices incorporating our solar cells, whether by product malfunctions, defects, improper installation or other causes. We only commenced commercial shipment of our products in April 2006 and, due to limited historical experience, we are unable to predict whether product liability claims will be brought against us in the future or the effect of any resulting adverse publicity on our business. Moreover, we do not have any product liability insurance and may not have adequate resources to satisfy a judgment in the event of a successful claim against us. The successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments.

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. For example, our manufacturing facilities in Ningjin experienced a scheduled five-day power outage in November 2006 due to an overhaul of the power grid in the Ningjin area. 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. We do not have 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.

Risks Related to Doing Business in China

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.

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

the amount of government involvement;

the level of development;

the growth rate;

the control of foreign exchange; and

the allocation of resources.

While the Chinese economy has grown significantly in the past 20 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. Some of these measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the PRC government. The continued control of these assets and other aspects of the national economy by the PRC government could materially and adversely affect our business. The PRC

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government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Efforts by the PRC government to slow the pace of growth of the Chinese economy could result in decreased capital expenditure by solar energy users, which in turn could reduce demand for our products.

Any adverse change in the economic conditions or government policies in China could have a material adverse effect on the overall economic growth and the level of renewable energy investments and expenditures in China, which in turn could lead to a reduction in demand for our products and consequently have a material adverse effect on our businesses.

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

We conduct substantially all of our business through our subsidiary, JingAo Solar Co., Ltd., or JA China, which is a limited liability company established in China. JA China is generally subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign-owned enterprises. The PRC legal system is based on written statutes. 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. However, 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, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

We rely primarily on dividends paid by our operating subsidiary for our cash needs.

We primarily rely on dividends paid to us by our operating subsidiary, JA China, for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities organized in China is subject to limitations. Regulations in the PRC currently permit payment of dividends by JA China only out of accumulated profits as determined in accordance with accounting standards and regulations in China. JA China is also required to set aside at least 10.0% of its after-tax profit based on PRC accounting standards each year to its general reserves until the accumulative amount of such reserves reach 50.0% of its registered capital. These reserves are not distributable as cash dividends. In addition, at the discretion of its board of directors, JA China may allocate a portion of its after-tax profits to its staff welfare and bonus funds, which may not be distributed to equity owners except in the event of liquidation. Further, if JA China incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Limitations on the ability of JA China 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.

In addition, under a new PRC tax law which will become effective on January 1, 2008, dividends from our PRC subsidiaries to us will be subject to a withholding tax rate of 20.0%. The withholding tax on dividends may be exempted or reduced by the State Council of the PRC. Since the implementing rules of the new Enterprise Income Tax Law have not been issued, it remains unclear as to whether we would be able to obtain exemptions from Chinese withholding taxes for dividends distributed to us by our PRC subsidiary.

Fluctuation in the value of the Renminbi may have a material adverse effect on our business and on your investment.

The change in value of the Renminbi against the U.S. dollar, Euro and other currencies is affected by, among other things, changes in China's political and economic conditions. On July 21, 2005, the PRC

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government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy has resulted in an appreciation of the Renminbi from approximately RMB 8.2765 per US\$1.00 as of July 21, 2005 to RMB 7.4928 per US\$1.00 as of September 28, 2007. While the international reaction to the Renminbi revaluation has generally been positive, there remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar. As a significant portion of our costs and expenses is denominated in Renminbi, the revaluation in July 2005 and potential future revaluation has and could further increase our costs. In addition, as we primarily rely on dividends paid to us by our operating subsidiary, any significant revaluation of the Renminbi may have a material adverse effect on our revenues and financial condition, and the value of, and any dividends payable on, our ADSs in foreign currency terms. For example, to the extent that we need to convert U.S. dollars received from our initial public offering or this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

In addition, an appreciation in the value of the Renminbi against foreign currencies could make our solar cells more expensive for our international customers as well as reduce the competitiveness of our PRC customers in the international market, thus potentially leading to a reduction in our sales and profitability. Furthermore, many of our competitors are foreign companies that could benefit from such a currency fluctuation, making it more difficult for us to compete with these companies.

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 we have received from our initial public offering and will receive from this offering to make loans or additional capital contributions to our PRC operating subsidiaries.

Substantially all of our revenues and a significant portion of our expenses are 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 China's existing foreign exchange regulations, our PRC subsidiary, JA China, is able to pay dividends in foreign currencies, without prior approval from the State Administration of Foreign Exchange, or 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 JA China under the capital account continue to be subject to significant foreign exchange controls and require the approval of PRC governmental authorities, including the SAFE. To utilize the proceeds of our initial public offering and this 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 loans to our PRC subsidiaries are subject to PRC regulations. For example, loans by us to our subsidiaries in China, which are foreign-invested enterprises, to finance their activities cannot exceed statutory limits and must be registered with the SAFE.

We may also finance our subsidiaries by means of capital contributions. These capital contributions must be approved by the PRC Ministry of Commerce or its local counterparts. We cannot assure you that we will 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 from our initial public offering and will receive from this offering and to capitalize our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

In accordance with Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises, or the FIE Income Tax Law, and the related implementing rules, foreign invested enterprises or FIEs established in the PRC are generally subject to an enterprise income tax rate of 33.0%, which includes a 30.0% state income tax and a 3.0% local income tax. Our operating subsidiary, JA China, was established as a foreign-invested enterprise in the PRC and is thus subject to PRC enterprise income tax of 33.0%. The PRC government has provided certain incentives to foreign invested companies in order to encourage foreign investments, including tax exemptions, tax reductions and other measures. Under the FIE Income Tax Law and the related implementing rules, foreign-invested enterprises engaging in manufacturing businesses with a term of operation exceeding ten years may, subject to approval from local taxation authorities, be entitled to a two-year tax exemption from PRC enterprise income taxes starting from the year they become profitable, and a 50.0% tax reduction for the three years thereafter. As a result, we expect that JA China will be entitled to a two-year enterprise income tax exemption for 2006 and 2007, and will receive a 50.0% enterprise income tax reduction for 2008, 2009 and 2010.

In March 2007, the National People's Congress of China enacted a new Enterprise Income Tax Law, which will become effective on January 1, 2008. The new tax law would impose a unified income tax rate of 25.0% on all domestic enterprises and foreign-invested enterprise unless they qualify under certain limited exceptions. The new tax law provides for a 5-year transition period for FIEs, during which they are permitted to continue to enjoy their existing preferential tax treatment until such treatment expires in accordance with its current terms. As such, the new tax law will not affect the preferential tax treatment enjoyed by JA China during the 5-year transition period. When our currently available tax benefits expire or otherwise become unavailable, the effective income tax rate of JA China will increase significantly, and any increase of JA China's income tax rate in the future could have a material adverse effect on our financial condition and results of operations.

In addition, under the new tax law, an enterprise established outside of the PRC with de facto management bodies within the PRC may be considered a resident enterprise and will normally be subject to the enterprise income tax at the rate of 25.0% on its global income. The new tax law, however, does not define the term de facto management bodies. If the PRC tax authorities subsequently determine that, notwithstanding our status as the Cayman Islands holding company of our business, we should be classified as a resident enterprise, then our global income will be subject to PRC income tax at a tax rate of 25.0%, which would have material adverse effect on our financial condition and results of operations. Furthermore, under the new tax law, the exemption to the 20.0% withholding tax on dividends distributed by FIEs to their foreign investors under the current tax laws may no longer be available. See Risks Related to Doing Business in China We rely primarily on dividends paid by our operating subsidiary for our cash needs. Given that the new tax law has been promulgated only recently, its implementation has yet to be further clarified in practice. Moreover, our historical operating results may not be indicative of our operating results for future periods as a result of the expiration of the tax holidays we enjoy or the incurrence of any new taxes we are required to pay.

We face risks related to health epidemics and other outbreaks.

Our business could be adversely affected by the effects of avian flu, SARS or another epidemic or outbreak. China reported a number of cases of SARS in April 2004. In 2005 and 2006, there have been reports on the occurrences of avian flu in various parts of China, including a few confirmed human cases. Any prolonged recurrence of avian flu, SARS or other adverse public health developments in China may have a material adverse effect on our business operations. These could include our ability to travel or ship our products outside China, as well as temporary closure of our manufacturing facilities. Such closures or travel or shipment restrictions would severely disrupt our business operations and adversely affect our results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, SARS or any other epidemic.

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Recent 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, the PRC State Administration of Foreign Exchange, or SAFE, issued a circular concerning foreign exchange regulations on investments by PRC residents in China through special purpose companies incorporated overseas, or Circular No. 75, and the implementation procedures of such regulations have been further clarified by circular No. 106 issued by the Department of General Affairs of SAFE on May 29, 2007. Circular No. 75 states that, if PRC residents use assets or equity interests in their domestic entities as capital contribution to establish offshore companies or inject assets or equity interests of their PRC entities into offshore companies to raise capital overseas, such PRC residents must register with local SAFE branches with respect to their overseas investments in offshore companies and must also file amendments to their registrations if their offshore companies experience material events, such as changes in share capital, share transfer, mergers and acquisitions, spin-off transactions or use of assets in China to guarantee offshore obligations. We believe our shareholders who are PRC residents as determined by the relevant branch of SAFE have registered with the relevant branch of SAFE with respect to their investments in us and our acquisition of their interests in JA China as currently required. However, we cannot provide any assurances that their existing registrations have fully complied with, and they will make necessary amendments to their registration to fully comply with, all applicable registrations or approvals required by these SAFE circulars. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth therein may subject these PRC resident shareholders to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiary's ability to distribute dividends to our company.

As it is uncertain how SAFE will interpret or implement these circulars, we cannot predict how this circular and other SAFE circulars will affect our business operations or future strategies. For example, we may be subject to more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may adversely affect our business and prospects.

A new PRC rule 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 the PRC Ministry of Commerce and the Chinese Securities Regulatory Commission, or the CSRC, promulgated a rule entitled Provisions regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the New M&A Rule, which became effective on September 8, 2006. The New M&A Rule, among other things, requires that an offshore specific purpose vehicle, or SPV, formed for the listing purpose through acquisition of PRC domestic entity and controlled by PRC residents should obtain approval from the CSRC prior to publicly listing its securities on an overseas stock market. Based on consultation with the International Department of the CSRC regarding its interpretation of the New M&A Rule, our PRC counsel, Tian Yuan Law Firm, advised us that the CSRC approval was not required for our initial public offering and the listing of our ADSs on The Nasdaq Global Market and this offering. However, we cannot assure you that the relevant PRC government agency, including the Ministry of Commerce or other applicable departments of the CSRC, would reach the same conclusion as our PRC counsel. If the CSRC or other PRC regulatory body subsequently determines that the CSRC's approval was required for our initial public offering and the listing of our ADSs on the Nasdaq Global Market and this offering, we may face sanctions by the CSRC or other PRC regulatory agencies. In such event, these regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from our initial public offering into the PRC, or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs.

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The New M&A Rule also established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the Ministry of Commerce 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, although we do not have any plans to do so at this time. Complying with the requirements of the New M&A Rule to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the Ministry of Commerce, may delay or inhibit the completion of such transactions, which could affect our ability to expand our business or maintain our market share.

All employee participants in our existing stock option plans who are PRC citizens may be required to register with SAFE. We may also face regulatory uncertainties that could restrict our ability to adopt additional option plans for our directors and employees under PRC law.

To implement the Administrative Rule on Foreign Exchange Matters of Individuals and its related Implementing Rule, on April 6, 2007, the department of general administration affairs of SAFE issued the Operating Procedures for Administration of Domestic Individuals Participating in the Employee Stock Option Plan or Stock Option Plan of An Overseas Listed Company, or Circular No. 78. It is not clear whether Circular No. 78 covers any type of equity compensation plans or incentive plans which provide for the grant of ordinary share options or authorize the grant of restricted share awards. For any plans which are so covered and are adopted by an overseas listed company, Circular No. 78 requires the employee participants who are PRC citizens to register with SAFE or its local branch within ten days of the beginning of each quarter. Registration should be made by July 5, 2007 if the employee participated in such plan prior to April 6, 2007. In addition, Circular No. 78 also requires the employee participants who are PRC citizens to follow a series of requirements on making necessary applications for foreign exchange purchase quota, opening special bank account and filings with SAFE or its local branch before they exercise their stock option.

Circular No. 78 has not yet been made publicly available or formally promulgated by SAFE, but SAFE has begun enforcing its provisions. Nonetheless, it is not predictable whether it will continue to enforce this circular or adopt additional or different requirements with respect to equity compensation plans or incentive plans. We disclosed to Hebei Administration of Foreign Exchange about our 2006 stock incentive plan in accordance with Circular No. 75, but we did not register our incentive plan prior to July 5, 2007. We are still in the process of making necessary filings with Hebei Administration on Foreign Exchange in compliance with Circular No. 78. To date, we have not received any notice from SAFE or its local branch in Hebei regarding any legal sanctions to us or our employees. If it is determined that our employee stock option plan is subject to Circular 78, failure to comply with such provisions may subject us and the participants of our employee stock option plan who are PRC citizens to fines and legal sanctions and prevent us from further granting options under our employee stock incentive plan to our employees, which could adversely affect our business operations.

Risks Related to This Offering

The market price for our ADSs has been volatile.

The market price for our ADSs has been and may continue to be highly volatile and subject to wide fluctuations. Since our ADSs became listed on the Nasdaq Global Market on February 7, 2007, the closing prices of our ADSs have ranged from US\$16.30 to US\$46.84 per ADS, and the last reported trading price on September 28, 2007 was US\$44.95 per ADS. The price of our ADSs may continue to fluctuate in response to factors including the following:

announcements of technological or competitive developments;

regulatory developments in our target markets affecting us, our customers, our potential customers or our competitors;

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announcements regarding patent litigation or the issuance of patents to us or our competitors;

announcements of studies and reports relating to the conversion efficiencies of our products or those of our competitors;

actual or anticipated fluctuations in our quarterly operating results;

changes in financial estimates by securities research analysts;

changes in the economic performance or market valuations of other photovoltaic technology companies;

addition or departure of our executive officers and key research personnel;

fluctuations in the exchange rate between the U.S. dollar and RMB;

release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and

sales or perceived sales of additional ordinary shares or ADSs.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

You will experience immediate dilution in the net tangible book value of ADSs purchased.

When you purchase ADSs in the offering at the assumed public offering price of US\$44.95 per ADS, based on the last trading price of our ADSs on September 28, 2007, you will incur immediate dilution of US\$35.51 per ADS. See Dilution. In addition, you may experience further dilution to the extent that additional ordinary shares are issued upon exercise of outstanding options and options we may grant from time to time.

Substantial future sales or perceived sales of our ADSs in the public market could cause the price of our ADSs to decline.

Sales of our ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Upon completion of this offering (assuming no exercise by the underwriters of options to acquire additional ADSs), we will have ordinary shares outstanding, including ordinary shares represented by ADSs. All ADSs sold in this offering are freely transferable without restriction or additional registration under the Securities Act of 1933, as amended, or the Securities Act, except to the extent acquired by persons deemed to be our affiliates. In connection with this offering, we, our directors and executive officers and the selling shareholders have agreed not to sell any ordinary shares or ADSs for 90 days after the date of this prospectus, subject to certain exceptions. All shares owned by our directors, executive officers, selling shareholders and certain other shareholders will be available for sale upon the expiration of the 90-day lock-up, subject to volume and other restrictions as applicable under Rule 144 and Rule 701 under the Securities Act. Any or all of these shares may be released prior to expiration of the relevant lock-up period at the discretion of the underwriters. To the extent these shares are released before the expiration of the relevant lock-up period and these shares are sold into the market, the market price of our ADSs could decline.

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

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under our third amended and restated articles of association, the minimum notice period required to convene a general meeting will be ten days. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw your ordinary shares to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your 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, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholder meeting.

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

Your 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.

ADS holders' 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 you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you 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

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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 depository 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 depository may, at its discretion, decide that it is inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository 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 depository 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 third amended and restated articles of association, the Cayman Islands Companies Law and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary responsibilities of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. In addition, some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands.

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

You may have difficulty enforcing judgments obtained against us.

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

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We have not determined any specific use for a portion of the net proceeds to us from this offering and we may use such portion of the net proceeds in ways with which you may not agree.

We have not allocated a portion of the net proceeds to us from this offering to any specific purpose. Rather, our management will have considerable discretion in the application of such portion of the net proceeds received by us. See Use of Proceeds. You will not have the opportunity, as part of your investment decision, to assess whether such proceeds are being used appropriately. You must rely on the judgment of our management regarding the application of such proceeds we receive from this offering. Such proceeds we receive may be used for corporate purposes that do not improve our profitability or increase our share price. Such proceeds we receive from this offering may also be placed in investments that do not produce income or that may lose value.

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition. The forward-looking statements are contained principally in the sections entitled Prospectus Summary, Risk Factors, Use of Proceeds, Management's Discussion and Analysis of Financial Condition and Results of Operations and Business. These statements involve known and unknown risks, uncertainties and other factors, including those listed under Risk factors, which may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements.

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 power 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 cell 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;

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our expectations with respect to our ability to develop relationships with customers in our target markets;

our future business development, results of operations and financial condition; and

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

This prospectus also contains data related to the solar power market worldwide and in China. These market data, including market data from Solarbuzz, include projections that are based on a number of

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assumptions. The solar power market may not grow at the rates projected by the market data, or at all. The failure of the market to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. In addition, the rapidly changing nature of the solar power market subjects any projections or estimates relating to the growth prospects or future condition of our market to significant uncertainties. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may be materially different from the projections based on these assumptions. Therefore, you should not rely upon forward-looking statements as predictions of future events.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. 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 prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

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USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately US\$171 million from this offering based on the assumed public offering price of US\$44.95 per ADS based on the last trading price of our ADSs on September 28, 2007, after deducting the estimated underwriting discount and offering expenses payable by us. If the underwriters' over-allotment option is exercised in full, we estimate that the net proceeds we will receive will be approximately US\$212 million.

We intend to use the net proceeds of this offering for the following purposes:

approximately US\$50 million to purchase and prepay raw materials;

approximately US\$70 million to purchase manufacturing equipment and construct manufacturing facilities to expand our manufacturing capacity;

approximately US\$10 million to enhance our research and development capabilities; and

the remaining amount to be used for working capital and other general corporate purposes.

We may also use a portion of the net proceeds to pursue opportunities in upstream and downstream businesses through joint ventures, strategic investments and alliances, and acquisitions. However, we have not currently identified any specific strategic partners or acquisition targets.

To utilize the proceeds of this offering, as an offshore holding company, we are permitted, under PRC regulations, to provide funding to our PRC subsidiaries only through loans or capital contributions. Subject to satisfaction of applicable government registrations and approval requirements, we may extend inter-company loans or make additional capital contributions to our PRC subsidiaries to fund their capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See Risk Factors Risks Related to Doing Business in China 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 of this offering to make loans or additional capital contributions to our PRC operating subsidiaries.

The foregoing represents our current intentions with respect to the use and allocation of the net proceeds of this offering based upon our present plans and business conditions, but our management will have significant flexibility and discretion in applying the net proceeds. The occurrence of unforeseen events or changed business conditions could result in application of the net proceeds of this offering in a manner other than as described above.

Pending use of the net proceeds, we intend to invest our net proceeds in interest bearing, investment-grade debt instruments or bank deposits.

We will not receive any of the proceeds from the sale of ADSs by the selling shareholders. Entities controlled by our chairman, our chief executive officer and our chief technology officer will be selling ADSs in this offering. See Principal and Selling Shareholders.

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DIVIDEND POLICY

We have never declared or paid any dividends on our ordinary shares. We do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, to finance operations and to expand our business.

Our board of directors has complete discretion on whether to pay dividends, subject to the approval of our shareholders. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that the board of directors may deem relevant. Cash dividends on our ADSs, if any, will be paid in U.S. dollars.

As we are a holding company incorporated in the Cayman Islands, we primarily rely on dividends paid to us by our wholly-owned subsidiaries in the PRC, including JA China, Shanghai JA Solar Technology Co., Ltd. and Shanghai JA Solar PV Technology Co., Ltd, for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, service any debt we may incur and pay our operating expenses. PRC regulations currently permit payment of dividends only out of accumulated profits, if any, as determined in accordance with PRC accounting standards and regulations. Under current PRC laws and regulations, each of our PRC subsidiaries is required to allocate at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its respective registered capital. As of June 30, 2007, the registered capital of JA China was RMB 320.0 million (US\$42.0 million), the registered capital of Shanghai JA Solar Technology Co., Ltd was US\$7.4 million and the registered capital of Shanghai JA Solar PV Technology Co., Ltd. was US\$20.0 million. Neither the registered capital nor these reserves are distributable as cash dividends. In addition, at the discretion of its board of directors, each of our PRC subsidiaries may allocate a portion of its after-tax profits to its staff welfare and bonus funds. These reserve funds may not be distributed as cash dividends either. Further, if any of our PRC subsidiaries incurs debt in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under the PRC Income Tax Law for Enterprises with Foreign Investment and Foreign Enterprises currently in effect, any dividends payable by foreign-invested enterprises to non-PRC investors are exempt from any PRC withholding tax. Under the new PRC Enterprise Tax Law which will become effective on January 1, 2008, dividends from our PRC subsidiaries to us will be subject to a withholding tax rate of 20.0%. The withholding tax on dividends may be exempted or reduced by the State Council of the PRC.

Moreover, the new PRC Enterprise Tax Law and Income Tax Law for Individuals provide that an income tax rate of 20% will normally be applicable to dividends payable to non-PRC investors who are individuals or considered as non-resident enterprise which have no establishment inside the PRC, or derives income with no substantial connection with its establishment inside the PRC, to the extent such dividends are derived from sources within the PRC, although such income tax may be subsequently exempted or reduced by the State Council. We are a Cayman Islands holding company and substantially all of our income may be derived from dividends we receive from our operating subsidiaries located in the PRC. If we declare dividends from such income, it is unclear whether such dividends will be deemed to be derived from sources within the PRC under the new Enterprise Tax Law and be subject to the 20% income tax. See Taxation People's Republic of China Taxation.

Table of Contents**MARKET PRICE INFORMATION FOR OUR ADSs**

Our ADSs have been traded on the Nasdaq Global Market under the symbol JASO since February 7, 2007. Each ADS represents three ordinary shares. On September 28, 2007, the reported last trading price of our ADSs on the Nasdaq Global Market was US\$44.95.

The table below sets forth, for the periods indicated, the highest and lowest closing prices for our ADSs on the Nasdaq Global Market.

	High	Low
	US\$	US\$
February 2007 (from February 7, 2007)	20.46	16.30
March 2007	19.80	16.59
April 2007	28.20	18.80
May 2007	27.89	22.66
June 2007	34.40	23.29
July 2007	42.76	34.54
August 2007	36.67	28.67
September 2007 (through September 28, 2007)	46.84	36.48

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The following table shows our capitalization as of June 30, 2007:

on an actual basis; and

on an as adjusted basis to give effect to our sale of 4,000,000 ADSs in this offering at the assumed public offering price of US\$44.95 per ADS, based on the last trading price of our ADSs on September 28, 2007, after deducting the underwriting discount and estimated offering expenses payable by us, assuming that the underwriters do not exercise their over-allotment option.

You should read this table together with our consolidated financial statements and related notes included in this prospectus and the information under Management's Discussion and Analysis of Financial Condition and Results of Operations.

	As of June 30, 2007			
	Actual		As Adjusted ⁽²⁾	
	RMB (in thousands)	US\$ ⁽¹⁾	RMB (in thousands)	US\$ ⁽¹⁾
Debt (short-term bank borrowings)	150,000	19,706	150,000	19,706
Shareholders' equity:				
Ordinary shares (par value US\$0.0001 per share; 493,480,000 shares authorized, 138,270,000 shares issued and outstanding, 150,270,000 shares issued and outstanding on an as adjusted basis)	111	15	121	16
Additional paid-in capital	2,080,927	273,375	3,381,783	444,139
Statutory reserves	14,588	1,916	14,588	1,916
Retained earnings	210,038	27,593	210,038	27,593
Total shareholders' equity	2,305,664	302,899	3,605,530	473,664
Total capitalization	2,455,664	322,605	3,755,530	493,370

(1) Translations of RMB amounts into U.S. dollars were made at a rate of RMB 7.6120 to US\$1.00, the noon buying rate for U.S. dollars in effect on June 29, 2007 in New York City for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

(2) A US\$1.00 increase (decrease) in the assumed public offering price of US\$44.95 per ADS would increase (decrease) the amounts representing total shareholders' equity and total capitalization by US\$3.8 million.

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If you invest in our ADSs, your interest will be diluted to the extent of the difference between the offering price per ADS that you pay and our net tangible book value per ADS after the offering. Dilution results from the fact that the per ordinary share offering price of our ADSs is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of June 30, 2007 was RMB 2,299.0 million (US\$302.0 million) or RMB 16.63 (US\$2.18) per ordinary share and US\$6.55 per ADS. Net tangible book value represents total consolidated tangible assets less total consolidated liabilities. Without taking into account any other changes in such net tangible book value after June 30, 2007, other than to give effect to our sale of 4,000,000 ADSs in this offering at the assumed public offering price of US\$44.95 per ADS, based on the last trading price of our ADSs on September 28, 2007 and after deducting the underwriting discount and estimated offering expenses, our pro forma net tangible book value as of June 30, 2007 would have been US\$472,790,171, or US\$3.15 per ordinary share and US\$9.44 per ADS. This represents an immediate increase in net tangible book value of US\$0.96 per ordinary share, or US\$2.89 per ADS, to existing shareholders and an immediate dilution of US\$11.84 per ordinary share, or US\$35.51 per ADS, to investors purchasing ADSs in this offering. Dilution is determined by subtracting net tangible book value per ADS after this offering from the amount of cash paid by a new investor for one ADS. The following table illustrates this per share dilution:

Assumed public offering price per ordinary share	US\$ 14.98
Net tangible book value per ordinary share as of June 30, 2007	US\$ 2.18
Increase in net tangible book value per ordinary share attributable to this offering	US\$ 0.96
Net tangible book value per ordinary share after giving effect to this offering	US\$ 3.15
Dilution per ordinary share to new investors	US\$ 11.84
Dilution per ADS to new investors	US\$ 35.51

A US\$1.00 increase (decrease) in the assumed public offering price of US\$44.95 per ADS would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US\$3.8 million, the pro forma net tangible book value per ordinary share and per ADS after giving effect to this offering by US\$0.03 per ordinary share and US\$0.08 per ADS and the dilution in pro forma net tangible book value per ordinary share and per ADS to new investors in this offering by US\$0.31 per ordinary share and US\$0.92 per ADS, assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual public offering price of our ADSs and other terms of this offering determined at pricing.

The following table summarizes, on a pro forma basis as of June 30, 2007, the differences between existing shareholders and the new investors with respect to the number of ordinary shares purchased from us, the total consideration paid and the average price per share and the average price per ADS, each paid before deducting the underwriting discount and our estimated offering expenses.

	Ordinary Shares Purchased		Total Consideration		Average	Average
	Number	Percent	Amount	Percent	Price	Price
	Number	Percent	Amount	Percent	Per Ordinary Share	Per ADS
Existing shareholders	138,270,000	92.0%	US\$ 279,500,001	60.9%	US\$ 2.02	US\$ 6.06
New investors	12,000,000	8.0	US\$ 179,800,000	39.1	US\$ 14.98	US\$ 44.95
Total	150,270,000	100.0%	US\$ 459,300,001	100.0%		

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The discussion and tables above assume no exercise of outstanding stock options. As of the date of this prospectus, there were stock options outstanding to purchase a total of 8,538,000 ordinary shares, with a weighted average exercise price of US\$8.61 per share. To the extent that any of these stock options are exercised, there will be further dilution to new investors.

A US\$1.00 increase (decrease) in the assumed public offering price of US\$44.95 per ADS would increase (decrease) total consideration paid by new investors, total consideration paid by all shareholders and the average price per ADS paid by all shareholders by US\$4.0 million, US\$4.0 million and US\$0.33, respectively, assuming no change in the number of ADSs sold by us as set forth on the cover page of this prospectus and without deducting underwriting discounts and other offering expenses.

Table of Contents**EXCHANGE RATE INFORMATION**

We conduct almost all of our business operations in and from China in Renminbi. Solely for your convenience, this prospectus contains translations of Renminbi amounts into U.S. dollar amounts at US\$1.00 = RMB 7.6120, the noon buying rate for U.S. dollars in effect on June 29, 2007 in New York City for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. We will make periodic reports to our shareholders in U.S. dollars by using the then-current exchange rates. We make no representation that any amounts in Renminbi or U.S. dollar could be or could have been converted into each other at any particular rate or at all. The PRC government imposes controls over its foreign exchange in part through direct regulation of the conversion of Renminbi into foreign currency as we have disclosed in Risk Factors Risks Related to Doing Business in China Fluctuation in the value of Renminbi may have a material adverse effect on our business and on your investment and 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 of this offering to make loans or additional capital contributions to our PRC operating subsidiaries.

The following table sets forth, for the periods indicated, the noon buying rates for U.S. dollars in New York City for cable transfers in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York:

Period	Period End	Noon Buying Rate		
		Average ⁽¹⁾	High	Low
(RMB per US\$1.00)				
2002	8.2800	8.2772	8.2800	8.2700
2003	8.2767	8.2771	8.2800	8.2765
2004	8.2765	8.2768	8.2774	8.2764
2005	8.0702	8.1826	8.2765	8.0702
2006	7.8041	7.9579	8.0702	7.8041
2007				
March	7.7232	7.7369	7.7454	7.7232
April	7.7090	7.7247	7.7345	7.7090
May	7.6516	7.6733	7.6463	7.7065
June	7.6120	7.6333	7.6120	7.6680
July	7.5720	7.5757	7.6055	7.5580
August	7.5462	7.5734	7.6181	7.5420
September (through September 28)	7.4928	7.5196	7.5540	7.4928

Source: Federal Reserve Bank of New York.

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

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ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands because of the following benefits:

political and economic stability;

an effective judicial system;

a favorable tax system;

the absence of exchange control or currency restrictions; and

the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include:

the Cayman Islands has a less developed body of securities laws as compared to that of the United States and these securities laws provide significantly less protection to investors; and

the Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders be arbitrated.

Almost all of our assets are located in China. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state of the United States. We have appointed CT Corporation System, 111 Eighth Avenue, New York, NY 10011, as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Conyers, Dill and Pearman, our special legal counsel as to the laws of the Cayman Islands, and Tian Yuan Law Firm, our counsel as to Chinese law, have advised us respectively that there is uncertainty as to whether the courts of the Cayman Islands or China respectively would:

recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or

entertain original actions brought in the Cayman Islands or China respectively against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Conyers, Dill and Pearman has further advised us that the courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in the federal or state courts in the United States under which a sum of money is payable, other than a sum payable in respect of multiple damages, taxes, or other charges of a like nature or in respect of a fine or other penalty, and would give a

judgment based

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thereon provided that (i) such courts had proper jurisdiction over the parties subject to such judgment, (ii) such courts did not contravene the rules of natural justice of the Cayman Islands, (iii) such judgment was not obtained by fraud; (iv) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands; (v) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands; and (vi) there is due compliance with the correct procedures under the laws of the Cayman Islands.

Tian Yuan Law Firm has further advised us that the recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. Under the PRC Civil Procedures Law, courts in China may recognize and enforce foreign judgments based either on treaties between China and the country where the judgment is rendered or on reciprocity arrangements for the recognition and enforcement of foreign judgments between jurisdictions. If there are neither treaties nor reciprocity arrangements between China and a foreign jurisdiction where a judgment is rendered, according to the PRC Civil Procedures Law, matters relating to the recognition and enforcement of a foreign judgment in China may be resolved through diplomatic channels. China does not have any treaties or other arrangements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States or the Cayman Islands. As a result, it is generally difficult to recognize and enforce in China a judgment rendered by a court in either of these two jurisdictions.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA**

You should read the following selected consolidated financial and operating data in conjunction with our audited consolidated financial statements and related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus.

The selected consolidated financial data presented below as of December 31, 2005 and 2006 and for the period from inception of our business (May 18, 2005) to December 31, 2005 and the year ended December 31, 2006 have been prepared in accordance with U.S. GAAP, and are derived from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated financial data as of June 30, 2007 and for the six-month periods ended June 30, 2006 and 2007 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited interim financial statements reflect all adjustments, consisting only of normal and recurring adjustments, that are, in the opinion of our management, necessary for a fair presentation of our financial position and results of operations in the interim periods presented. Results for the six months ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year. The historical results are not necessarily indicative of results to be expected in any future period.

	From		Six Months Ended			
	Inception to December 31, 2005	Year Ended December 31, 2006		June 30,		
	RMB	RMB	US\$(¹)	2006 RMB	2007 RMB	2007 US\$(¹)
Consolidated Statements of Operations Data:						
Net revenues						
Solar cells to third parties		565,327	74,268	29,221	764,425	100,423
Solar cells to related parties		131,131	17,227	69,871	1,390	183
Solar cell processing					26,319	3,458
Total revenues		696,458	91,495	99,092	792,134	104,064
Cost of revenues						
Solar cells		(524,163)	(68,860)	(75,546)	(606,849)	(79,723)
Solar cell processing					(6,405)	(841)
Total cost of revenues		(524,163)	(68,860)	(75,546)	(613,254)	(80,564)
Gross profit		172,295	22,635	23,546	178,880	23,500
Selling, general and administrative expenses ⁽²⁾	(2,638)	(39,656)	(5,210)	(6,272)	(34,220)	(4,496)
Research and development expenses	(384)	(1,358)	(178)	(318)	(1,629)	(214)
Total operating expenses	(3,022)	(41,014)	(5,388)	(6,590)	(35,849)	(4,710)
Income/(loss) from operations	(3,022)	131,281	17,247	16,956	143,031	18,790
Interest expense		(5,055)	(664)	(1,778)	(3,777)	(496)
Interest income	39	824	108	107	31,394	4,124
Foreign exchange gain/(loss)	(128)	1,300	171	104	(36,543)	(4,801)
Other income		64	8		2,068	272
Income/(loss) before income taxes	(3,111)	128,414	16,870	15,389	136,173	17,889
Income tax benefit/(expense)						
Net income/(loss)	(3,111)	128,414	16,870	15,389	136,173	17,889

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Preferred shares accretion	(1,603)	(211)	(515)	(68)		
Preferred shares beneficial conversion charge	(34,732)	(4,563)				
Allocation of net income to participating preferred shareholders	(5,683)	(746)	(1,648)	(216)		
Net income available to ordinary shareholders	(3,111)	86,396	11,350	15,389	134,010	17,605
Net income/(loss) per share:						
Basic	(0.04)	1.08	0.14	0.19	1.08	0.14
Diluted	(0.04)	1.08	0.14	0.19	1.07	0.14
Weighted average number of shares outstanding:						
Basic	80,000,000	80,000,000	80,000,000	80,000,000	124,352,265	124,352,265
Diluted	80,000,000	80,166,178	80,166,178	80,000,000	125,439,873	125,439,873

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	From		Six Months Ended			
	Inception to	Year Ended		June 30,		2007
	December 31, 2005	December 31, 2006		2006	2007	2007
	RMB	RMB	US\$(¹)	RMB	RMB	US\$(¹)
(in thousands)						

Consolidated Statements of Cash Flows Data:

Cash flows (used in) or provided by:

Operating activities	(1,635)	(61,807)	(8,120)	(68,439)	(207,135)	(27,212)
Investing activities	(37,972)	(107,619)	(14,138)	(57,193)	(148,546)	(19,515)
Financing activities	50,700	254,840	33,479	159,901	1,858,186	244,113

	As of		As of		As of	
	December 31, 2005		December 31, 2006		June 30, 2007	
	RMB	RMB	US\$(¹)	RMB	RMB	US\$(¹)
(in thousands)						

Consolidated Balance Sheet Data:

Cash and cash equivalents	10,971	95,758	12,580	1,565,943	205,720
Inventories		154,675	20,320	161,161	21,172
Property and equipment, net	39,392	139,400	18,313	274,511	36,063
Total assets	59,068	492,892	64,752	2,543,540	334,149
Total liabilities	2,480	187,105	24,580	237,876	31,250
Preferred shares		110,037	14,456		
Total shareholders' equity	56,588	195,750	25,716	2,305,664	302,899

	From Inception to December 31, 2005	Year Ended December 31, 2006	Six Months Ended	
			2006	June 30, 2007
Other Consolidated Financial Data (in percentages)				
Gross margin		24.7%	23.8%	22.6%
Operating margin		18.8%	17.1%	18.1%
Net margin		18.4%	15.5%	17.2%
Selected Operating Data				
Products sold (in MW)		26.3	3.6	38.4
Average selling price per watt (in RMB)		25.9	26.9	22.5
Average selling price per watt (in US\$) ⁽¹⁾		3.4	3.5	3.0

(1) Translations of RMB amounts into U.S. dollars were made at a rate of RMB 7.6120 to US\$1.00, the noon buying rate for U.S. dollars in effect on June 29, 2007 in New York City for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York.

(2) Includes RMB 18.2 million (US\$2.4 million) and RMB 13.2 million (US\$1.7 million) in share-based compensation cost for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations are based upon and should be read in conjunction with our consolidated financial statements and the related notes included in this prospectus. This discussion contains forward-looking statements that involve risks, uncertainties and assumptions. We caution you that our business and financial performance are subject to substantial risks and uncertainties. Our actual results could differ materially from those projected in the forward-looking statements as a result of various factors, including those set forth under the caption "Risk Factors" and elsewhere in this prospectus.

Overview

We are an emerging and fast-growing manufacturer of high-performance solar cells based in China. We conduct our business primarily through our indirectly wholly-owned subsidiary JingAo Solar Co., Ltd., or JA China, and operate and manage our business as a single segment. We commenced our business through JA China in May 2005. Pursuant to a recapitalization plan, all of the former shareholders of JA China transferred their equity interests in JA China to JA Development Co., Ltd., or JA BVI, our wholly-owned subsidiary incorporated under the laws of the British Virgin Islands. This recapitalization is accounted for as a legal reorganization of entities under common control, in a manner similar to a pooling-of-interest. Accordingly, our consolidated financial statements have been prepared as if the current corporate structure had been in existence throughout the periods presented.

We derive revenues primarily from sales of solar cells to solar module manufacturers. We made our first commercial shipment in April 2006 from our first solar cell manufacturing line located in Ningjin, Hebei province, which has a rated manufacturing capacity of 25 MW per annum. By the end of July 2006, our first solar cell manufacturing line was operating at its full capacity. We have since then ramped up six additional manufacturing lines in the same facilities, with each line having a rated manufacturing capacity of 25 MW per annum. Two of these lines became fully operational in October 2006 and the other four lines became fully operational in August 2007, which increased our total rated manufacturing capacity to 175 MW per annum. Since commencement of our commercial operations, our monthly production output has grown from approximately 0.6 MW in April 2006 to approximately 16.6 MW in August 2007. We generated revenues of RMB 696.5 million (US\$91.5 million) and net income of RMB 128.4 million (US\$16.9 million) for the year ended December 31, 2006. For the six months ended June 30, 2007, our revenues and net income were RMB 792.1 million (US\$104.1 million) and RMB 136.2 million (US\$17.9 million), respectively.

We have a limited operating history, which may not provide a meaningful basis to evaluate our business. You should consider the risks and difficulties frequently encountered by early-stage companies, such as us, in new and rapidly evolving markets, such as the solar power market. Recent growth in our results of operations should not be taken as indicative of the rate of growth, if any, that can be expected in the future. In addition, our limited operating history provides a limited historical basis to assess the impact that critical accounting policies may have on our business and our financial performance.

Factors Affecting our Results of Operations

We believe that the following factors have had, and we expect that they will continue to have, a significant effect on the development of our business, financial condition and results of operations.

Industry Demand

Demand for solar cells is critical to our business and revenue growth. The solar power market has experienced significant growth in the past few years. According to Solarbuzz, the global solar power market, as

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measured by annual solar power system installations, increased from 427 MW in 2002 to 1,744 MW in 2006, representing a CAGR of 42.2%, while solar power industry revenues grew to approximately US\$10.6 billion in 2006. Despite the rapid growth, solar power industry may have significant growth potential due to its advantages over other forms of electricity generation and because it still constitutes only a small portion of the world's energy output.

Capacity Expansion

We have been expanding our manufacturing capacity since inception, and we intend to further expand our manufacturing capacity by constructing more manufacturing lines. We commenced commercial production of our first solar cell manufacturing line with a rated manufacturing capacity of 25 MW per annum in April 2006. With our experienced technical and production teams, we were able to achieve full manufacturing capacity in July 2006. We have since installed six additional manufacturing lines each with a rated manufacturing capacity of 25 MW per annum in the same facilities, two of which became fully operational in October 2006 and the other four lines became fully operational in August 2007, increasing our total rated manufacturing capacity to 175 MW per annum. We plan to build up to ten additional manufacturing lines by the end of 2008 to further increase our total production capacity to 425 MW per annum. We believe that increases in production capacity have had, and will continue to have, a significant effect on our financial condition and results of operations by increasing our revenues through increases in the production and sales of solar cells, and lowering our per unit manufacturing costs through economies of scale.

Availability and Price of Silicon Wafers

Silicon wafers are the most important raw material for the manufacturing of solar cell products. Polysilicon is the essential raw material from which silicon wafers are made. There is currently an industry-wide shortage of polysilicon resulting primarily from growing demand of the solar power and semiconductor industries, and limited growth in polysilicon manufacturing capacities. The limited availability of polysilicon and thus silicon wafers has resulted in significant price increases of both polysilicon and silicon wafers. As the solar power industry continues to grow, the availability of silicon wafers will, to a large extent, determine the output of solar cell manufacturers, including us. Failure to obtain sufficient quantities of polysilicon and silicon wafers could reduce the number of solar cells we manufacture and sell, resulting in decreases in our revenues, as well as limit our manufacturing capacity expansion as planned.

The success of our business and our growth strategy depends heavily on securing sufficient supply of silicon wafers to meet our existing and planned production capacity. We have entered into long-term silicon wafer supply contracts with Jinglong Group, M.SETEK, ReneSola and Shunda in amounts that we believe would allow us to meet our anticipated production needs for the remaining months of 2007 and a large portion of our anticipated production needs for 2008. Wafer prices under these contracts are generally renegotiable periodically between us and the suppliers based on the then-prevailing market conditions. See *Business Raw Materials and Utilities Silicon Wafers*. We also procure supplies of ingots or polysilicon from third parties and engage Jinglong Group to process such ingots and polysilicon into wafers for us. Furthermore, in order to meet a portion of our raw material requirements, we also enter into solar cell processing arrangements with customers who have their own wafer supplies. Under these arrangements, we would obtain silicon wafer supplies from these customers, and would be obligated to sell to these customers all or a substantial portion of the solar cells manufactured with these wafers.

We cannot assure you that we will be able to secure sufficient quantities of silicon wafers to expand our manufacturing capacity as we planned. See *Risk Factors Risks Related to Our Business*. We are susceptible to the current industry-wide shortage of polysilicon, which could adversely affect our ability to meet existing and future customer demand for our products and cause us to lose customers and market share, generate lower than anticipated revenues and manufacture our products at higher than expected costs.

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Pricing of Our Solar Cell Products

Solar cells are priced on the basis of the number of watts of electricity they can generate. Pricing of solar cells is principally affected by manufacturing costs, including the cost of silicon wafers, as well as the overall demand in the solar power industry. Increased economies of scale and improvement in manufacturing technologies in recent years have led to a steady decrease in manufacturing costs and the prices of solar cells.

We enter into sales contracts with customers which contain indicative delivery schedules. We price our products based on the prevailing market price at the time of the contracts with our customers, taking into account the size of the contract, the length of the contract, the strength and history of our relationship with each customer and our capacity utilization. The average selling price of our solar cells was approximately RMB 25.9 (US\$3.4) and RMB 22.5 (US\$3.0) per watt for the year ended December 31, 2006 and for the six months ended June 30, 2007, respectively. The decline in average selling price of our solar cells over these periods was mainly due to increased competition and changes in other market conditions. We expect the prices of solar cell products, including our own products, to continue to decline over time due to increased supplies and reduced manufacturing costs.

Technology Improvement

The improvement of manufacturing technologies is crucial in increasing conversion efficiencies of solar cells. High conversion efficiencies reduce the manufacturing cost per watt of solar cells and increase the gross profit margin of the manufacturer. As a result, solar power companies, including us, are continuously pursuing technology improvements in an effort to increase conversion efficiencies.

Our monocrystalline solar cells have generally achieved conversion efficiency rates in the range of 16.1% to 16.9%. The highest conversion efficiency rate achieved with solar cells produced by us to date was 17.47%, as tested by the Photovoltaic and Wind Power System Quality Test Center of the Chinese Academy of Sciences. We intend to further enhance our research and development efforts on process technologies in solar cell production which can increase conversion efficiency of solar cells and reduce production costs. As part of our strategy to achieve this, we plan to build a research and development center in Shanghai.

Customers

While we have demonstrated our ability to quickly broaden and diversify our customer base and we believe most of the solar modules incorporating our products are distributed globally, we sell our solar cell products primarily in China with a high customer concentration ratio. For the year ended December 31, 2006, approximately 98.4% of our total sales revenue was generated from sales to customers based in China. During this period, sales to our three largest customers, including two customers who had been our related parties until August 2006, represented approximately 41.3% of our total revenues. For the six months ended June 30, 2007, approximately 88.6% of our total sales was generated from sales to customers based in China. During this period, sales to our three largest customers, which include Shanghai Chaori and two other third parties, represented approximately 62.7% of total revenues. Sales to our top ten customers accounted for approximately 84.3% and 87.8% of total revenues for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively. Our dependence on a limited number of customers for a significant portion of our revenues may cause significant fluctuations or declines in our revenues. See Risk Factors Risks Related to Our Business We currently sell a significant portion of our solar cell products to a limited number of customers. Our dependence on these customers may cause significant fluctuations or declines in our revenues.

Critical Accounting Policies

The discussion and analysis of our operating results and financial condition are based on our audited financial statements, which we have prepared in accordance with U.S. GAAP. The preparation of financial

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statements in conformity with U.S. GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting periods. We base our estimates and assumptions on historical experience and various other factors that we believe to be reasonable under the circumstances, the result of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Our management evaluates these estimates on an ongoing basis. Actual results may differ from these estimates as facts, circumstances and conditions change or as a result of different assumptions.

In reviewing our financial statements, our management considers (i) the selection of critical accounting policies; and (ii) the judgments and other uncertainties affecting the application of those critical accounting policies. The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our financial statements. Our principal accounting policies are set forth in detail in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Revenue recognition. We generally recognize revenue from the sale of solar cells at the time of shipment, at which point title and risk of loss passes to the purchasers. We sell our products at agreed upon prices to our customers, which reflect prevailing market prices. Our considerations for recognizing revenue are based on the following:

Persuasive evidence that an arrangement (sale contract) exists between a willing customer and us that outlines the terms of the sale (including customer information, product specification, quantity of goods, purchase price and payment terms). The customer does not have a right of return and we do not provide any warranty on our products.

Most of shipping terms are FOB shipping point from our premises. At this point the customer takes title to the goods and is responsible for all risks and rewards of ownership. Some shipping terms are CIF destination point. At this point, once the acceptance from the customer is received, the customer takes title to the goods and is responsible for all risks and rewards of ownership.

Our price to the customer is fixed and determinable as specifically outlined in the sales contract.

We extend credit terms only to a limited number of customers and receive cash for the majority of the sales transactions before we deliver our products which we record as advances from customers. For customers to whom credit terms are extended, we assess a number of factors to determine whether collection from them is probable, including past transaction history with them and their credit-worthiness. All credit extended to customers is pre-approved by management. If we determine that collection is not reasonably assured, we defer the recognition of revenue until collection becomes reasonably assured, which is generally upon receipt of payment.

We provide solar cell processing services to produce solar cells on behalf of third parties who have their own wafer supplies. Under these solar cell processing service arrangements, we purchase raw materials from a customer and agree to sell a specified quantity of solar cells produced from such materials back to the same customer. The quantity of solar cells sold back to the customer under these processing arrangements is consistent with the amount of raw materials purchased from such customer based on current production conversion rates. We record revenues from these processing transactions based on the amount received for solar cells sold less the amount paid for the raw materials purchased from the customer. The revenue recognized is recorded as processing service revenue and the production costs incurred related to providing the processing services are recorded as service processing costs within cost of revenues.

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Allowance for doubtful accounts. We make provisions against accounts receivable to the extent collection is considered to be doubtful. Accounts receivable in the balance sheets are stated net of such provision, if any. As of December 31, 2005, December 31, 2006 and June 30, 2007, we did not record any allowance for doubtful accounts.

Advances to suppliers. Consistent with industry practice we make short-term and long-term advance payments from time to time to secure our raw material needs of silicon wafers, which are then offset against future purchases. We do not require collateral or other security against our advances to Jinglong Group or third party suppliers. We continually assess the credit quality of our suppliers and the factors that affect the credit risk. If there is a deterioration in the credit worthiness of our suppliers, we will provide for such losses on these advances. As of December 31, 2006 and June 30, 2007, we determined that no provision is required for potential losses against advances to Jinglong Group or third party suppliers.

Inventory. Our inventories comprise raw materials, work in progress and finished goods. We state inventories at the lower of cost or market value. Cost of inventories is determined by the weighted-average cost method. Provisions are made for excess, slow moving and obsolete inventory as well as inventory whose carrying value is in excess of net realizable value. No provision was recognized as of December 31, 2005, December 31, 2006 and June 30, 2007.

Impairment of long-lived assets. We evaluate our long-lived assets and finite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, we assess the recoverability of the long-lived assets by comparing the carrying amount of the assets to future undiscounted net cash flows expected to result from the use of the assets and its eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, we would recognize an impairment loss based on the fair value of the assets, generally using the expected future discounted cash flows. No impairment charge was recognized for the period from inception (May 18, 2005) to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2007.

Share-based Compensation. Prior to December 31, 2005, we did not have share-based compensation arrangements. We adopted a stock incentive plan in 2006 and granted options to certain employees and non-employees under the incentive plan in August 2006 and April 2007. See Management Stock Option Plans. We recognized share-based compensation expenses of RMB18.2 million (US\$2.4 million) and RMB 14.0 million (US\$1.8 million) for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively. We granted options to purchase a total of 4,410,000 ordinary shares and awarded restricted stock units for 510,000 ordinary shares to certain recently hired executive officers, a recently appointed director and two other employees in September 2007. We expect that our share-based compensation expenses relating to our September 2007 option grants and stock awards will have a material and adverse effect on our reported earnings for the year ending December 31, 2007 and over the remaining vesting periods. We estimate that our total share-based compensation expenses relating to our September 2007 option grants would be approximately US\$31.6 million, which would be amortized over the applicable service periods using a graded vesting method. In addition, we estimate that our total share-based compensation expenses relating to our September 2007 stock awards would be approximately US\$6.8 million, which would be amortized over the vesting period of these shares ranging from six months to two years starting from the recipients' respective date of employment with us.

Grants to Employees

We account for the grant of employees share-based compensation in accordance with SFAS No. 123 (revised 2004), Share-Based Payment, or SFAS No. 123(R), which requires all share-based payments to employees and directors, to be recognized in the financial statements based on their grant date fair values.

The compensation expense is recognized over the applicable service period in accordance with the guidance provided by FIN No. 28, Accounting for Stock Appreciation Rights and Other Variable Stock Option

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or Award Plans an interpretation of APB Opinions No. 15 and 25. FIN No. 28 provides a graded vesting method over the vesting periods of the share options. The graded vesting method provides for vesting of portions of the overall awards at interim dates and results in accelerated vesting as compared to the straight-line method.

The determination of the fair value of share-based awards and related share-based compensation expense requires input of subjective assumptions, including but not limited to the valuation model adopted, risk-free interest rate, expected life of the share-based awards, stock price volatility, and expected forfeiture rate. The selection of an appropriate valuation technique or model depends on the substantive characteristics of the instrument being valued. Risk free interest rates are decided based on the yield to maturity of U.S. government bonds as at respective dates of grant of options. Expected life of stock options granted is based on the average between the vesting period and the contractual term for each grant, taking into account assumptions used by comparable companies. Volatility is measured using a combination of historical daily price changes of comparable companies stock over the respective expected life of the option and implied volatility derived from traded options of comparable companies. Forfeiture rate is estimated based on our expectation for the future.

The assumptions used in calculating the fair value of share-based awards and related share-based compensation represent management's best estimations, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change or we utilize different assumptions, our share-based compensation expense could be materially different for any period.

The fair value of the ordinary shares was determined retrospectively to the time of grant. Determining the fair value of our ordinary shares requires making complex and subjective judgments. Management is responsible for determining the fair value and considered a number of factors including valuations. Our approach to valuation is based on a discounted future cash flow approach which involves complex and subjective judgments regarding projected financial and operating results, our unique business risks, our operating history and prospects at the time of grant. These judgments are consistent with the plans and estimates that we use to manage the business. There is inherent uncertainty in making these estimates and if we make different judgments or adopt different assumptions, material differences could result in the timing and amount of the share-based compensation expenses recorded because the estimated fair value of the underlying ordinary shares for the options granted would be different.

Grants to Non-Employees

We account for equity instruments issued to the non-employee consultant in accordance with the provisions of SFAS No. 123(R) and Emerging Issues Task Force, or EITF, Issue No. 96-18, Accounting for Equity Instruments That are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. The measurement date of the fair value of the equity instrument issued is the date on which the counterparty's performance is complete. We believe that our assumptions, including the risk-free interest rate and expected life used to determine fair value, are appropriate. However, if different assumptions had been used, the fair value of the equity instruments issued to non-employee vendors would have been different from the amount we computed and recorded which would have resulted in either an increase or decrease in the compensation expense.

Income taxes. We account for income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax assets bases and operating loss and tax credit carry forwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We recognize the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date. A valuation allowance is provided to reduce the carrying amount of

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deferred tax assets if it is considered more likely than not that some portion, or all, of the deferred tax assets will not be realized. As of December 31, 2005, December 31, 2006 and June 30, 2007, we recorded a full valuation allowance to reduce our net deferred tax assets to RMB 0, RMB 0 and RMB 0, respectively.

Net intangible asset. Our intangible asset comprises technical know-how contributed by one of our shareholders upon formation of JA China and purchased accounting software. Technical know-how is carried at cost, less accumulated amortization. The technical know-how includes the design of our manufacturing lines, selection of manufacturing equipment, and specific technologies and methods for efficiency enhancement underlying the manufacturing processes. Amortization is calculated on a straight-line basis over the estimated useful life of the technical know-how of eight years. Purchased accounting software is being amortized on a straight-line basis over the estimated life of five years. Amortization expense for the period from inception (May 18, 2005) to December 31, 2005, the year ended December 31, 2006 and the six months ended June 30, 2007 was RMB 0.8 million, RMB 1.1 million (US\$0.1 million) and RMB 0.6 million (US\$0.1 million), respectively.

Convertible Redeemable Preferred Shares. In August 2006, we issued convertible redeemable preferred shares. We determined the fair value of our ordinary shares as of the commitment date in determining the beneficial conversion feature amount. Since the preferred shares were convertible immediately upon issuance, we amortized the entire beneficial conversion charge upon issuance. These preferred shares were converted into our ordinary shares upon the completion of our initial public offering in February 2007 and will have no further impact on our net income available to ordinary shareholders.

The fair value of the ordinary shares was determined retrospectively to the commitment date. Determining the fair value of our ordinary shares requires making complex and subjective judgments. Management is responsible for determining the fair value and considered a number of factors including valuations. Our approach to valuation is based on a discounted future cash flow approach which involves complex and subjective judgments regarding projected financial and operating results, our unique business risks, our operating history and prospects at the time of grant. These judgments are consistent with the plans and estimates that we use to manage the business. There is inherent uncertainty in making these estimates and if we make different judgments or adopt different assumptions, material differences could result in the amount of the beneficial conversion charge recorded because the estimated fair value of the ordinary shares would be different.

The assumptions used in calculating the fair value of the ordinary shares and related beneficial conversion charge represent management's best estimations, but these estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change or we utilize different assumptions, our beneficial conversion charge amount could be materially different for any period.

Revenues

We derive revenues primarily from sales of solar cell products to solar module manufacturers, who will then assemble and integrate our products into modules and systems. For the year ended December 31, 2006 and the six months ended June 30, 2007, we sold a substantial portion of our products to a limited number of customers, most of which were module manufacturers based in China. For the year ended December 31, 2006, sales to our largest customer and three largest customers accounted for approximately 19.6% and 41.3% of our total revenues, respectively. During this period, the top two customers were our related parties until August 2006, and sales to them accounted for approximately 33.1% of our total revenues. For the six months ended June 30, 2007, sales to our largest customer and three largest customers represented approximately 26.1% and 62.7% of our total revenues, respectively. Our three largest customers include one customer who had been our related party until August 21, 2006 and two other third parties. Sales to our top ten customers accounted for approximately 84.3% and 87.8% of total revenues for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively. Since we commenced commercial production in April 2006, we have broadened and diversified our customer base. As of June 30, 2007, we had 18 customers who have each purchased 1.2 MW or

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more of our solar cells. In addition, while our direct sales to overseas customers only accounted for approximately 1.6% and 11.4% of our total sales revenue for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively, we believe most of the solar modules incorporating our solar cell products are distributed globally.

From April 2006 to December 2006, we sold approximately 26.3 MW of solar cells at an average selling price of RMB 25.9 (US\$3.4) per watt. For the six months ended June 30, 2007, we sold approximately 38.4 MW of solar cells at an average selling price of RMB 22.5 (US\$3.0) per watt. The average selling price of our solar cell products has declined over the fourth quarter of 2006 and the first quarter of 2007 due to, to a large extent, increased competition and changes in other market conditions. We expect the prices of solar cell products, including our own products, to continue to decline over time due to increased supplies and reduced manufacturing costs.

For the six months ended June 30, 2007, our revenues also included revenues from solar cell processing services which amounted to approximately RMB 26.3 million (US\$3.5 million), or 3.3% of our total revenues. We provide solar cell processing services to customers who have their own wafer supplies. For the six months ended June 30, 2007, we produced approximately 4.6 MW of solar cells under these processing arrangements. We, on average, charged US\$0.75 per watt for the solar cells we processed. We provide solar cell processing services to customers mainly to utilize our excess production capacities when our wafer supplies or customer orders are insufficient for us to operate our manufacturing lines at their full capacities. As we believe we have contractually secured a significant amount of wafer supplies under long-term wafer supply contracts, we expect our revenues from solar cell processing will continue to constitute a small portion of our total revenues for the remaining months of 2007 and for 2008.

Cost of Revenues and Operating Expenses

For the year ended December 31, 2006, our cost of revenues and our operating expenses as a percentage of our total revenues were 75.3% and 5.9%, respectively. For the six months ended June 30, 2007, our cost of revenues and our operating expenses as a percentage of our total revenues were 77.4% and 4.5%, respectively. Our cost of revenues primarily consists of silicon wafers, other direct raw materials and other cost of revenues. The following table sets forth the amounts of our cost of silicon wafers and other cost of revenues and each of them as a percentage of total cost of revenues for the periods indicated:

	From Inception (May 18, 2005) to December 31, 2005		Year Ended December 31, 2006			Six Months Ended June 30,				
	RMB	%	RMB	2006		RMB	%	2007		%
				US\$	%			US\$	%	
	(in thousands, except for percentages)									
Silicon Wafers			473,213	62,167	90.3%	65,069	86.1%	550,803	72,360	89.8%
Other			50,950	6,693	9.7	10,476	13.9	62,451	8,204	10.2
Total cost of revenues			524,163	68,860	100.0%	75,545	100.0%	613,254	80,564	100.0%

Silicon wafers. Silicon wafers are the most important raw material of our solar cell products. For the year ended December 31, 2006 and for the six months ended June 30, 2007, the cost of silicon wafers accounted for approximately 90.3% and 89.8% of our cost of revenues, respectively. We expect that the cost of silicon wafers will continue to constitute a significant portion of our cost of revenues in the foreseeable future.

Other. Other cost of revenues consists primarily of other direct raw materials used in the manufacturing of solar cell products, direct labor, depreciation of manufacturing equipment and facilities, facilities rental

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expenses and overhead expenses. For the year ended December 31, 2006 and for the six months ended June 30, 2007, other cost of revenues accounted for approximately 9.7% and 10.2% of our cost of revenues, respectively.

Our operating expenses consist of selling, general and administrative expenses and research and development expenses. The following table sets forth the components of our operating expenses and each of them as a percentage of our total operating expenses for the periods indicated:

	From Inception (May 18, 2005) to December 31, 2005		Year Ended December 31, 2006			Six Months Ended June 30,				
	RMB	%	RMB	US\$	%	2006		RMB	2007	
						RMB	%		RMB	US\$
	(in thousands, except for percentages)									
Selling, general and administrative expenses	2,638	87.3%	39,656	5,210	96.7%	6,272	95.2%	34,220	4,496	95.5%
Research and development expenses	384	12.7	1,358	178	3.3	318	4.8	1,629	214	4.5
Total operating expenses	3,022	100.0%	41,014	5,388	100.0%	6,590	100.0%	35,849	4,710	100.0%

Selling, general and administrative expenses. Selling expenses primarily consist of promotional and other sales and marketing expenses and salaries and benefits for our sales and marketing personnel. General and administrative expenses primarily consist of leasing expenses associated with our administrative offices, salaries and benefits for our administrative, finance and human resources personnel, business travel expenses, fees and expenses of auditing and other professional services. Compensation costs of RMB 18.2 million (US\$2.4 million) and RMB 13.2 million (US\$1.7 million) relating to our stock options granted to certain employees and consultants are included as part of our selling, general and administrative expenses for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively, representing approximately 45.8% and 38.7% of our selling, general and administrative expenses for the respective periods. Our selling, general and administrative expenses accounted for 87.3%, 96.7%, and 95.5% of our total operating expenses for the period from the inception (May 18, 2005) to December 31, 2005, the year ended December 31, 2006, and the six months ended June 30, 2007, respectively. We expect that selling expenses will increase in absolute terms as we add more sales and marketing personnel and increase our sales and marketing efforts to accommodate the growth of our business and expansion of our customer base. We also expect general and administrative expenses to increase in absolute terms as a result of the expansion of our business.

We granted options to purchase a total of 4,410,000 ordinary shares and awarded restricted stock units for 510,000 ordinary shares to our recently hired executive officers, a recently appointed director and two other employees in September 2007. See Management-Stock Option Plan. We expect that our share-based compensation expenses relating to our September 2007 option grants and stock awards will have a material and adverse effect on our reported earnings for the year ending December 31, 2007 and over the remaining vesting periods. We estimate that our total share-based compensation expenses relating to the option grants on September 17, 2007 would be approximately US\$31.6 million, which would be amortized over the applicable service periods using a graded vesting method. In addition, we estimate that our total share-based compensation expenses relating to our September 2007 stock awards would be approximately US\$6.8 million, which would be amortized over the vesting period of these shares ranging from six months to two years starting from the recipients' respective date of employment with us.

Research and development expenses. Research and development expenses primarily consist of compensation and benefits for research and development personnel. Research and development expenses are expensed when incurred. Our research and development expenses accounted for 12.7%, 3.3%, and 4.5% of our total operating expenses for the period from inception (May 18, 2005) to December 31, 2005, the year ended

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December 31, 2006 and the six months ended June 30, 2007, respectively. We believe that research and development is critical to the success of our business and as a result, we intend to increase our investments in research and development. As part of our business strategy, we plan to build a research and development center in Shanghai.

Internal Control over Financial Reporting

We have previously disclosed in our registration statement on Form F-1 (File No. 333-140002), as amended, initially filed with the Security and Exchange Commission on January 16, 2007, and our annual report on Form 20-F for the fiscal year ended December 31, 2006 that we have identified material weaknesses in internal control over financial reporting. In connection with the preparation of our consolidated financial statements as of and for the period from inception (May 18, 2005) to December 31, 2005 and as of and for the nine-month period ended September 30, 2006, we identified the following specific control deficiencies which remain material weaknesses in our internal control over financial reporting as of December 31, 2006:

We did not have an effective control environment because of the following material weaknesses: (i) an insufficient number of finance personnel with an appropriate level of knowledge, experience and training in the application of GAAP and in internal controls over financial reporting commensurate with our reporting requirements, (ii) a lack of an appropriate level of control consciousness as it relates to the establishment and maintenance of an oversight function and communication of internal controls, policies and procedures, assignment of roles and responsibilities, and the necessary lines of communications within its organizational structure to support its activities, (iii) a lack of effective control monitoring activities, and (iv) a lack of an effective risk assessment process.

The control environment sets the tone of an organization, influences the control consciousness of its people, and is the foundation of all other components of internal control over financial reporting. These control environment material weaknesses contributed to the material weaknesses discussed below.

We did not have effective controls over certain of our accounts and disclosures because of the following material weaknesses:

ineffective controls over procedures used to enter transaction totals into the general ledger and initiate, authorize, record and process journal entries into the general ledger as well as record recurring and nonrecurring adjustments to the financial statements, due to (i) untimely and inadequate journal entry review and approval by a senior accounting officer, (ii) a lack of appropriate policies and procedures surrounding timely and complete preparation and approval of account analyses and reconciliations with adequate support, and (iii) a lack of effective controls over the preparation and review of the consolidated financial statements and disclosures. Specifically, effective controls were not designed and in place over the process related to identifying and accumulating all required supporting information to ensure the completeness and accuracy of the consolidated financial statements and disclosures;

inadequate controls and procedures used (i) to evaluate the creditworthiness of related party suppliers to which we advance funds in order to determine a provision, if necessary, and (ii) to ensure that transactions and arrangements with related parties are appropriately identified and summarized in the accounting records and disclosed in the financial statements;

ineffective controls over accounting for income taxes, including the determination of deferred income tax assets and liabilities and related valuation allowance, including a lack of effective controls to review and monitor the accuracy of the components of the income tax provision calculations and related deferred income taxes and to monitor the differences between the income tax basis and the financial reporting basis of assets and liabilities to effectively reconcile the deferred income tax balances;

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inadequate policies and procedures related to accounting and disclosure for complex contracts, including a lack of adequate controls (i) to identify and centrally accumulate all new significant contracts for review by relevant parties (e.g. our accounting department), (ii) to determine and accurately record the accounting implications of significant contracts, and (iii) to ensure ongoing compliance with terms and conditions of significant contracts;

a lack of adequately designed controls over our revenue cycle, including lack of effective controls over (i) documenting approval for exceptions to terms of standard sales contracts, (ii) a lack of evidence documenting our evaluation and approval to extend and monitor credit terms to customers when, on an exception basis, credit is granted to customers, (iii) documenting verification of shipment quantities to sales orders, (iv) documenting methodology for determining doubtful accounts reserve, and (v) adequate disclosure of related party revenues and accounts receivables in the financial statements;

a lack of adequately designed controls over the inventory cycle, including lack of effective controls over (i) adequate written instructions for periodic physical inventory counts, (ii) timely reconciliation of physical counts to financial records, (iii) timely maintenance of perpetual inventory records including cutoff procedures, (iv) control over transfers within the production process, (v) documentation of policies and procedures surrounding inventory costing, (vi) documentation of accounting policy, methodology and procedures used to evaluate excess, slow moving, obsolete inventory reserves as well as inventory whose carrying value is in excess of net realizable value including consideration of the impact of advances to related party supplier for future inventory purchases has on these provisions;

a lack of adequately designed controls over fixed assets, the related depreciation expense, and leased property and equipment, including lack of adequate controls to (i) periodically perform property and equipment inventory counts, (ii) transfer equipment from construction in progress to fixed assets, (iii) properly capitalize interest expense, (iv) properly calculate depreciation expense of fixed assets, and (v) verify the completeness and accuracy of leased property and equipment and that future obligations related to such leases were properly disclosed;

a lack of adequately designed controls over the payroll cycle, including a lack of policies and procedures for (i) approving new employees into the payroll process (including personal information and proper approval for employees' salaries), (ii) review of time cards submitted by employees for validity and accuracy, and (iii) timely reconciliation of payroll records to the general ledger; and

a lack of adequately designed controls over the purchase cycle (i) to document the review of goods received compared with purchase order amounts, (ii) to document inspection of quality of raw materials received by warehouse personnel, (iii) to periodically review accounts payable to vendor statements and (iv) cutoff of expenses at period end.

We have also identified significant deficiencies in our internal control over financial reporting, including a lack of adequately designed controls over cash and cash equivalents and a lack of adequate human resources policies and procedures to address hiring, training, promoting and compensating employees.

We have engaged in, and will continue to engage in, substantial efforts to address the material weaknesses and significant deficiencies in our internal control over financial reporting. We have taken the following on-going initiatives that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting:

Since the third quarter of 2006, we have significantly expanded our accounting and finance personnel. Our chief financial officer, who has extensive prior experience applying

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U.S. GAAP, joined us in July 2006. In addition, we hired nine accounting and finance personnel from August 2006 to August 2007, including (i) a finance manager to lead the period-end financial close process among other responsibilities; (ii) two accounting managers to lead general accounting area including accounts reconciliation, analysis, inventory process management among other responsibilities; (iii) an internal audit manager who has relevant knowledge and experience in both generally accepted accounting principles and SOX 404 compliance to lead our SOX 404 compliance program; and (iv) four university graduates with accounting degrees and one staff member with 10 years of accounting clerk experience to assist in the general accounting areas. Our general plan for hiring and training of accounting and finance personnel is intended to ensure that we will have sufficient personnel with knowledge, experience and training in the application of generally accepted accounting principles commensurate with the our financial reporting requirements.

Since the third quarter of 2006, we have retained the services of external accounting consultants, other than our independent registered public accounting firm, with relevant U.S. GAAP accounting experience, skills and knowledge and working under the supervision and direction of our management, to supplement our accounting personnel during our quarterly and year-end financial close and reporting process.

Since the third quarter of 2006, we have retained the services of external internal control consultants, other than our independent registered public accounting firm, with relevant experience, skills and knowledge and working under the supervision and direction of our management, to supplement our existing personnel and to assist with (i) performing a root cause analysis of identified internal control deficiencies; (ii) performing a preliminary risk assessment with regard to the requirements of SOX 404; (iii) remediation of existing internal controls; and (iv) preparation for compliance with SOX 404.

Since the third quarter of 2006, we have implemented a finance transformation initiative. This initiative is designed to (i) develop and implement remediation strategies to address the existing material weaknesses, (ii) improve operational performance of our finance and accounting processes, (iii) implement a new information system for accounting and financial reporting, (iv) establish greater organizational accountability and lines of approval, and (v) develop an organizational model that better supports our redesigned processes and operations and prepare for compliance with SOX 404. This effort will be supported by both the addition of resources and expertise to our accounting and finance organization and assistance from external consultants with our implementation of information systems, U.S. GAAP accounting and external financial reporting, remediation of existing internal controls deficiencies and preparation for compliance with SOX 404.

Since the third quarter of 2006, we have established a set of policies and procedures regarding internal control over financial reporting in all business cycles. Additionally, we expect to ensure proper communication and training so that policies and procedures are consistently implemented and can be monitored effectively.

We have appointed three independent directors to our board and have established an audit committee, a compensation committee and a nominating and corporate governance committee within our board. Our audit committee is composed solely of independent directors and our compensation and nominating and corporate governance committees each consists of three independent directors and two management directors.

In August 2007, we retained external consultants, other than our independent registered public accounting firm, to provide internal audit services to us.

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While we have begun taking the actions described above to address the material weaknesses and significant deficiencies identified, additional measures will be necessary and these measures, along with other measures we expect to take to improve our internal control over financial reporting, may not be sufficient to address the material weaknesses and significant deficiencies identified to provide reasonable assurance that our internal control over financial reporting is effective. In addition, we may in the future identify additional material weaknesses in our internal control over financial reporting.

Table of Contents**Selected Quarterly Results of Operations**

The following table presents our unaudited consolidated quarterly results of operations for the six quarterly periods ended June 30, 2007. You should read the following table in conjunction with our audited and unaudited consolidated financial statements and related notes included elsewhere in this prospectus. We have prepared the unaudited consolidated quarterly financial information on the same basis as our audited consolidated financial statements. This unaudited consolidated financial information includes all adjustments, consisting only of normal and recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for the quarters presented. Because our business is relatively new, our operating results for any particular quarter are not necessarily indicative of our future results. Furthermore, our quarterly operating results may fluctuate from period to period based on changes in customer demand and the seasonality of consumer spending and industry demand for solar cell products. See Risk Factors Risks Related to Our Business 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.

	March 31, 2006	June 30, 2006	Three Months Ended		March 31, 2007	June 30, 2007
			September 30, 2006	December 31, 2006		
(in thousands RMB, except for operating data)						
Consolidated Statements of Operations Data:						
Net revenues						
Solar cells to third parties		29,221	226,488	309,618	334,553	429,872
Solar cells to related parties	3,015	66,855	21,474	39,786	481	909
Solar cell processing					116	26,203

Total revenues