

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2014.

OR

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

OR

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

Date of event requiring this shell company report

Commission file number: 001-34615

**JinkoSolar Holding Co., Ltd.**

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

1 Jingke Road  
Shangrao Economic Development Zone  
Jiangxi Province, 334100  
People's Republic of China  
(86-793) 846-9699  
(Address of principal executive offices)

Haiyun (Charlie) Cao, Chief Financial Officer  
1 Jingke Road  
Shangrao Economic Development Zone  
Jiangxi Province, 334100  
People's Republic of China  
Tel: (86-793) 846-9699  
Fax: (86-793) 846-1152  
E-mail: charlie.cao@jinkosolar.com

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

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

| <u>Title of each class</u>  | <u>Name of each exchange on which registered</u> |
|---|--|
| American Depositary Shares, each representing four ordinary shares, par value US\$0.00002 per share | New York Stock Exchange                          |

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

None  
(Title of Class)

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

None  
(Title of Class)

Indicate the number of outstanding shares of each of the Issuer's classes of capital or common stock as of the close of the period covered by the annual report.

124,292,030 ordinary shares, excluding 488,055 ADSs representing 1,952,220 ordinary shares reserved for future grants under our long-term incentive plan and 1,723,200 ordinary shares as treasury stock, as of December 31, 2014

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

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## CONVENTIONS THAT APPLY TO THIS ANNUAL REPORT

Unless otherwise indicated and except where the context otherwise requires, references in this annual report on Form 20-F to:

- “we,” “us,” “our company,” “our” or “JinkoSolar” refer to JinkoSolar Holding Co., Ltd., a Cayman Islands holding company, its current and former subsidiaries for the relevant periods;
- “2009 Long Term Incentive Plan” refers to the 2009 Long Term Incentive Plan adopted on July 10, 2009, which was subsequently amended and restated.
- “2012,” “2013” and “2014” refers to our fiscal years ended December 31, 2012, 2013 and 2014, respectively;
- “2014 Equity Incentive Plan” refers to the 2014 Equity Incentive Plan adopted on August 18, 2014;
- “ADRs” refers to the American depositary receipts evidencing our American depositary shares;
- “ADSs” refers to our American depositary shares, each representing four ordinary shares;
- “CE” refers to CE certification, a verification of electromagnetic compatibility (EMC) compliance issued by SGS Taiwan Ltd. certifying compliance with the principal protection requirement of directive 2004/108/EC of the European Union and EN61000-6-3:2001+A11:2004 and EN61000-6-1:2001 standards;
- “CQC” refers to the certificate issued by China Quality Certification Centre certifying that our solar modules comply with IEC61215:2005 and IEC61730-2:2004 standards;
- “DG projects” refers to distributed generation solar power projects, including ground-mounted distributed generation projects and rooftop distributed generation projects;
- “DQS-UL” refers to the certificate issued by DQS GmbH certifying that our quality management system for both of the manufacture of silicon wafers and the design, manufacture and relative activities of solar modules in Jiangxi Jinko complies with ISO9001:2008 standard;
- “EPC” refers to engineering, procurement and construction;
- “Euro”, “EUR” or “€” refers to the legal currency of the European Union;
- “FIT” refers to feed-in tariff(s), the government guaranteed and subsidized electricity sale price at which solar power projects can sell to the national power grids, which is set by the central government consisting of the applicable national government subsidies paid from the Renewable Energy Development Fund, as well as the desulphurized coal benchmark electricity price paid by State Grid;
- “ground-mounted projects” refers to solar power projects built on the ground, consisting of ground-mounted DG projects and utility-scale projects;
- “ground-mounted DG projects” refers to small-scale ground-mounted projects with capacity less than or equal to 20 MW and 35 kV or lower grid connection voltage grade (except in the northeastern regions, where connection voltage must be 66 kV or lower) and with a substantial portion of the electricity generated to be consumed within the substation area of the grid connection points;
- “JET” refers to the certificate issued by Japan Electrical Safety & Environment Technology Laboratories certifying that our modules comply with IEC61215:2005, IEC61730-1:2004 and IEC61730-2:2004 standards;
- “Jiangxi Desun” refers to Jiangxi Desun Energy Co., Ltd., an entity in which our founders and substantial shareholders, Xiande Li, Kangping Chen and Xianhua Li, each holds more than 10%, and collectively hold 73%, of the equity interest;

- “Jiangxi Jinko” refers to Jinko Solar Co., Ltd., our wholly-owned operating subsidiary incorporated in the PRC;
- “Jiangxi Materials” refers to Jiangxi Photovoltaic Materials Co., Ltd., our wholly-owned operating subsidiary incorporated in the PRC by Jiangxi Jinko on December 1, 2010;
- “JinkoSolar Power” refers to JinkoSolar Power Engineering Group Limited, our majority-owned subsidiary;
- “JIS Q 8901” refers to the certificate for the Japanese market from TUV that demonstrates that a company’s management system ensures the highest standards of reliability in their products;
- “JPY” refers to Japanese Yen;
- “kV” refers to kilovolts;
- “kWh” refers to kilowatt hour(s), where “MWh” refers to megawatt hour(s);
- “kWp” refers to kilowatt-peak, a measurement of power output, most often used in relation to photovoltaic solar energy devices;
- “local grid companies” refers to the subsidiaries of the State Grid in China;
- “LRQA” refers to the certificate issued by Lloyd’s Register Quality Assurance to certify that our quality management system of the design, development and production of solar cells and solar modules in Zhejiang Jinko complies with the ISO9001:2008 standard;
- “MCS” refers to MCS certificate of factory production control issued by British Approvals Board for Telecommunications certifying that the production management system of our certain types of solar panels complies with MCS005 Issue 2.3 and MCS010 Issue 1.5 standards;
- “NDRC” refers to the National Development and Reform Commission of China;
- “NEA” refers to the National Energy Administration in China;
- “NYSE” or “New York Stock Exchange” refers to the New York Stock Exchange Inc.;
- “OEM” refers to an original equipment manufacturer who manufactures products or components that are purchased by another company and retailed under that purchasing company’s brand name;
- “PPA” refers to power purchase agreements;
- “PRC” or “China” refers to the People’s Republic of China, excluding, for purposes of this annual report, Taiwan, Hong Kong and Macau;
- “PV” refers to photovoltaic;
- “RMB” or “Renminbi” refers to the legal currency of China;
- “rooftop DG projects” refers to distributed generation solar power projects built on roof tops;
- “Shares” or “ordinary shares” refers to our ordinary shares, par value US\$0.00002 per share;
- “State Grid” refers to State Grid Corporation of China and the local grid companies;
- “Subsidy Catalog” refers to the Renewable Energy Electricity Subsidy Catalog issued by the Ministry of Finance, the NDRC and the National Energy Administration from time to time. Solar power projects can only receive central government subsidies after completing certain administrative and perfunctory procedures to be listed in the Subsidy Catalog;
- “Topoint” refers to Zhejiang Topoint Photovoltaic Co., Ltd., Zhejiang Yutai Photovoltaic Material Co., Ltd., Zhejiang Weishida Photovoltaic Material Co., Ltd., and Zhejiang Jiutai New Energy Co., Ltd., collectively;

- “TÜV” refers to TÜV certificates, issued by TÜV Rheinland Product Safety GmbH certifying that certain types of our solar modules comply with IEC 61215:2005, EN 61215:2005, IEC 61730-1:2004, IEC 61730-2:2004, EN 61730-1:2007 and EN 61730-2:2007 standards;
- “UL” refers to the certificate issued by Underwriters Laboratories Inc., to certify that certain types of our solar modules comply with its selected applicable standards;
- “US\$,” “dollars” or “U.S. dollars” refers to the legal currency of the United States;
- “utility-scale projects” refers to ground-mounted projects that are not ground-mounted DG projects;
- “watt” or “W” refers to the measurement of electrical power, where “kilowatt” or “kW” means one thousand watts, “megawatts” or “MW” means one million watts and “gigawatt” or “GW” means one billion watts; and
- “Zhejiang Jinko” refers to Zhejiang Jinko Solar Co., Ltd., formerly Zhejiang Sun Valley Energy Application Technology Co., Ltd., a solar cell supplier incorporated in the PRC which has been our wholly-owned subsidiary since June 30, 2009.

Names of certain companies provided in this annual report are translated or transliterated from their original Chinese legal names.

Discrepancies in any table between the amounts identified as total amounts and the sum of the amounts listed therein are due to rounding.

This annual report on Form 20-F includes our audited consolidated financial statements for 2012, 2013 and 2014 and as of December 31, 2013 and 2014.

## **PART I**

### **ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS**

Not Applicable.

### **ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not Applicable.

### **ITEM 3. KEY INFORMATION**

#### **A. Selected Financial Data**

##### **Our Selected Consolidated Financial Data**

The following selected consolidated statements of operations data for 2012, 2013 and 2014 and the selected consolidated balance sheet data as of December 31, 2013 and 2014 are derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statements of operations data for 2010 and 2011 and the consolidated balance sheet data as of December 31, 2010, 2011 and 2012 are derived from our audited consolidated financial statements, which are not included in this annual report. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The historical results are not necessarily indicative of results to be expected in any future periods.

|   | 2010          | 2011          | 2012          | 2013          | 2014          |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
|   | (RMB)         | (RMB)         | (RMB)         | (RMB)         | (RMB)         | (US\$)        |
| <b>(in thousands, except share, per share and per ADS data)</b>   |               |               |               |               |               |               |
| <b>Consolidated Statements of Operations Data:</b>  |               |               |               |               |               |               |
| Revenues  | 4,654,854.7   | 7,384,951.4   | 4,794,768.4   | 7,078,838.5   | 9,978,528.6   | 1,608,246.9   |
| Cost of revenues  | (3,297,468.9) | (6,235,100.2) | (4,562,531.3) | (5,641,487.1) | (7,738,488.5) | (1,247,217.9) |
| Gross profit  | 1,357,385.8   | 1,149,851.2   | 232,237.1     | 1,437,351.4   | 2,240,040.1   | 361,028.9     |
| Total operating expenses  | (367,463.5)   | (833,965.5)   | (1,465,724.3) | (791,806.0)   | (1,308,428.1) | (210,880.3)   |
| Income/(loss) from operations   | 989,922.3     | 315,885.7     | (1,233,487.2) | 645,545.4     | 931,612.0     | 150,148.6     |
| Interest expenses, net  | (64,268.4)    | (182,502.2)   | (221,719.8)   | (223,376.9)   | (287,667.7)   | (46,363.6)    |
| Convertible senior notes issuance costs   | —             | (30,154.1)    | —             | —             | (26,052.9)    | (4,199.0)     |
| Subsidy income  | 15,696.6      | 25,553.8      | 40,902.6      | 7,583.2       | 49,785.3      | 8,023.9       |
| Investment (loss)/gain  | 60.1          | —             | —             | —             | —             | —             |
| Exchange loss   | (10,143.4)    | (138,994.3)   | (36,472.7)    | (38,468.0)    | (147,057.9)   | (23,701.4)    |
| Other(expense)/ income, net   | (1,357.9)     | 28,257.1      | 4,263.5       | 6,871.9       | (1,692.2)     | (272.7)       |
| Change in fair value of forward contracts   | 98,039.3      | 36,604.9      | (9,043.1)     | 48,390.4      | (714.7)       | (115.2)       |
| Change in fair value of embedded derivatives  | 55.0          | —             | —             | —             | —             | —             |
| Change in fair value of convertible senior notes and capped call options                                      | —             | 299,747.7     | (97,160.7)    | (212,906.6)   | 64,101.6      | 10,331.3      |
| Income/(loss) before income taxes   | 1,028,003.6   | 354,398.6     | (1,552,717.4) | 233,639.4     | 582,313.6     | 93,851.9      |
| Income tax (expense)/benefit  | (146,130.4)   | (81,072.7)    | 8,917.6       | (18,532.4)    | 134,334.0     | 21,650.7      |
| Equity in losses of affiliated companies  | —             | —             | (16.3)        | (25,615.0)    | 9,549.3       | 1,539.1       |
| Net income/(loss)   | 881,873.2     | 273,325.9     | (1,543,816.1) | 189,492.0     | 726,196.9     | 117,041.7     |
| Less: Net income/(loss) attributable to the non-controlling interests   | —             | (16.9)        | (1,394.0)     | 1,480.1       | 851.2         | 137.2         |
| Less: Accretion to redemption value of redeemable non-controlling interests                                   | —             | —             | —             | —             | 52,320.7      | 8,432.6       |
| Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.  | 881,873.2     | 273,342.8     | (1,542,422.1) | 188,011.8     | 673,025.1     | 108,471.9     |
| Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders per share              |               |               |               |               |               |               |
| Basic   | 11.16         | 2.91          | (17.38)       | 2.00          | 5.47          | 0.88          |
| Diluted   | 10.92         | (1.23)        | (17.38)       | 1.96          | 3.86          | 0.62          |
| Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders per ADS <sup>(1)</sup> |               |               |               |               |               |               |
| Basic   | 44.64         | 11.64         | (69.52)       | 8.00          | 21.88         | 3.52          |
| Diluted   | 43.69         | (4.92)        | (69.52)       | 7.84          | 15.44         | 2.48          |
| Weighted average ordinary shares outstanding  |               |               |               |               |               |               |
| Basic   | 74,896,543    | 93,966,535    | 88,752,706    | 94,018,394    | 122,980,870   | 122,980,870   |
| Diluted   | 80,748,080    | 102,686,971   | 88,752,706    | 96,035,985    | 153,786,531   | 153,786,531   |

(1) Each ADS represents four ordinary shares.

|   | As of December 31, |             |             |              |              |             |
|---|--------------------|-------------|-------------|--------------|--------------|-------------|
|   | 2010               | 2011        | 2012        | 2013         | 2014         |             |
|   | (RMB)              | (RMB)       | (RMB)       | (RMB)        | (RMB)        | (US\$)      |
|   | (in thousands)     |             |             |              |              |             |
| <b>Consolidated Balance Sheet Data:</b>                                   |                    |             |             |              |              |             |
| Cash and cash equivalents   | 521,204.8          | 433,851.0   | 279,130.0   | 456,076.2    | 1,777,020.7  | 286,403.7   |
| Restricted cash   | 416,789.7          | 146,175.5   | 140,760.8   | 398,499.7    | 517,055.4    | 83,334.2    |
| Restricted short-term investments   | 34,705.8           | 494,215.0   | 722,461.3   | 734,093.3    | 1,599,301.9  | 257,760.7   |
| Short-term investments  | —                  | —           | —           | —            | 112,000.0    | 18,051.1    |
| Account receivable, net – related parties                                 | 100.4              | 31,010.2    | 105,531.4   | 284,142.0    | 174,533.8    | 28,129.7    |
| Accounts receivable, net – third parties                                  | 576,796.4          | 1,600,206.9 | 1,712,685.2 | 1,648,748.0  | 3,118,303.4  | 502,579.3   |
| Notes receivable – related parties  | —                  | —           | —           | 42,900.0     | —            | —           |
| Notes receivable, net – third parties                                     | —                  | —           | —           | 254,773.8    | 72,880.6     | 11,746.2    |
| Advances to suppliers, net – related parties                              | —                  | —           | —           | —            | 1,183.8      | 190.8       |
| Advances to suppliers, net – third parties                                | 339,738.1          | 208,104.1   | 63,553.0    | 70,017.2     | 80,922.3     | 13,042.3    |
| Inventories   | 819,514.5          | 798,075.3   | 527,962.4   | 712,029.2    | 1,891,148.1  | 304,797.7   |
| Total current assets  | 3,194,474.1        | 4,608,473.7 | 3,985,609.2 | 5,342,722.6  | 10,407,319.6 | 1,677,355.4 |
| Project assets  | —                  | 272,504.7   | 536,391.1   | 1,358,944.5  | 4,353,070.4  | 701,587.6   |
| Property, plant and equipment, net  | 1,938,978.2        | 3,568,294.3 | 3,329,872.7 | 3,186,998.0  | 3,101,795.2  | 499,918.6   |
| Land use rights, net  | 261,858.6          | 368,042.9   | 365,749.2   | 359,084.9    | 371,932.2    | 59,944.6    |
| Advances to suppliers to be utilized beyond one year                      | 234,577.1          | 209,630.9   | —           | —            | —            | —           |
| Total assets  | 5,880,345.8        | 9,176,399.3 | 8,372,320.3 | 10,611,225.1 | 19,087,636.4 | 3,076,368.6 |
| Accounts payable – a related party  | —                  | 35,887.8    | 30,045.2    | 2,468.4      | 1,478.5      | 238.3       |
| Accounts payable – third parties  | 355,011.7          | 340,998.6   | 1,347,327.0 | 1,765,268.3  | 3,147,731.8  | 507,322.3   |
| Notes payable   | 571,522.2          | 909,830.6   | 1,149,136.5 | 1,411,994.1  | 2,452,443.8  | 395,262.2   |
| Accrued payroll and welfare expenses                                      | 96,853.9           | 176,647.8   | 206,425.1   | 238,654.5    | 312,431.4    | 50,354.8    |
| Advance from third party customers  | 164,956.9          | 85,524.0    | 121,031.2   | 147,583.3    | 423,088.5    | 68,189.5    |
| Bonds payable and accrued interests                                       | —                  | 1,039,635.3 | 313,689.8   | 66,725.8     | 66,725.8     | 10,754.2    |
| Short-term borrowings (including current portion of long-term borrowings) | 1,171,776.3        | 2,200,032.1 | 2,245,630.8 | 1,974,593.9  | 2,606,866.5  | 420,150.6   |
| Total current liabilities   | 2,941,912.9        | 5,642,586.6 | 6,238,443.5 | 7,237,114.3  | 10,523,364.6 | 1,696,058.5 |
| Long-term borrowings  | 269,250.0          | 155,500.0   | 167,000.0   | 362,000.0    | 956,500.0    | 154,159.8   |
| Convertible senior notes  | —                  | 387,777.2   | 483,581.7   | —            | 1,540,398.6  | 248,267.2   |
| Total liabilities   | 3,215,143.9        | 6,271,225.8 | 6,998,508.9 | 8,590,611.5  | 14,119,231.9 | 2,275,607.1 |
| Series A redeemable convertible preferred shares                          | —                  | —           | —           | —            | —            | —           |
| Series B redeemable convertible preferred shares                          | —                  | —           | —           | —            | —            | —           |
| Total JinkoSolar Holding Co., Ltd. shareholders' equity                   | 2,665,201.9        | 2,895,190.5 | 1,365,122.3 | 2,009,742.8  | 3,507,097.3  | 565,241.5   |
| Non-controlling interests   | —                  | 9,983.1     | 8,689.1     | 10,870.8     | 25,721.9     | 4,145.6     |
| Total liabilities and shareholders' equity                                | 5,880,345.8        | 9,176,399.3 | 8,372,320.3 | 10,611,225.1 | 19,087,636.4 | 3,076,368.6 |

#### Exchange Rate Information

We publish our consolidated financial statements in Renminbi. The conversion of Renminbi into U.S. dollars in this annual report is solely for the convenience of readers. The exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this annual report were made at a rate of RMB6.2046 to US\$1.00, the noon buying rate in effect as of December 31, 2014. The Renminbi is not freely convertible into foreign currency. We make no representation that any Renminbi or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, the rates stated below, or at all. On April 10, 2015, the exchange rate, as set forth in the H.10 statistical release of the Federal Reserve Board, was 6.2082 to US\$1.00.

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

| Period   | Period End | Average <sup>(1)</sup> |        |        | High |
|----------|------------|------------------------|--------|--------|------|
|          |            | (RMB per US\$1.00)     |        |        |      |
| 2010     | 6.6000     | 6.7603                 | 6.8330 | 6.6000 |      |
| 2011     | 6.2939     | 6.4475                 | 6.6364 | 6.2939 |      |
| 2012     | 6.2301     | 6.3043                 | 6.3879 | 6.2221 |      |
| 2013     | 6.0537     | 6.1412                 | 6.2438 | 6.0537 |      |
| 2014     | 6.2046     | 6.1704                 | 6.2591 | 6.0402 |      |
| October  | 6.1124     | 6.1251                 | 6.1385 | 6.1107 |      |
| November | 6.1429     | 6.1249                 | 6.1429 | 6.1117 |      |



| Period                         | Period End | Average <sup>(1)</sup> | Low    | High   |
|--------------------------------|------------|------------------------|--------|--------|
| December                       | 6.2046     | 6.1886                 | 6.2256 | 6.1490 |
| 2015 (through April 10, 2015)  | 6.2082     | 6.2317                 | 6.2741 | 6.1870 |
| January                        | 6.2495     | 6.2181                 | 6.2535 | 6.1870 |
| February                       | 6.2695     | 6.2518                 | 6.2695 | 6.2399 |
| March                          | 6.1990     | 6.2386                 | 6.2741 | 6.1955 |
| April (through April 10, 2015) | 6.2082     | 6.1989                 | 6.2082 | 6.1930 |

(1) Annual averages are calculated by averaging the rates on the last business day of each month during the annual period. Monthly averages are calculated by averaging the rates on each business day during the month.

**B. Capitalization and Indebtedness**

Not Applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not Applicable.

**D. Risk Factors**

Our business, financial condition and results of operations are subject to various changing business, competitive, economic, political and social conditions in China and worldwide. In addition to the factors discussed elsewhere in this annual report, the following are some of the important factors that could adversely affect our operating results, financial condition and business prospects, and cause our actual results to differ materially from those projected in any forward-looking statements.

**Risks Related to Our Business and Industry**

***Our future growth and profitability depend on the demand for and the prices of solar power products and the development of photovoltaic technologies.***

The rate and extent of market acceptance for solar power depends on the availability of government subsidies and the cost-effectiveness, performance and reliability of solar power relative to conventional and other renewable energy sources. Changes in government policies towards solar power and advancements in photovoltaic, or PV, technologies could significantly affect the demand for solar power products.

Demand for solar power products is also affected by macroeconomic factors, such as energy supply, demand and prices, as well as regulations and policies governing renewable energies and related industries. For example, in 2011, a decrease in payment to solar power producers, in the form of FIT and other reimbursements, and a reduction in available financing caused a decrease in the demand for solar power products, including solar modules, in the European markets. Payments to solar power producers decreased as governments in Europe, under pressure to reduce sovereign debt levels, reduced subsidies such as FIT. Furthermore, many downstream purchasers of solar power products were unable to secure sufficient financing for solar power projects due to the global credit crunch. Demand for solar modules in Europe fell significantly in 2013, but rose again in 2014 as the price of solar modules decreased, reflecting a decrease in the minimum pricing threshold of solar modules in the European Union, and as solar power generation companies constructed more projects in anticipation of a downward adjustment in FIT policies in the United Kingdom. As a result, many solar power producers that purchase solar power products from manufacturers like us were unable or unwilling to expand their operations because of the changes in prices and FIT policies. As a result, many solar power producers that purchase solar power products from manufacturers like us were unable or unwilling to expand their operations. As a result, the average selling price of our solar modules, which represented 91.8% of our total revenue in 2014, decreased from RMB4.3 per watt for 2012 to RMB3.8 per watt for 2013, and further decreased to RMB3.78 per watt (US\$0.61 per watt) for 2014.

Any reduction in the price of solar modules will have a negative impact on our revenue and results of operations. As a result, we may not continue to be profitable on a quarterly or annual basis. For example, we experienced net losses in each quarter from the fourth quarter of 2011 to the first quarter of 2013. In addition, if demand for solar power projects and solar power products weakens in the future, our business and results of operations may be materially adversely affected.

***The reduction, modification, delay or elimination of government subsidies and other economic incentives in solar energy industry may reduce the profitability of our business and materially adversely affect our business.***

We believe that market demand for solar power and solar power products in the near term will continue to substantially depend on the availability of government incentives because the cost of solar energy currently exceeds, and we believe will continue to exceed in the near term, the cost of conventional fossil fuel energy and certain non-solar renewable energy. Examples of government sponsored financial incentives to promote solar energy include subsidies from the central and local governments, preferential tax rates and other incentives. The availability and size of such subsidies and incentives depend, to a large extent, on political and policy developments relating to environmental concerns and other macro-economic factors. Moreover, government incentive programs are expected to gradually decrease in scope or be discontinued as solar power technology improves and becomes more affordable relative to other types of energy. Negative public or community response to solar energy projects could adversely affect the government support and approval of our business. Adverse changes in government regulations and policies relating to solar energy industry and their implementation, especially those relating to economic subsidies and incentives, could significantly reduce the profitability of our business and materially adversely affect the state of the industry.

We received government grants totaling RMB160.7 million, RMB70.9 million and RMB142.2 million (US\$22.9 million) for 2012, 2013 and 2014, respectively, which included government grants for assets, our expansion of production scale, technology upgrades, the development of export markets and the development of solar power projects. In addition, our solar power projects generally receive FIT, part of which is subsidized by the PRC government. We cannot assure you that we will continue to receive a similar amount or any amount of government subsidy in future periods.

As substantially all of our operations are in the PRC and our solar power projects are located in the PRC, the policies and regulations adopted by the PRC government towards the solar energy industry are key to the continuing success of our business. In June 2014, the General Office of the State Council of the PRC government set a target of 100 GW of solar capacity by 2020. In March 2015, the National Energy Administration, or NEA, revised China's 2015 solar electricity installation target upwards by 20% to 17.8 GW of capacity for ground-mounted projects and indicated that rooftop DG projects would no longer be subject to a quota. On April 2, 2015, the State Grid announced that 10.0 GW of solar power projects will be grid-connected every year until 2020. Pursuant to the relevant regulations, rooftop DG projects generally receive a national subsidy of RMB0.42 per kWh plus the local desulfurized coal benchmark electricity price for the electricity sold to the State Grid or a negotiated electricity purchase price for electricity sold directly to consumers. Ground-mounted projects, as well as rooftop DG projects that sell all electricity generated to the local grid companies, are entitled to FIT of RMB0.90 per kWh, RMB0.95 per kWh or RMB1.00 per kWh, depending on where the project is located (excluding on-grid solar power projects located in Tibet). Moreover, a solar power project that has obtained government approval on or after January 1, 2008 is fully exempted from PRC corporate income tax for three years starting from the year in which such project generates revenue from the sale of electricity, and is 50% exempted from PRC corporate income tax for another three years.

However, the subsidies, preferential tax treatment and other economic incentives provided by the PRC government are subject to uncertainty, and we cannot assure you that we will receive such benefits on schedule or that such benefits will not decrease or expire. For example, there have historically been significant delays in the listing of projects in the Subsidy Catalog. See “—Solar power projects can only receive central government subsidies after they are listed in the Subsidy Catalog.” We may also experience delays in subsidy payments due to changes in regulation or other reasons. For example, our Longchang project in Jinchang prefecture in Gansu Province has not yet been allocated the subsidy from the government for 2013, though it has been allocated a subsidy for 2014 by the local grid company in its annual subsidy budget. An economic downturn could impair the ability of the PRC central, provincial or local governments to maintain existing incentive programs or offer new incentive programs. Although regulatory support for solar power generation has increased in recent years, future government policies may not be as supportive. Governments may reduce or eliminate existing incentive programs for political, financial or other reasons, which will be difficult for us to predict. New government regulations or utility policies pertaining to solar power projects may result in significant reductions in revenues or additional expenses for us. If local, provincial or national governments delay in providing economic incentives, our solar power projects may be less profitable. In addition, local or provincial governments may delay the implementation or fail to fully implement central government regulations, policies and initiatives. Some of the reductions may even apply retroactively to existing solar power projects, which could significantly reduce the economic benefits we receive from the existing solar power projects. Until the solar energy industry becomes commercially profitable without subsidies, a significant reduction in the scope of or the discontinuation of government incentive programs in the PRC or other jurisdictions that we may expand into, could delay payments for electricity sold and reduce the profitability of our solar power projects.

Besides the PRC, various governments have used policy initiatives to encourage or accelerate the development and adoption of solar power and other renewable energy sources, including certain countries in Europe, notably Italy, Germany, France, Belgium and Spain; certain countries in Asia, including Japan, India and South Korea; countries in North America, such as the United States and Canada; as well as Australia and South Africa. Examples of government-sponsored financial incentives to promote solar power include capital cost rebates, FIT, tax credits, net metering and other incentives to end-users, distributors, project developers, system integrators and manufacturers of solar power products.

Governments may reduce or eliminate existing incentive programs for political, financial or other reasons, which will be difficult for us to predict. Reductions in FIT programs may result in a significant fall in the price of and demand for solar power and solar power products. For example, subsidies have been reduced or eliminated in some countries such as Germany, Italy, Spain and Canada. The German market represents a major portion of the world's solar market due in large part to government policies that established high FIT rates. However, since 2010, the German government has introduced legislation to reduce the FIT program due to the strong growth of its domestic solar market. In 2009, the Spanish government continued reductions in the FIT as a result of its government's spending cut backs, which resulted in a weakened solar market. In 2010, Italy also announced annual reductions to FIT beginning in 2011 in an effort to impede overheating of its solar market. In 2011 and 2012, several countries, including Germany, Italy, Spain, our three largest export markets, and certain other major markets for solar power and solar power products, such as Greece, France and Belgium, continued to reduce their FIT as well as other incentive measures.

In 2014, we generated 56.3% of our total revenue from overseas markets, and the United States, the United Kingdom and Chile, our three largest export markets, represented 17.7%, 12.7% and 5.8% of our total revenue, respectively. As a result, any significant reduction in the scope or discontinuation of government incentive programs in the overseas markets, especially where our major customers are located, could cause demand for our products and our revenue to decline and have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, the announcement of a significant reduction in incentives in any major market may have an adverse effect on the trading price of our ADSs.

***We require a significant amount of cash to fund our operations and future business developments; if we cannot obtain additional funding on terms satisfactory to us when we need it, our growth prospects and future profitability may be materially adversely affected.***

We require a significant amount of cash to fund our operations, including the development of solar power projects and payments to suppliers for our polysilicon feedstock. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue, as well as our research and development activities in order to remain competitive.

Historically, China Development Bank and China Minsheng Bank have provided us with loans for our solar power project financing. As these loans are driven, in part, by policy considerations, to the extent that the government changes their position on the solar industry, the terms and availability of these loans may change. If we cannot obtain funding on commercially attractive terms from these banks or other banks going forward, we may have difficulty funding our projects. We cannot guarantee that we will be successful in locating additional suitable sources of financing in the time periods required or at all, or on terms or at costs that we find attractive or acceptable, which may make it difficult or impossible for us to execute our growth plans.

We had negative working capital as of December 31, 2014. Management believes that our current cash position, the cash expected to be generated from operations, the proceeds from our recent equity and debt offerings, and funds available from borrowings under our bank facilities will be sufficient to meet our working capital and capital expenditure requirements for at least the 12 months following December 31, 2014.

Our ability to obtain external financing is subject to a number of uncertainties, including:

- our future financial condition, results of operations and cash flow;
- the general condition of the global equity and debt capital markets;
- regulatory and government support, such as subsidies, tax credits and other incentives;

- the continued confidence of banks and other financial institutions in our company and the solar power industry;
- economic, political and other conditions in the PRC and elsewhere; and
- our ability to comply with any financial covenants under the debt financing.

Any additional equity financing may be dilutive to our shareholders and any debt financing may require restrictive covenants. Additional funds may not be available on terms commercially acceptable to us. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives. See “—Our substantial indebtedness could adversely affect our business, financial condition and results of operations.”

***The oversupply of solar cells and modules in the solar industry may cause substantial downward pressure on the prices of our products and reduce our revenue and earnings.***

In 2011, the solar industry experienced oversupply across the value chain, and by the end of the year, solar module, cell and wafer pricing all decreased. Demand for solar products remained soft in 2012 and at the end of 2012, solar module, cell and wafer pricing had all further decreased. Although the global economy has improved since 2013, demand for solar modules in Europe fell significantly in 2013. As a result, many solar power producers that typically purchase solar power products from manufacturers like us were unable or unwilling to expand their operations.

Our average module selling price decreased from RMB4.3 per watt for 2012 to RMB3.8 per watt for 2013 and RMB3.8 per watt (US\$0.61 per watt) for 2014. Continued increases in solar module production in excess of market demand may result in further downward pressure on the price of solar cells and modules, including our products. Increasing competition could also result in us losing sales or market share. If we are unable, on an ongoing basis, to procure silicon, solar wafers and solar cells at reasonable prices, or mark up the price of our solar modules to cover our manufacturing and operating costs, our revenue and gross margin will be adversely impacted, either due to higher costs compared to our competitors or due to inventory write-downs, or both. In addition, our market share may decline if our competitors are able to price their products more competitively.

***Volatility in the prices of silicon raw materials makes our procurement planning challenging and could have a material adverse effect on our results of operations and financial condition.***

The prices of polysilicon, the essential raw material for solar cell and module products and silicon wafers have been subject to significant volatility. Historically, increases in the price of polysilicon had increased our production costs. Since the first half of 2010, as a result of the growth of newly available polysilicon manufacturing capacity worldwide, there has been an increased supply of polysilicon, which has driven down its price and the price of its downstream products. Since the second half of 2011, the prices of polysilicon and silicon wafers further fell significantly. As the polysilicon raw materials became more accessible to producers, the global production and supply of solar cell and module products has experienced considerable growth, which has imposed substantial downward pressure on the price of solar module products, including our solar module products. From 2011 to 2012, the prices of solar products declined, and prices began to stabilize in the first half of 2013.

We expect that the prices of virgin polysilicon feedstock may continue to be subject to volatility, making our procurement planning challenging. For example, if we refrain from entering into fixed-price, long-term supply contracts, we may miss the opportunities to secure long-term supplies of virgin polysilicon at favorable prices if the spot market price of virgin polysilicon increases significantly in the future. On the other hand, if we enter into more fixed-price, long-term supply contracts, we may not be able to renegotiate or otherwise adjust the purchase prices under such long-term supply contracts if the spot market price declines. As a result, our cost of silicon raw materials could be higher than that of our competitors who source their supply of silicon raw materials through floating-price arrangements or spot market purchases. To the extent we may not be able to fully pass on higher costs and expenses to our customers, our profit margins, results of operations and financial condition may be materially adversely affected.

***We may not be able to obtain sufficient silicon raw materials in a timely manner or on commercially reasonable terms, which could have a material adverse effect on our results of operations and financial condition.***

In 2012, 2013 and 2014, our five largest suppliers accounted for approximately 63.2%, 62.1% and 52.8%, respectively, of our total silicon purchases by value. In 2014, three of our suppliers individually accounted for more than 10% and our largest supplier accounted for 16.0% of our total silicon purchases by value. In 2013, two of our suppliers individually accounted for more than 10% and our largest supplier accounted for 24.2% of our total silicon purchases by value. In 2012, four of our suppliers individually accounted for more than 10% and our largest supplier accounted for 20.5% of our total silicon purchases by value.

Although the global supply of polysilicon has increased significantly, we may experience interruption to our supply of silicon raw materials or late delivery in the future for the following reasons, among others:

- suppliers under our silicon material supply contracts may delay deliveries for a significant period of time without incurring penalties;
- our virgin polysilicon suppliers may not be able to meet our production needs consistently or on a timely basis;
- compared with us, some of our competitors who also purchase virgin polysilicon from our suppliers have longer and stronger relationships with and have greater buying power and bargaining leverage over some of our key suppliers; and
- our supply of silicon raw materials is subject to the business risk of our suppliers, some of whom have limited operating history and limited financial resources, and one or more of which could go out of business for reasons beyond our control in the current economic environment.

Our failure to obtain the required amounts of silicon raw materials in a timely manner and on commercially reasonable terms could increase our manufacturing costs and substantially limit our ability to meet our contractual obligations to our customers. Any failure by us to meet such obligations could have a material adverse effect on our reputation, ability to retain customers, market share, business and results of operations and may subject us to claims from our customers and other disputes. Furthermore, our failure to obtain sufficient silicon raw materials would result in under-utilization of our production facilities and an increase in our marginal production costs. Any of the above events could have a material adverse effect on our growth, profitability and results of operations.

***The loss of, or a significant reduction in orders from, any of our customers could significantly reduce our revenue and harm our results of operations.***

In 2012, 2013 and 2014, sales to our top five customers represented 18.3%, 30.3% and 17.2% of our total revenue, respectively. In 2014, our largest customer accounted for 4.4% of our total revenue. In 2013, our largest customer accounted for 10.7% of our total revenue. In 2012, no customer generated sales that individually exceeded 10% of our total revenue. Our relationships with our key customers for solar modules have been developed over a relatively short period of time and are generally in nascent stages. We cannot assure you that we will be able to continue to generate significant revenue from these customers or that we will be able to maintain these customer relationships. In addition, we purchase solar wafers and cells and silicon raw materials through toll manufacturing arrangements that require us to make significant capital commitments to support our estimated production output. In the event our customers cancel their orders, we may not be able to recoup prepayments made to suppliers, which could adversely influence our financial condition and results of operations. The loss of sales to any of these customers could also have a material adverse effect on our business, prospects and results of operations.

***We manufacture a majority of our products in two locations in China, which exposes us to various risks relating to long-distance transportation of our silicon wafers and solar cells in the manufacturing process.***

The geographical separation of our manufacturing facilities necessitates constant long-distance transportation of substantial volumes of our silicon wafers and solar cells between Shangrao, Jiangxi Province and Haining, Zhejiang Province. We produce and will continue to produce silicon ingots, silicon wafers and most of our solar modules in our manufacturing facilities in Shangrao, while also producing solar cells and solar modules in our manufacturing facilities in Haining. As a result, we transport a substantial volume of our silicon wafers from Shangrao to Haining to be processed into solar cells and a substantial volume of our solar cells from Haining back to Shangrao to be processed into solar modules.

The distance between Shangrao and Haining is approximately 410 kilometers and the two cities are connected by roads and railway. The constant long-distance transportation of a large volume of our silicon wafers and solar cells may expose us to various risks, including (i) increases in transportation costs, (ii) loss of our silicon wafers or solar cells as a result of any accidents that may occur in the transportation process; (iii) delays in the transportation of our silicon wafers or solar cells as a result of any severe weather conditions, natural disasters or other conditions adversely affecting road traffic between Haining and Shangrao; and (iv) disruptions to our production of solar cells and solar modules as a result of delays in the transportation of our silicon wafers and solar cells. Any of these risks could have a material adverse effect on our business and results of operations.

***Prepayment arrangements to suppliers for the procurement of silicon raw materials expose us to the credit risks of such suppliers and may also significantly increase our costs and expenses, which could in turn have a material adverse effect on our financial condition, results of operations and liquidity.***

Our supply contracts generally include prepayment obligations for the procurement of silicon raw materials. As of December 31, 2014, we had approximately RMB80.9 million (US\$13.0 million) of advances to suppliers. We generally do not receive collateral to secure such payments for these contracts and the collateral we received are deeply subordinated and shared with all other customers and other senior lenders of the supplier.

Our prepayments, secured or unsecured, expose us to the credit risks of our suppliers, and reduce our chances of obtaining the return of such prepayments in the event that our suppliers become insolvent or bankrupt. Moreover, we may have difficulty recovering such prepayments if any of our suppliers fails to fulfill its contractual delivery obligations to us. Accordingly, a default by our suppliers to whom we have made substantial prepayment may have a material adverse effect on our financial condition, results of operations and liquidity. For example, on June 13, 2012, we terminated our supply agreement with one of our former polysilicon providers, Hoku Materials, Inc., or Hoku, in light of adverse developments in Hoku's operations. We did not receive any shipments from Hoku throughout the term of the supply agreement. Upon the termination of the supply agreement, we demanded that Hoku return all outstanding prepayments we made to Hoku as well as pay associated charges and interests, but we have not yet received such payments. As a result, we fully provided for RMB129.8 million of the outstanding balance of prepayments we made to Hoku. In addition, in January 2013, we notified Wuxi Zhongcai Technological Co. Ltd., or Wuxi Zhongcai, another of our former polysilicon providers, to terminate our long-term supply agreement, in response to adverse developments in Wuxi Zhongcai's business. In February 2013, we became involved in litigation with Wuxi Zhongcai over the supply agreement. We have fully provided for RMB93.2 million of the outstanding balance of prepayments to Wuxi Zhongcai. See "Item 8. Financial Information—A. Consolidated Statements and Other Financial Information—Legal and Administrative Proceedings."

***Decreases in the price of silicon raw materials and solar power products, including solar modules, may result in additional provisions for inventory losses.***

We typically plan our production and inventory levels based on our forecasts of customer demand, which may be unpredictable and can fluctuate materially. Recent market volatility has made it increasingly difficult for us to accurately forecast future product demand trends. Due to the decrease in the prices of silicon raw materials and solar power products, including solar modules, which have been our principal products since 2010, we recorded inventory provisions of RMB332.3 million, RMB163.7 million and RMB75.9 million (US\$12.2 million) in 2012, 2013 and 2014, respectively. If the prices of silicon materials and solar power products continue to decrease, the carrying value of our existing inventory may exceed its market price in future periods, thus requiring us to make additional provisions for inventory valuation, which may have a material adverse effect on our financial position and results of operations.

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

We consume a significant amount of electricity in our operations. Electricity prices in China have increased in the past few years and are expected to continue to increase in the future. Our average per kilowatt-hour, or kWh, electricity prices were RMB0.734, RMB0.700 and RMB0.681 (US\$0.11) in 2012, 2013 and 2014, respectively. Our electricity costs may become substantially higher than our competitors, which could diminish our competitive advantage and adversely affect our business, financial condition and results of operations. Moreover, with the rapid development of the PRC economy, demand for electricity has continued to increase. There have been shortages or disruptions in electricity supply in various regions across China, especially during peak seasons, such as the summer, or when there are severe weather conditions. We cannot assure you that there will not be disruptions or shortages in our electricity supply or that there will be sufficient electricity available to us to meet our future requirements. Increases in electricity costs, shortages or disruptions in electricity supply may significantly disrupt our normal operations, cause us to incur additional costs and adversely affect our profitability.

***We face intense competition in solar power product markets and solar power projects. If we fail to adapt to changing market conditions and to compete successfully with existing or new competitors, our business prospects and results of operations would be materially adversely affected.***

The markets for solar power products are intensely competitive. We compete with manufacturers of solar power products such as Trina Solar Ltd., or Trina, Yingli Green Energy Holding Co., Ltd., or Yingli Green Energy, Canadian Solar Inc. and JA Solar Holdings Co., Ltd, or JA Solar, in a continuously evolving market. Recently, some downstream manufacturers have also built out or expanded their silicon wafer or solar cell production operations. Some of these competitors are also our customers and suppliers.

Some of our current and potential competitors have a longer operating history, stronger brand recognition, more established relationships with customers, greater financial and other resources, a larger customer base, better access to raw materials and greater economies of scale than we do. Furthermore, some of our competitors are integrated players in the solar industry that engage in the production of virgin polysilicon. Their business models may give them competitive advantages as these integrated players place less reliance on the upstream suppliers, downstream customers or both.

We may also face extensive competition in developing solar power projects and providing solar system integration services from competitors such as Shunfeng, Aikang and state-owned power generation companies. Some of our potential competitors in that market may have a longer history, more extensive experience in this industry, greater financial and other resources, stronger brand recognition, stronger relationships with customers and greater economies of scale than we do. Moreover, the key barriers to entry into the solar power generation and system integration business at present consist of availability of financing, availability of experienced technicians and executives who are familiar with the industry. If these barriers disappear or become more easily surmountable, new competitors may successfully enter into the market, resulting in the loss of our market share and increased price competition, which could adversely affect our operating and net margins.

***The solar industry faces competition from other types of renewable and non-renewable power industries.***

The solar industry faces competition from other renewable energy companies and non-renewable power industries, including nuclear energy and fossil fuels such as coal, petroleum and natural gas. Technological innovations in these other forms of energy may reduce their costs or increase their safety. Large-scale new deposits of fossil fuel may be discovered, which could reduce their costs. Local governments may decide to strengthen their support for other renewable energy sources, such as wind, hydro, biomass, geothermal and ocean power, and reduce their support for the solar industry. The inability to compete successfully against producers of other forms of power or otherwise enter into power purchase agreements favorable to us would negatively affect our ability to develop and finance our projects and negatively impact our revenue.

***Technological changes in the solar power industry could render our products uncompetitive or obsolete, which could reduce our market share and cause our revenue and net income to decline.***

The solar power industry is characterized by evolving technologies and standards. These technological evolutions and developments place increasing demands on the improvement of our products, such as solar cells with higher conversion efficiency and larger and thinner silicon wafers and solar cells. Other companies may develop production technologies that enable them to produce silicon wafers, solar cells and solar modules with higher conversion efficiencies at a lower cost than our products. Some of our competitors are developing alternative and competing solar technologies that may require significantly less silicon than crystalline silicon wafers and solar cells, or no silicon at all. Technologies developed or adopted by others may prove more advantageous than ours for commercialization of solar power products and may render our products obsolete. As a result, we may need to invest significant resources in research and development to maintain our market position, keep pace with technological advances in the solar power industry, and effectively compete in the future. Our failure to further refine and enhance our products and processes or to keep pace with evolving technologies and industry standards could cause our products to become uncompetitive or obsolete, which could materially adversely reduce our market share and affect our results of operations.

***Existing regulations and policies and changes to these regulations and policies 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 electricity generation products is heavily influenced by government regulations and policies concerning the electric utility industry, as well as by policies adopted by electric utility companies. These regulations and policies often relate to electricity pricing and technical interconnection requirements for customer-owned electricity generation. In a number of countries, these regulations and policies are being modified and may continue to be modified. Customer purchases of, or further investment in the research and development of, alternative energy sources, including solar power technology, could be deterred by these regulations and policies, which could result in a significant reduction in the demand for our products. For example, without a regulatory mandated exception for solar power systems, utility customers may be charged interconnection or standby fees for putting distributed power generation on the electric utility grid. These fees could increase the cost of and reduce the demand for solar power, thereby harming our business, prospects, results of operations and financial condition.

In addition, we anticipate that solar power products and their installation will be subject to oversight and regulation in accordance with national and local regulations relating to building codes, safety, environmental protection, utility interconnection, and metering and related matters. Any new government regulations or utility policies pertaining to solar power products may result in significant additional expenses to the users of solar power products and, as a result, could eventually cause a significant reduction in demand for our products.

***We may face termination and late charges and risks relating to the termination and amendment of certain equipment purchases contracts. Our reliance on equipment and spare parts suppliers may also expose us to potential risks.***

We transact with a limited number of equipment suppliers for all our principal manufacturing equipment and spare parts, including our silicon ingot furnaces, squaring machines, wire saws, diffusion furnaces, firing furnaces and screen print machine. In 2014, our top three equipment suppliers included Wuxi Autowell Technology Co. Ltd, Yingkou Jinchen Machinery Co. Ltd and Shanxi Hermaion Solar Co. Ltd. These suppliers have supplied 28.8% of our current principal equipment and spare parts. We have entered into purchase agreements for purchasing additional manufacturing equipment. As we have shifted our focus from capacity expansion to improving efficiency, we may terminate these equipment purchase agreements or revise their terms in line with our new plan and as a result, may be subject to cancellation, late charges or forfeiture of prepayments. For example, we made a prepayment of RMB44.2 million to Miyamoto for the purchase of equipment for capacity expansion. As we were focusing on improving our efficiency, we did not place any purchase orders for equipment from Miyamoto in 2012 and we made a provision of RMB44.2 million in 2012 for the balance of our prepayments. We have entered into a purchase agreement with Miyamoto in 2014 and will resume purchasing equipment.

We may rely on certain major suppliers to provide a substantial portion of the principal manufacturing equipment and spare parts if we implement any expansion plan in the future. If we fail to develop or maintain our relationships with these and other equipment suppliers, or should any of our major equipment suppliers encounter difficulties in the manufacturing or shipment of its equipment or spare parts to us, including due to natural disasters or otherwise fail to supply equipment or spare parts according to our requirements, it will be difficult for us to find alternative providers for such equipment on a timely basis and on commercially reasonable terms. As a result, our production and result of operation could be adversely affected.



***Selling our products on credit terms may increase our working capital requirements and expose us to the credit risk of our customers.***

To accommodate and retain customers in the negative market environment, many solar module manufacturers, including us, shifted from demanding advance payments towards increasing credit sales and providing longer credit terms to both existing and new customers. Starting from the third quarter of 2011, we began to offer new customers credit terms of 60 to 120 days as well as extend similar credit terms to certain existing customers under new contracts. Most of our sales are made on credit terms and we allow our customers to make payments after a certain period of time subsequent to the delivery of our products. The increased use of credit sales and the longer credit terms have led to increased accounts receivable turnover and bad debt risks. Our accounts receivable turnover were 156 days, 114 days and 102 days in 2012, 2013 and 2014, respectively. In particular, in 2012, 2013 and 2014, our accounts receivable turnover in the United States were 37 days, 45 days and 34 days, respectively, our accounts receivable turnover in South Africa were nil, 50 days and 81 days, respectively, and our accounts receivable turnover in China were 119 days, 131 days and 146 days, respectively. Correspondingly, we recorded provisions for accounts receivable of RMB673.7 million, RMB446.0 million and RMB428.6 million (US\$69.1 million) as of December 31, 2012, 2013 and 2014, respectively. We had reversal of bad debt provisions of RMB308.2 million and RMB161.4 million (US\$26.0 million) for 2013 and 2014 as a result of the subsequent cash collection of long-aged accounts receivable.

We expect the use of credit sales to continue in the industry and this trend will continue to negatively affect our liquidity and our accounts receivable turnover. Selling our products on credit terms has increased, and may continue to increase our working capital requirements, which may negatively impact our short-term liquidity. We may not be able to maintain adequate working capital primarily through cash generated from our operating activities and may need to secure additional financing for our working capital requirements. Based on our ongoing assessment of the recoverability of our outstanding accounts receivable, we may need to continue to provide for doubtful accounts and write off overdue accounts receivable we determine as not collectible. If we fail to secure additional financing on a timely basis on terms acceptable to us or at all, our financial conditions, results of operations and liquidity may be adversely affected. In addition, we are exposed to the credit risk of customers to which we have made credit sales in the event that any of such customers becomes insolvent or bankrupt or otherwise does not make timely payments.

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

We commenced export sales in May 2008 when we exported a small portion of our products to Hong Kong, and have since continued to increase export sales. In 2012, 2013 and 2014, we generated 54.5%, 51.1% and 56.3%, respectively, of our total revenue from export sales and 54.9%, 51.3% and 56.4%, respectively, of our total revenue were denominated in foreign currencies, including U.S. dollars and Euros. We also have manufacturing facilities in South Africa, Portugal and Malaysia. We plan to continue to increase sales outside China and expand our customer base overseas. However, the marketing, distribution and sale of our products in export markets may expose us to a number of risks, including those associated with:

- fluctuations in currency exchange rates;
- costs associated with understanding local markets and trends;
- marketing and distribution costs;
- customer services and support costs;
- risk management and internal control structures for our overseas operations;
- compliance with the different commercial, environmental and legal requirements;
- obtaining or maintaining certifications for our products or services;
- maintaining our reputation as an environmentally friendly enterprise for our products or services;
- obtaining, maintaining or enforcing intellectual property rights;
- changes in prevailing economic conditions and regulatory requirements;
- transportation and freight costs;
- employing and retaining sales personnel who are knowledgeable about, and can function effectively in, export markets;

- 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;
- challenges due to our unfamiliarity with local laws, regulation and policies, our absence of significant operating experience in local market, increased cost associated with establishment of overseas subsidiaries and maintaining a multi-national organizational structure; and
- other various risks that are beyond our control.

We derive a significant amount of revenue from our exports to foreign markets, increasing the risk that any unfavorable trade policies in foreign markets could affect the sale of our products. As our manufacturing bases are located in China, we may be affected by any claims of unfair trade practices that are brought against the PRC government through the imposition of tariffs, non-tariff barriers to trade or other trade remedies. For example, in 2012, we became subject to anti-dumping and countervailing (*i.e.*, anti-subsidy) duties imposed by the U.S. government; in 2013, we became subject to annual import quotas imposed by the European Commission; in 2014, we became subject to new anti-dumping and countervailing duties imposed by the U.S. government; and we may be subject to new anti-dumping and countervailing duties imposed by the Canadian government. See “—We are subject to anti-dumping and countervailing duties imposed by the U.S. government and quotas imposed by the European Union.” Any significant changes in international trade policies, practices or trade remedies, especially those instituted in our target markets or markets where our major customers are located, could increase the price of our products compared to our competitors or decrease our customers’ demand for our products, which may adversely affect our business prospects and results of operations.

***We are subject to anti-dumping and countervailing duties imposed by the U.S. government and quotas imposed by the European Union.***

Our direct sales to the U.S. market accounted for 2.8%, 5.9% and 17.7% of our total revenue in 2012, 2013 and 2014, respectively.

In 2011, solar panel manufacturing companies in the United States led by SolarWorld Industries America Inc., filed a broad trade case with the United States Department of Commerce (the “U.S. Department of Commerce”) and United States International Trade Commission (the “U.S. International Trade Commission”) against the Chinese solar industry, accusing Chinese producers of crystalline silicon photovoltaic cells, whether or not assembled into modules, of selling their products (*i.e.*, CSPV cells or modules incorporating these cells) in United States at less than fair value, and of receiving financial assistance from the Chinese governments that benefited the production, manufacture, or exportation of such products. JinkoSolar is on the list of the solar companies subject to such investigations by the U.S. Department of Commerce. On November 9, 2011, the U.S. Department of Commerce announced that it launched the antidumping duty and countervailing duty investigation into the accusations (the “Investigation”). On December 7, 2012, the U.S. Department of Commerce issued the antidumping duty order and countervailing duty order. As a result, the cash deposits are required to pay on import into US of the crystalline silicon photovoltaic cells, whether or not assembled into modules from China. The announced cash deposit rates applicable to us are 13.94% (for dumping margin) and 15.24% (for subsidy rate). The actual antidumping duty and countervailing duty rates at which entries of covered merchandise will be finally assessed may differ from the announced deposit rates because they are subject to the following administrative reviews by U.S. Department of Commerce.

On January 23, 2014, the U.S. Department of Commerce announced that it launched the new antidumping duty and countervailing duty investigation into these new accusations (the “New Investigation”). On June 3, 2014 and July 25, 2014, the U.S. Department of Commerce respectively announced its affirmative preliminary determination in the New Investigations, in accordance with which the following subject merchandise is subject to the New Investigations:

The modules, laminates and/or panels assembled in China consisting of crystalline silicon photovoltaic cells that are completed or partially manufactured within a customs territory other than China, using ingots that are manufactured in China, wafers that are manufactured in China, or cells where the manufacturing process begins in China and is completed outside China.

The above subject merchandise was adjusted in the final determination made by U.S. Department of Commerce. According to the final determination, the final subject merchandise should be as follows:

The modules, laminates and/or panels assembled in China consisting of crystalline silicon photovoltaic cells produced in a customs territory other than China.

In February 18, 2015, following the affirmative injury determination made by U.S. International Trade Commission, the U.S. Department of Commerce issued the antidumping duty order and countervailing duty order. As a result, the final cash deposits are required to pay on import into US of above subject merchandise. The announced cash deposit rates applicable to us are 65.36% (for dumping margin) and 38.43% (for subsidy rate). The actual antidumping duty and countervailing duty rates at which entries of covered merchandise will be finally assessed may differ from the announced deposit rates because they are subject to the following administrative reviews by U.S. Department of Commerce.

Our sales in the United States may be adversely affected by these anti-dumping and countervailing duties, which may in turn materially adversely affect our business, financial condition and results of operations. We made provisions of RMB12.9 million (US\$2.1 million) for preliminary U.S. countervailing and anti-dumping duties in 2014.

Our direct sales to the European market accounted for 48.0%, 18.2% and 15.6% of our total revenue in 2012, 2013 and 2014, respectively. On June 6, 2013, the European Union imposed provisional anti-dumping duty on the solar panels originating in or consigned from China, including JinkoSolar’s products, at the starting rate of 11.8% until August 5, 2013, and followed by an increased rate averaging 47.6%.

On July 27, 2013, the European Union and Chinese trade negotiators announced that a price undertaking has been reached pursuant to which Chinese manufacturers, including JinkoSolar, would limit their exports of solar panels to the European Union and for no less than a minimum price, in exchange for the European Union agreeing to forgo the imposition of anti-dumping duties on these solar panels from China. The offer was approved by the European Commission on August 2, 2013. The China Chamber of Commerce for Import and Export of Machinery and Electronic Products, or CCCME, is responsible for allocating the quota among Chinese export producers, and JinkoSolar has been allocated a portion of the quota. Solar panels imported exceeding the annual quota will be subject to anti-dumping duties. On December 5, 2013, the European Council announced its final decision imposing definitive anti-dumping and anti-subsidy duties on imports of crystalline silicon PV cells and modules originating in or consigned from China. An average duty of 47.7%, consisting of the anti-dumping and anti-subsidy duties, will be applied for a period of two years beginning on December 6, 2013 to Chinese solar panel exporters who cooperated with the European Commission's investigations. On the same day, the European Commission announced its decision to confirm the acceptance of the price undertaking offered by Chinese export producers, including JinkoSolar, with CCCME in connection with the anti-dumping proceeding and to extend the price undertaking to the anti-subsidy proceeding, which will exempt them from both anti-dumping and anti-subsidy duties.

The European Union is one of the most important markets for solar products. Anti-dumping, countervailing duties or both imposed on imports of our products into the European Union could materially adversely affect our affiliated European Union import operations, increase our cost of selling into the European Union, and adversely affect our European Union export sales.

Imposition of anti-dumping and countervailing orders in one or more markets may result in additional costs to us, our customers or both, which could materially adversely affect our business, financial condition, results of operations and future prospects.

***We are exposed to various risks related to legal or administrative proceedings or claims that could adversely affect our financial condition, results of operations and reputation, and may cause loss of business.***

Litigation in general can be expensive, lengthy and disruptive to normal business operations. Moreover, the results of complex legal proceedings are difficult to predict. We and/or our directors and officers may be involved in allegations, litigation or legal or administrative proceedings in the from time to time.

On October 11, 2011, JinkoSolar, along with our directors and officers at the time of our initial public offering, or the Individual Defendants, and the underwriters of our initial public offering were named as defendants in a putative shareholder class action lawsuit filed in the United States District Court for the Southern District of New York captioned *Marco Peters v. JinkoSolar Holding Co., Ltd., et al.*, Case No. 11-CV-7133 (S.D.N.Y.). In an amended complaint filed on June 1, 2012, the plaintiff, representing a class of all purchasers and acquirers of ADSs of JinkoSolar between May 13, 2010 and September 22, 2011, inclusive, alleged that the defendants violated Sections 11 and 12(a)(2) of the Securities Act and Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, by making material misstatements or failing to disclose material information regarding, among other things, JinkoSolar's compliance with environmental regulations at its Haining facility. The amended complaint also asserted claims against the Individual Defendants for control person liability under Section 15 of the Securities Act and Section 20(a) of the Exchange Act. On January 22, 2013, the District Court issued a Memorandum and Order dismissing the amended complaint as against all defendants. The plaintiff appealed the District Court's Order to the United States Court of Appeals for the Second Circuit, which issued an order on July 31, 2014 vacating the District Court's Order and remanding the case to the District Court for further proceedings. Defendants filed a further motion to dismiss the amended complaint, which remains pending before the District court. We are unable to reliably estimate the probability of prevailing in the case and the scope of any liabilities.

Regardless of the merits, responding to allegations, litigation or legal or administration proceedings and defending against litigation can be time consuming and costly, and may result in us incurring substantial legal and administrative expenses, as well as divert the attention of our management. Any such allegations, lawsuits or proceedings could have a material adverse effect on our business operations. Further, unfavorable outcomes from these claims or lawsuits could adversely affect our business, financial condition and results of operations.

***Our future success depends in part on our ability to expand our business into the downstream solar power generation markets. Any failure to successfully implement this strategy could have a material adverse effect on our growth, business prospects and results of operations in future periods.***

We have been expanding our business downstream into the solar power generation market domestically. These expansion plans may include investments in downstream companies and joint ventures and alliances with third parties for balance of system technologies, engineering, procurement and construction services, and related financing needs. These plans may require significant capital expenditures, which could be used in pursuit of other opportunities and investments. Additionally, our experience in the solar power products manufacturing industry may not be as relevant or applicable downstream. We may also face intense competition from companies with greater experience or established presence in the targeted downstream markets or competition from our industry peers with similar expansion plans. Furthermore, we may not be able to manage or control entities which we invest in or provide adequate resources to such entities to maximize the return on our investments. We may also consider acquisitions of existing downstream players, in which we may face difficulties related to the integration of the operations and personnel of acquired businesses and the division of resources between our existing and acquired downstream operations.

We cannot assure you that we will be successful in expanding our business into downstream markets along the solar power product value chain. Any failure to successfully identify, execute and integrate our acquisitions, investments, joint ventures and alliances as part of entering into downstream markets may have a material adverse impact on our growth, business prospects and results of operations, which could lead to a decline in the price of our ADSs.

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

Solar power projects can only receive central government subsidies after completing certain administrative and perfunctory procedures with the relevant authorities of finance, price and energy to be listed in the Subsidy Catalog. In order to be listed in the Subsidy Catalog, ground-mounted projects submit applications to the relevant provincial authorities; and rooftop DG projects submit applications to the local grid companies in the area where the projects are located. After preliminary review of the applications, the relevant provincial authorities and the local grid companies will report to the Ministry of Finance, or MOF, NDRC, and NEA.

The MOF, NDRC and NEA will review the applications for all solar power projects and decide whether to list the projects in the Subsidy Catalog. In 2013, these agencies instituted a number of measures to standardize the approval process and the settlement of subsidies, but there have been significant delays in the listing of projects in the Subsidy Catalog, even after electricity has been sold to the power grid, which has delayed the payment of the government subsidy portion of our revenues. As of the date of this annual report, the most recent Subsidy Catalog released on August 21, 2014 included all of our projects that were connected to the power grid up to August 2013, and we still await receipt of the subsidies for projects connected after August 2013. As of December 31, 2014, we had RMB150.7 million (US\$24.3 million) in accounts receivable, representing unpaid subsidies to be paid after listing in the Subsidy Catalog. If we cannot receive subsidies for our projects as expected, our cash flow and financial condition may be materially adversely affected.

***Local grid companies may reduce the electricity they purchase from us, which may cause our revenues to decline.***

Although the local grid companies are obliged to purchase all the electricity generated by us, they may adjust the amount of electricity they purchase from us as result of constraints on grid connection capacity. If this happens, our revenues will be negatively impacted. Although the State Grid has made significant investments to build a network of ultra-high voltage, or UHV, transmission infrastructure across the country, grid capacity is expected to continue to be constrained, and our projects may be affected by limits in grid capacity in the near future. For example, our project in Longchang, Gansu with attributable capacity of 20 MW has been curtailed since 2014, resulting in the project being utilized at average rate of 58% of its installed capacity in 2014. We believe our project with an attributable capacity of 56 MW in Jinchang, Gansu, in which we are a minority shareholder, also suffered significant curtailment since 2014. Although the NDRC and NEA issued a directive opinion on March 20, 2015, which emphasizes that the competent provincial authorities must strengthen the implementation of the provisions with regard to the purchase of the full amount of electricity generated by renewable energy and avoid any curtailment of solar power projects, we expect that curtailment may continue to affect solar power projects in regions where the supply of energy exceeds local demands, such as Gansu. Although we believe that we have selected geographic regions that are less likely to experience curtailment, and we are diversified geographically to reduce the impact of potential curtailment, additional projects may be curtailed and unable to operate at its full capacity, which may materially adversely affect our business, financial condition and result of operation.

***We may not be able to enter into additional investment agreements and secure or develop additional solar power projects to grow our project portfolio.***

Our current business strategy includes plans to further increase the number of solar power projects we own and operate. We typically enter into investment agreements for each of our solar power projects with local government bodies prior to obtaining permits and beginning construction of solar power projects. As a general practice, the provincial governments have allocated such local government bodies a quota that they can allocate and sign under investment agreements. We believe that negotiating and signing the investment agreement is a significant project development milestone for successful project development. Government bodies who are counterparties to the investment agreements selected us based on, among other things, our technical and engineering expertise, financing capabilities and track record. Whether or not we can secure an investment agreement is subject to the discretion of government bodies and may be influenced by factors beyond our control, such as market conditions and the quota allocated to the local governments by the provincial governments. It is difficult to predict whether and when we will secure additional opportunities to develop new solar power projects in the PRC. Any increase in competition for the limited number of solar power projects or the reduction or elimination of solar power project quota could have a significant adverse impact on our project portfolio and market share.

Further, terms of the investment agreements may not be final and enforceable and are subject to changes and modifications. As the investment agreements are preliminary in nature, we expect that a significant number of them will not be completed as originally agreed, and as a result, our project pipeline is subject to uncertainty. If we cannot complete the investment agreement, it will be terminated, with limited continuing obligations to both sides. However, our termination of the agreement may damage our reputation with the government bodies and increase the difficulty of pursuing projects. In addition, if the government bodies terminate the agreement with us, we will have limited recourse. Although the government bodies have historically not terminated the investment agreements with us, there is no assurance that they would not do so in the future.

We may also have difficulties expanding our solar power project portfolio in light of unexpected difficulties when developing solar power projects. See “ — We may encounter unexpected difficulties when developing solar power projects, which could increase our costs, impair our ability to recover our investments and have a material adverse effect on our business, financial condition and results of operations.”

***We may encounter unexpected difficulties when developing solar power projects, which could increase our costs, impair our ability to recover our investments and have a material adverse effect on our business, financial condition and results of operations.***

The development and construction of solar power projects involve numerous risks and uncertainties. We may be required to spend significant amounts of money in order to successfully develop and construct solar power projects. Success in developing and constructing a particular project is contingent upon, among other things:

- establishing relationships with local government bodies;
- securing investment agreements or development rights;
- securing suitable project sites, including obtaining necessary rights of way, and satisfactory land rights or leases for the appropriate locations with proximity to the power grid with sufficient grid capacity and adequate solar irradiation;
- negotiating satisfactory leases, land use or access rights;
- negotiating and receiving required permits and approvals for project development from government bodies on schedule;
- completing all required regulatory and administrative procedures needed to obtain permits and agreements;
- procuring rights to interconnect the solar power project to the power grid or to transmit energy;
- negotiating favorable payment terms with components and services suppliers;
- signing PPAs or other arrangements that are commercially acceptable;

- obtaining construction financing, including debt financing and equity contribution from us to our project companies; and
- satisfactorily completing construction on schedule within budget.

Our ability to complete solar power projects may be adversely affected by numerous factors, including without limitation:

- unanticipated changes in project plans or defective or delayed execution;
- uncertainty in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;
- changes in government policies, for example, the institution of a competitive bidding process to allocate project rights;
- uncertainty in the timing of grid connection;
- the inability to procure adequate financing with acceptable terms;
- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls;
- labor, components and materials supply delays, shortages or disruptions, or work stoppages;
- adverse weather, environmental and geological conditions, force majeure and other events out of our control; and
- cost over-runs, due to any one or more of the foregoing factors.

Accordingly, some of our solar power projects under development may not be completed or even start construction. If a sufficient number of projects are not completed on schedule or at all, we may not benefit from the FIT our solar power projects are otherwise entitled to, and our business, financial condition and results of operations could be materially adversely affected.

***We may not be able to identify suitable additional solar power project sites and obtain related land use rights or leases to expand our solar power generation business.***

There is intense competition for a limited number of project sites appropriate for solar power projects. As the downstream solar power market in China continues to evolve, the number of attractive project sites available has decreased and will continue to decrease.

Even if we sign investment agreements, we may not be able to find and secure the use rights to suitable project sites for the relevant projects. We generally obtain land use rights for our ground-mounted projects through land use right granting or assignment by the government, or leasing from the land use right owners; and obtain the access and use rights for our rooftop DG projects through leasing from the roof top owners. Our rights to the properties used for our solar power projects may be challenged by property owners or other third parties, in case of any disputes over the ownership or lease of the properties. It is critical to guarantee and maintain our land use right on the land parcel and access and use right on the roof top during the life cycle of solar power projects. In case the relevant lease agreement were determined null and void by the competent authorities or our land use right and access and use right on roof top were recouped by the government, our solar power projects may be forced to cease operation and our results of operation, financial condition will be materially adversely affected.

We require large and flat land parcels for our utility-scale solar power projects. Also, it is crucial to have a land parcel close to the grid connection point for our ground-mounted projects in order to control the cost for the construction of transmission line and avoid the electricity transmission loss. However, it is increasingly difficult to secure large, flat land parcels close to the transmission line in China. Once we have identified a suitable site, our ability to obtain requisite land use rights or access and use rights to the roof top is subject to growing competition from other solar energy producers that may have better access to local government support, financial or other resources to locate and obtain rights of such sites. Our competitors may impede our development efforts by acquiring control of all or a portion of a solar site we seek to develop. If we were unable to find or obtain use rights for suitable solar power project sites, our ability to develop new solar power projects on a timely basis might be harmed, which could have a material adverse effect on our business, financial condition and results of operations.

***Our ability to transmit and sell the electricity generated from our solar power projects relies on the State Grid, especially, the grid connection and dispatch agreements and PPAs with local grid companies.***

Before constructing a solar power project, we have to obtain the relevant local grid company's preliminary consent on our grid connection application and the final approval on the grid connection plan in order to connect our solar power projects to their power grids.

The State Grid purchases substantially all of the electricity we generate. Our future success will depend, in part, on our ability to renew our grid connection and dispatch agreements and PPAs on satisfactory terms. Our grid connection and dispatch agreements generally have terms of one to five years and our PPAs generally have terms of one to six years. The grid connection and dispatch agreements are, in practice, automatically renewed. The PPAs are subject to renewal by the parties when original terms expire. The PPAs may be terminated by the local grid companies if we cannot produce electricity normally for 30 to 90 days for reasons solely attributed to us. However, all solar projects approved by the NDRC are eligible to receive an attractive fixed FIT for 20 years in principle and we expect our solar power projects to be long-term contracted assets. If we are unable to renew the agreements upon expiration, we may not be able to replace them with agreements with equivalent terms and conditions, or at all, or we may experience significant delays or costs related to securing replacements. If we are unable to agree with the local grid company on a new grid connection and dispatch agreement or PPA, the affected solar power project may temporarily or permanently cease operations, and we may not be able to operate the project beyond the initial term of the PPA. Although the local grid companies are required under PRC laws to purchase all electricity generated by renewable energy producers within its coverage area, if, for any reason, the local grid companies are unable or unwilling to fulfill their related contractual obligations or if they refuse to accept delivery of electricity delivered thereunder or otherwise terminate such agreements prior to the expiration thereof, our business, financial condition, results of operations and cash flow could be materially adversely affected.

If the power grid to which one or more of our solar power projects is connected becomes partially or fully inoperable due to maintenance or unexpected interruptions, the affected project will not be able to transmit electricity to the power grid during that time. We expect power grids to be inoperable for ten days or more per year due to regular maintenance work. The local grid companies will not usually compensate electricity generation companies for lost income due to down time. Although none of the power grids that we have been connected to have been rendered inoperable for significant periods of time, there is no assurance that the power grids will continue to function without any issues.

***Any decrease in the desulphurized coal benchmark electricity prices will negatively affect the total electricity price that our rooftop DG projects are entitled to.***

We have 21 MW of rooftop DG projects in operation and expect to grid-connect an additional 50 MW within the next twelve months as of December 31, 2014. Pursuant to the relevant regulations, our rooftop DG projects (excluding those from which all electricity generated are connected to the power grid and sold to local grid companies) generally receive a national subsidy of RMB0.42 per kWh plus the local desulphurized coal benchmark electricity price for the electricity sold to the State Grid or a negotiated electricity purchase price for electricity sold directly to consumers. The desulphurized coal benchmark electricity price in China has fluctuated in the past and ranged from RMB0.25 per kWh to RMB0.49 per kWh in 2014. Changes in energy consumption, energy supply, government regulation, technological developments and the price of natural resources could significantly affect the price of energy. If the desulphurized coal benchmark electricity price decreases substantially, our rooftop DG projects (excluding those from which all electricity generated are connected to the power grid and sold to local grid companies) will generate less revenue, which may materially adversely affect our business, results of operation and financial condition.

***We may continue to undertake acquisitions, investments, joint ventures or other strategic alliances, and such undertakings may be unsuccessful.***

We may continue to grow our operations through acquisitions, participation in joint ventures or other strategic alliances with suppliers or other companies in China and overseas along the solar power industry value chain in the future. Such acquisitions, participation in joint ventures and strategic alliances may expose us to new operational, regulatory, market and geographical risks as well as risks associated with additional capital requirements and diversion of management resources. For example, beginning on January 16, 2014, we began operating the restructured manufacturing assets of Topoint under an operating lease agreement, including 500 MW capacity for silicon wafers, 500 MW for PV cells and 100 MW for PV modules. Topoint is a high-tech PV manufacturer with production and research and development facilities in the Huangwan Industry Park in Haining, Zhejiang Province. We intended to take ownership of Topoint and continued to operate the manufacturing assets after the reorganization, but the transaction was terminated in 2014. Our acquisitions may expose us to the following risks:

- There may be unforeseen risks relating to the target's business and operations or liabilities of the target that were not discovered by us through our legal and business due diligence prior to such acquisition. Such undetected risks and liabilities could have a material adverse effect on our business and results of operations in the future.
- There is no assurance that we will be able to maintain relationships with previous customers of the target, or develop new customer relationships in the future. Loss of our existing customers or failure to establish relationships with new customers could have a material adverse effect on our business and results of operations.
- Acquisitions will generally divert a significant portion of our management and financial resources from our existing business and the integration of the target's operations with our existing operations has required, and will continue to require, significant management and financial resources, potentially straining our ability to finance and manage our existing operations.
- There is no assurance that the expected synergies or other benefits from any acquisition or joint venture investment will actually materialize. If we are not successful in the integration of a target's operations, or are otherwise not successful in the operation of a target's business, we may not be able to generate sufficient revenue from its operations to recover costs and expenses of the acquisition.
- Acquisition or participation in new joint venture or strategic alliance may involve us in the management of operation in which we do not possess extensive expertise.

The materialization of any of these risks could have a material adverse effect on our business, financial condition and results of operations.

***We may be subject to non-competition or other similar restrictions or arrangements relating to our business.***

We may from time to time enter into non-competition, exclusivity or other restrictions or arrangements of a similar nature as part of our sales agreements with our customers. Such restrictions or arrangements may significantly hinder our ability to sell additional products, or enter into sales agreements with new or existing customers that plan to sell our products, in certain markets. As a result, such restrictions or arrangements may have a material adverse effect on our business, financial condition and results of operation.

***Our substantial indebtedness could adversely affect our business, financial condition and results of operations.***

We typically require a significant amount of cash to meet our capital requirements, including the expansion of our production capacity, as well as to fund our operations. As of December 31, 2014, we had approximately RMB2,606 million (US\$420 million) in outstanding short-term borrowings (including the current portion of long-term bank borrowings) and RMB956 million (US\$154 million) in outstanding long-term bank borrowings (excluding the current portion and deferred financing cost).

In addition, we have substantial repayment obligations under the debt securities we issued. On May 17, 2011, we issued convertible senior notes in the principal amount of US\$125 million due 2016, bearing an annual interest rate of 4.0% and with an option for holders to require us to repurchase their notes in May 2014 for the principal of the notes plus accrued and unpaid interest, to qualified institutional buyers under Rule 144A of the Securities Act. On December 5, 2011, we repurchased an aggregate principal amount of US\$2.0 million of such notes for a total consideration of RMB5.2 million. As of the date of this annual report, our convertible senior notes with principal amount of US\$123.0 million are outstanding. On January 29, 2013, Jiangxi Jinko issued six-year bonds with a principal amount of RMB800.0 million, bearing a fixed annual interest rate of 8.99%. At the end of the third year in the life of the bonds, Jiangxi Jinko has the option to raise the interest rate by up to 100 basis points, and the bondholders will have the right to require Jiangxi Jinko to repurchase all or part of their bonds at such time. On March 19, 2013, we entered into loan facilities for an aggregate principal amount of RMB360 million with a term of 15 years with China Development Bank to develop PV projects, which we fully drew down on April 3, 2013. On January 6, 2014, we entered into loan facilities for an aggregate principal amount of RMB400 million (US\$66.1 million) with a term of 15 years with China Development Bank for the development of three PV projects in Xinjiang Uyghur Autonomous Region and Qinghai province of the PRC with a total capacity of 50 MW, which we had fully drawn down as of the date of this annual report. On January 22, 2014, we issued convertible senior notes in the principal amount of US\$150.0 million due 2019, bearing an annual interest rate of 4.0% and with an option for holders to require us to repurchase their notes in February 2017 for the principal of the notes plus accrued and unpaid interest, to qualified institutional buyers under Rule 144A and in reliance of Regulation S of the Securities Act. In light of the amount of bank borrowings and bonds due in the near term future, sufficient funds may not be available to meet our payment obligations. In July 2014, the Company entered into a five-year RMB1.0 billion strategic financing agreement with China Minsheng Banking Corp., Ltd. In November 2014, the Company signed a US\$20.0 million two-year credit agreement with Wells Fargo Bank, National Association, or Wells Fargo. Borrowings under the new credit agreement will be used to support JinkoSolar US's working capital and business operations.



This level of debt and the imminent repayment of our notes and other bank borrowings could have significant consequences on our operations, including:

- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes as a result of our debt service obligations, and limiting our ability to obtain additional financing;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- potentially increasing the cost of any additional financing.

Any of these factors and other consequences that may result from our substantial indebtedness could have an adverse effect on our business, financial condition and results of operations as well as our ability to meet our payment obligations under our debt.

In addition, we are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes. As of December 31, 2014, RMB948.5 million (US\$152.9 million) of our long-term borrowings (including project-level indebtedness) bears interest at variable rates, generally linked to market benchmarks such as the benchmark interest rate issued by People's Bank of China, or PBOC. Any increase in interest rates would increase our finance expenses relating to our variable rate indebtedness and increase the costs of refinancing our existing indebtedness and issuing new debt.

We may also incur gain or loss in relation to our change in the fair value of our financial instruments. For example, in 2014, we had net gain from a change in fair value of convertible senior notes and capped call options of RMB64.1 million (US\$10.3 million). The change in fair value of financial instruments may fluctuate significantly from period to period due to factors that are largely beyond our control, and may result in us recording substantial gains or losses as a result of such changes. As a result of the foregoing, you may not be able to rely on period to period comparisons of our operating results as an indication of our future performance.

***Our failure to maintain sufficient collateral under certain pledge contracts for our short-term bank loans may materially adversely affect our financial condition and results of operations.***

As of December 31, 2014, we had short-term bank borrowings of RMB1,193.1 million (US\$192.3 million), excluding the current portion of long-term bank borrowings, secured by certain of our inventory with net book value of RMB200.4 million (US\$32.3 million) and land use rights, property, plant and equipment with total net book value of RMB2,044.3 million (US\$329.5 million). Although the net book value of the inventory as of December 31, 2014 exceeded the amount of the pledge required, we cannot assure you that we will not be requested by the pledgees to provide additional collateral to bring the value of the collateral to the level required by the pledgees if our inventory depreciates in the future. If we fail to provide additional collateral, the pledgees will be entitled to require the immediate repayment of the outstanding bank loans. In addition, the pledgees may auction or sell the inventory and negotiate with us to apply the proceeds from the auction or sale to the repayment of the underlying loan. Furthermore, we may be subject to liquidated damages pursuant to relevant pledge contracts. Although the pledgees have conducted regular site inspections on our inventory since the pledge contracts were executed, they have not requested us to provide additional collateral or take other remedial actions. However, we cannot assure you the pledgees will not require us to provide additional collateral in the future or take other remedial actions or otherwise enforce their rights under the pledge contracts and loan agreements. If any of the foregoing occurs, our financial condition and results of operations may be materially adversely affected.

***We rely principally on dividends and other distributions on equity paid by our principal operating subsidiaries, Jiangxi Jinko and Zhejiang Jinko, and limitations on their ability to pay dividends to us could have a material adverse effect on our business and results of operations.***

We are a holding company and rely principally on dividends paid by our principal operating subsidiaries, Jiangxi Jinko and Zhejiang Jinko, for cash requirements. Zhejiang Jinko entered into loan agreements with a group of PRC banks on March 31, 2011, which were subsequently amended in August 2011. Pursuant to these loan agreements, Zhejiang Jinko obtained two syndicated loans with an aggregate principal amount of RMB600.0 million from a group of PRC banks. Pursuant to the syndicated loan agreements, Zhejiang Jinko may pay dividends only if it complies with the agreed repayment schedule. Although such debt was incurred by Zhejiang Jinko, we cannot assure you that Jiangxi Jinko will not also enter into instruments that may restrict dividends or other distribution to us on our equity interests in the future. In order to finance similar transactions, the share capital of our principal operating subsidiaries has been commonly used as pledges for securing loans, which may limit dividends or other distributions to us.

Furthermore, applicable PRC laws, rules and regulations permit payment of dividends by our PRC subsidiaries only out of their retained earnings, if any, determined in accordance with PRC accounting standards. Our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year as reserve funds for future development and employee benefits, in accordance with the requirements of relevant laws and provisions in their respective articles of associations. The percentage should not be less than 10%, unless the reserve funds reach 50% of the company's registered capital. In addition, under PRC laws, our PRC subsidiaries are prohibited from distributing dividends if there is a loss in the current year. As a result, our PRC subsidiaries may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially 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.

***Any failure to achieve and maintain effective internal control could have a material adverse effect on our business, results of operations and the market price of the ADSs.***

The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring most public companies to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, when a company meets the SEC's criteria, an independent registered public accounting firm must report on the effectiveness of the company's internal control over financial reporting.

Our management and independent registered public accounting firm have concluded that our internal control over financial reporting as of December 31, 2014 was effective. However, we cannot assure you that in the future our management or our independent registered public accounting firm will not identify material weaknesses during the Section 404 of the Sarbanes-Oxley Act audit process or for other reasons. In addition, because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. As a result, if we fail to maintain effective internal control over financial reporting or should we be unable to prevent or detect material misstatements due to error or fraud on a timely basis, investors could lose confidence in the reliability of our financial statements, which in turn could harm our business, results of operations and negatively impact the market price of the ADSs, and harm our reputation. Furthermore, we have incurred and expected to continue to incur considerable costs and to use significant management time and other resources in an effort to comply with Section 404 and other requirements of the Sarbanes-Oxley Act.

***Failure to achieve satisfactory production volumes of our products could result in higher unit production costs.***

The production of silicon wafers, solar cells, solar modules, silicon ingots and recovered silicon materials involves complex processes. Deviations in the manufacturing process can cause a substantial decrease in output and, in some cases, disrupt production significantly or result in no output. From time to time, we have experienced lower-than-anticipated manufacturing output during the ramp-up of production lines. This often occurs during the introduction of new products, the installation of new equipment or the implementation of new process technologies. As we bring additional lines or facilities into production, we may operate at less than intended capacity during the ramp-up period. In addition, the decreased demand in global solar power product market, including the demand for solar modules, may also cause us to operate at less than intended capacity. This would result in higher marginal production costs and lower output, which could have a material adverse effect on our business, financial condition and results of operations.

***Demand for solar power products may be adversely affected by seasonality.***

Demand for solar power products tends to be weaker during the winter months partly due to adverse weather conditions in certain regions, which complicate the installation of solar power systems, our operating results may fluctuate from period to period based on the seasonality of industry demand for solar power products. Our sales in the first quarter of any year may also be affected by the occurrence of the Chinese New Year holiday during which domestic industrial activity is normally lower than that at other times. Such fluctuations may result in the underutilization of our capacity and increase our average costs per unit. In addition, we may not be able to capture all of the available demand if our capacity is insufficient during the summer months. As a result, fluctuations in the demand for our products may have a material adverse effect on our business, financial condition and results of operations.

***Unsatisfactory performance of or defects in our products may cause us to incur additional expenses and warranty costs, damage our reputation and cause our sales to decline.***

Our products may contain defects that are not detected until after they are shipped or inspected by our customers.

Our silicon wafer sales contracts normally require our customers to conduct inspection before delivery. We may, from time to time, allow those of our silicon wafer customers with good credit to return our silicon wafers within a stipulated period, which normally ranges from 7 to 15 working days after delivery, if they find our silicon wafers do not meet the required specifications. Our standard solar cell sales contract requires our customer to notify us within 7 days of delivery if such customer finds our solar cells do not meet the specifications stipulated in the sales contract. If our customer notifies us of such defect within the specified time period and provides relevant proof, we will replace those defective solar cells with qualified ones after our confirmation of such defects.

Our solar modules are typically sold with a 10-year warranty for material and workmanship and a 25-year linear power output warranty against the maximum degradation of the actual power output for each year after the warranty start date. If a solar module is defective during the relevant warranty period, we will either repair or replace the solar module. As we continue to increase our sales to the major export markets, we may be exposed to increased warranty claims.

In May 2011, we engaged PowerGuard Specialty Insurance Services, or PowerGuard, a firm specialized in unique insurance and risk management solutions for the wind and solar energy industries, to provide insurance coverage for the product warranty services of our solar modules worldwide effective from May 1, 2011. Since May 2011, we have renewed the insurance policy upon its expiration in May for each year for a period of one year. The policy offers back-to-back coverage through a maximum of ten-year limited product defects warranty, as well as a 12-year and 25-year linear warranty against declines of more than 10.0% and 20.0%, respectively, from the initial minimum power generation capacity at the time of delivery.

If we experience a significant increase in warranty claims, we may incur significant repair and replacement costs associated with such claims. In addition, product defects could cause significant damage to our market reputation and reduce our product sales and market share, and our failure to maintain the consistency and quality throughout our production process could result in substandard quality or performance of our products. If we deliver our products with defects, or if there is a perception that our products are of substandard quality, we may incur substantially increased costs associated with returns or replacements of our products, our credibility and market reputation could be harmed and our sales and market share may be materially adversely affected.

***Fluctuations in exchange rates could adversely affect our results of operations.***

We derive a substantial portion of our sales from international customers and a significant portion of our total revenue have been denominated in foreign currencies, particularly, Euros and U.S. dollars. Our export sales represented 54.5%, 51.1% and 56.3% of our total revenue in 2012, 2013 and 2014, respectively. As a result, we may face significant risks resulting from currency exchange rate fluctuations, particularly, among Renminbi, Euros and U.S. dollars. Furthermore, we have outstanding debt obligations, and may continue to incur debts from time to time, denominated and repayable in foreign currencies. We incurred foreign-exchange losses of approximately RMB36.5 million, RMB38.5 million and RMB147.1 million (US\$23.7 million), in 2012, 2013 and 2014, respectively. We cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future.

Our consolidated financial statements are expressed in Renminbi. The functional currency of our principal operating subsidiaries, Jiangxi Jinko and Zhejiang Jinko, is also Renminbi. To the extent we hold assets denominated in Euros or U.S. dollars, any appreciation of Renminbi against the Euro or U.S. dollar could reduce the value of our Euro-or U.S. dollar-denominated consolidated assets. On the other hand, if we decide to convert our Renminbi amounts into Euros or U.S. dollars for business purposes, including foreign debt service, a decline in the value of Renminbi against the Euro or U.S. dollar would reduce the Euro or U.S. dollar equivalent amounts of the Renminbi we convert. In addition, a depreciation of Renminbi against the U.S. dollar could reduce the U.S. dollar equivalent amounts of our financial results and the dividends we may pay in the future, if any, all of which may have a material adverse effect on the price of our ADSs.

In July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi was permitted to fluctuate within a band against a basket of certain foreign currencies. As a result, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. However, the People's Bank of China regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve policy goals. For almost two years after July 2008, the Renminbi traded within a very narrow range against the U.S. dollar, remaining within 1% of its July 2008 high. As a consequence, the Renminbi fluctuated significantly during that period against other freely traded currencies, in tandem with the U.S. dollar. In June 2010, the PRC government announced that it would increase the exchange rate flexibility of the Renminbi, though it did not specify how the increased flexibility would be implemented. In April 2012, the People's Bank of China announced that it would expand the floating range of the trading price of the Renminbi against the U.S. dollar from 0.5% to 1.0%, beginning on April 16, 2012. In 2013, the Renminbi appreciated 2.71% against the U.S. dollar. In March 2014, the People's Bank of China further expanded the floating range of the trading price of the Renminbi against the U.S. dollar to 2.0%. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further and more significant appreciation of the Renminbi against the U.S. dollar. The Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the long term, depending on the fluctuation of the basket of currencies against which it is currently valued or it may be permitted to enter into a full float, which may also result in a significant appreciation or depreciation of the Renminbi against the U.S. dollar. Any currency exchange losses we recognize may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. Although we have entered into a number of foreign-exchange forward contracts with local banks to manage our risks associated with foreign-exchange rates fluctuations, we cannot assure you that our hedging efforts will be effective. Our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on our results of operations.

***Our operating history may not be a reliable predictor of our prospects and future results of operations.***

We commenced processing recoverable silicon materials in June 2006, and manufacturing silicon ingots and silicon wafers in 2007 and 2008, respectively. We commenced producing solar cells in July 2009 following our acquisition of Zhejiang Jinko, which has manufactured solar cells since June 2007, and we commenced producing solar modules in August 2009. We commenced our solar power generation and solar system integration service business in late 2011.

Although our revenue experienced significant growth in the past, we cannot assure you that our revenue will increase at previous rates or at all, or that we will be able to continue to operate profitably in future periods. We also experienced net losses in each quarter from the fourth quarter of 2011 to the first quarter of 2013. Our operating history may not be a reliable predictor of our future results of operations, and 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 and our results for any period should not be relied upon as an indication of future performance.

***Our operations are subject to natural disasters, adverse weather conditions, operating hazards, environmental incidents and labor disputes.***

We may experience earthquakes, floods, mudslides, snowstorms, typhoon, power outages, labor disputes or similar events beyond our control that would affect our operations. Our manufacturing processes involve the use of hazardous equipment, such as furnaces, squaring machines and wire saws. We also use, store and generate volatile and otherwise dangerous chemicals and waste during our manufacturing processes, which are potentially destructive and dangerous if not properly handled or in the event of uncontrollable or catastrophic circumstances, including operating hazards, fires and explosions, natural disasters, adverse weather conditions and major equipment failures, for which we cannot obtain insurance at a reasonable cost or at all.

In addition, our silicon wafer and solar module production and storage facilities are located in close proximity to one another in the Shangrao Economic Development Zone in Jiangxi Province, and our solar cell production and storage facilities are located in close proximity to one another in Haining, Zhejiang Province. The occurrence of any natural disaster, unanticipated catastrophic event or unexpected accident in either of the two locations could result in production curtailments, shutdowns or periods of reduced production, which could significantly disrupt our business operations, cause us to incur additional costs and affect our ability to deliver our products to our customers as scheduled, which may adversely affect our business, financial condition and results of operations. Moreover, such events could result in severe damage to property, personal injuries, fatalities, regulatory enforcement proceedings or in our being named as a defendant in lawsuits asserting claims for large amounts of damages, which in turn could lead to significant liabilities.

Our Haining facility suspended operation from September 17, 2011 to October 9, 2011 due to an environmental incident. See “—Compliance with environmentally safe production and construction regulations can be costly, while non-compliance with such regulations may result in adverse publicity and potentially significant monetary damages, fines and suspension of our business operations.” Occurrences of natural disasters, as well as accidents and incidents of adverse weather in or around Shangrao and Haining in the future may result in significant property damage, electricity shortages, disruption of our operations, work stoppages, civil unrest, personal injuries and, in severe cases, fatalities. Such incidents may result in damage to our reputation or cause us to lose all or a portion of our production capacity, and future revenue anticipated to be derived from the relevant facilities.

***Our founders collectively have significant influence over our management and their interests may not be aligned with our interests or the interests of our other shareholders.***

As of the date of this annual report, our founders, Xiande Li who is our chairman, Kangping Chen who is our chief executive officer, and Xianhua Li who is our vice president, beneficially owned approximately 16.2%, 9.7% and 4.9%, respectively, or approximately 30.7% in the aggregate, of our outstanding ordinary shares. If the founders act collectively, they will have a substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors, dividend policy and other significant corporate actions. They may take actions that are not in the best interest of our company or our securities holders. For example, this concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our ADSs. On the other hand, if the founders are in favor of any of these actions, these actions may be taken even if they are opposed by a majority of our other shareholders, including you and those who invest in ADSs. In addition, under our current articles of association, the quorum required for the general meeting of our shareholders is two shareholders entitled to vote and present in person or by proxy or, if the shareholder is a corporation, by its duly authorized representative representing not less than one-third in nominal value of our total issued voting shares. As such, a shareholders resolution may be passed at our shareholders meetings with the presence of our founders only and without the presence of any of our other shareholders, which may not represent the interests of our other shareholders, including holders of ADSs.

***We have limited insurance coverage and may incur losses resulting from product liability claims, business interruption or natural disasters.***

We are exposed to risks associated with product liability claims in the event that the use of our products results in property damage or personal injury. Since our products are ultimately incorporated into electricity generating systems, it is possible that users could be injured or killed by devices that use our products, whether as a result of product malfunctions, defects, improper installations or other causes. Due to our limited operating history, we are unable to predict whether product liability claims will be brought against us in the future or to predict the impact of any resulting adverse publicity on our business. The successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments. We carry limited product liability insurance and may not have adequate resources to satisfy a judgment in the event of a successful claim against us. In addition, we do not carry any business interruption insurance. As the insurance industry in China is still in its early stage of development, even if we decide to take out business interruption coverage, such insurance available in China offers limited coverage compared with that offered in many other countries. Any business interruption or natural disaster could result in substantial losses and diversion of our resources and materially adversely affect our business, financial condition and results of operations.

***The grant of employee share options and other share-based compensation could adversely affect our net income.***

As of the date of annual report, share options with respect to 9,325,122 ordinary shares have been granted to our directors, officers and employees pursuant to our 2009 Long Term Incentive Plan, and there are 5,734,742 ordinary shares issuable upon the exercise of outstanding options granted under the plan. As of the date of annual report, share options with respect to 10,117,980 ordinary shares have been granted to our directors, officers and employees pursuant to our 2014 Equity Incentive Plan, and there are 10,117,980 ordinary shares issuable upon the exercise of outstanding options granted under the plan. U.S. GAAP requires us to recognize share-based compensation as compensation expense in the consolidated statement of operations based on the fair value of equity awards on the date of the grant, with the compensation expense recognized over the period in which the recipient is required to provide service in exchange for the equity award. If we grant more share options to attract and retain key personnel, the expenses associated with share-based compensation may adversely affect our net income. However, if we do not grant share options or reduce the number of share options that we grant, we may not be able to attract and retain key personnel.

***Our lack of sufficient patent protection in and outside of China may undermine our competitive position and subject us to intellectual property disputes with third parties, both of which may have a material adverse effect on our business, results of operations and financial condition.***

We have developed various production process related know-how and technologies in the production of our products. Such know-how and technologies play a critical role in our quality assurance and cost reduction. In addition, we have implemented a number of research and development programs with a view to developing techniques and processes that will improve production efficiency and product quality. Our intellectual property and proprietary rights from our research and development programs will be crucial in maintaining our competitive edge in the solar power industry. As of the date of this annual report, we had 130 patents and 156 pending patent applications in China. We plan to continue to seek to protect our intellectual property and proprietary knowledge by applying for patents for them. However, we cannot assure you that we will be successful in obtaining patents in China in a timely manner or at all. Moreover, even if we are successful, China currently affords less protection to a company's intellectual property than some other countries, including the United States. We also use contractual arrangements with employees and trade secret protections to protect our intellectual property and proprietary rights. Nevertheless, contractual arrangements afford only limited protection and the actions we may take to protect our intellectual property and proprietary rights may not be adequate.

In addition, others may obtain knowledge of our know-how and technologies through independent development. Our failure to protect our production process, related know-how and technologies, our intellectual property and proprietary rights or any combination of the above may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing unauthorized use of proprietary technology can be difficult and expensive. Litigation, which can be costly and divert management attention and other resources away from our business, may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of our proprietary rights. We cannot assure you that the outcome of such potential litigation will be in our favor. An adverse determination in any such litigation will impair our intellectual property and proprietary rights and may harm our business, prospects and reputation.

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

Our success depends on our ability to use and develop our technology and know-how, and to manufacture and sell our recovered silicon materials, silicon ingots, silicon wafers, solar cells and solar modules, develop solar power projects or otherwise operate our business in the solar industry without infringing the intellectual property or other rights of third parties. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The validity and scope of claims relating to solar power technology patents involve complex scientific, legal and factual questions and analyses and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings, trademark disputes and related legal and administrative proceedings can be both costly and time consuming and may significantly divert our resources and the attention of our technical and management personnel. An adverse ruling in any such litigation or proceedings 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 or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation.

***Our business depends substantially on the continuing efforts of our executive officers and key technical personnel, as well as our ability to maintain a skilled labor force. Our business may be materially adversely affected if we lose their services.***

Our success depends on the continued services of our executive officers and key personnel, in particular our founders, Mr. Xiande Li, Mr. Kangping Chen and Mr. Xianhua Li. We do not maintain key-man life insurance on any of our executive officers and key personnel. If one or more of our executive officers and key personnel are unable or unwilling to continue in their present positions, we may not be able to readily replace them, if at all. As a result, our business may be severely disrupted and we may have to incur additional expenses in order to recruit and retain new personnel. In addition, if any of our executives joins a competitor or forms a competing company, we may lose some of our customers. Each of our executive officers and key personnel has entered into an employment agreement with us that contains confidentiality and non-competition provisions. However, if any dispute arises between our executive officers or key personnel and us, we cannot assure you, in light of uncertainties associated with the PRC legal system, that these agreements could be enforced in China where most of our executive officers and key personnel reside and hold most 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” in this annual report.

Furthermore, recruiting and retaining capable personnel, particularly experienced engineers and technicians familiar with our products and manufacturing processes, is vital to maintain the quality of our products and improve our production methods. There is substantial competition for qualified technical personnel, and we cannot assure you that we will be able to attract or retain qualified technical personnel. If we are unable to attract and retain qualified employees, key technical personnel and our executive officers, our business may be materially adversely affected.

***Compliance with environmentally safe production and construction regulations can be costly, while non-compliance with such regulations may result in adverse publicity and potentially significant monetary damages, fines and suspension of our business operations.***

We are required to comply with all PRC national and local environmental protection regulations. Regulations on emission trading and pollution permits in Zhejiang Province allow entities to increase their annual pollution discharge limit by purchasing emissions trading credits. Entities that purchase emission credits can increase their annual discharge limit by registering the credits with the relevant environmental authorities and amending their pollution permits or obtaining new ones. We have entered into several emissions trading contracts to purchase credits to increase our annual discharge limit and registered all credits as required under a local regulation that became effective on October 9, 2010. However, as our business grows, we may increase our discharge level in the future and we cannot guarantee you that we will continue to be below our annual discharge limit. The penalties for exceeding the annual discharge limit may include corrective orders, fines imposed by the local environmental authority of up to RMB50,000 or, in extreme circumstances, revocation of our pollution permit. Some of our PRC subsidiaries need to obtain and maintain pollution discharge permits, which are subject to renewal or extension on an annual basis or within a longer period. We cannot assure you that we are or will be able to renew or extend these permits in a timely manner or at all.

We use, store and generate volatile and otherwise dangerous chemicals and wastes during our manufacturing processes, and are subject to a variety of government regulations related to the use, storage and disposal of such hazardous chemicals and waste. In accordance with the requirements of the revised Regulation on the Safety Management of Hazardous Chemicals, which became effective on December 1, 2011, we are required to engage State-qualified institutions to conduct the safety evaluation on our storage instruments related to our use of hazardous chemicals and file the safety evaluation report with the competent safety supervision and administration authorities every three years. In compliance with Jiaxing City environmental authority's requests, we commenced efforts to meet their targets for hazardous chemical and wastes in May 2012. Environmental authorities of Haining City and Jiaxing City evaluated our efforts and confirmed that we satisfied their targets in September 2012. Moreover, we also need to timely file a report with the competent safety supervision and administration authorities and public security agencies concerning the actual storage situation of our hyper-toxic chemicals and other hazardous chemicals that constitute major of hazard sources. We have not conducted the safety evaluation or filed safety evaluation reports with respect to certain of our storage instruments in compliance with the revised Regulation on the Safety Management of Hazardous Chemicals and we cannot assure you that we will be able to file the safety evaluation reports on time. Failure to make such filing on time may subject us to an order to rectify such conduct within a prescribed time period, fines of up to RMB100,000 or a revocation of our qualification certification and business license.

Moreover, we are required to obtain construction permits before commencing constructing production facilities. We are also required to obtain the approvals from PRC environmental protection authorities before commencing commercial operations of our manufacturing facilities. We commenced construction of a portion of our solar cell and solar module production facilities and solar power generation plants prior to obtaining the construction permits and commenced operations of certain of our production facilities prior to obtaining the environmental approvals for commencing commercial operation and completing the required safety evaluation procedure. Although we have subsequently obtained all required environmental approvals covering all of our existing production capacity except a portion of our solar cell and solar module production capacity, we cannot assure you that we will not be penalized by the relevant government authorities for our non-compliance with the PRC environmental protection, safe production and construction regulations.

In late August 2011, our Haining facility experienced a suspected leakage of fluoride into a nearby small water channel due to extreme and unforeseen weather conditions. On September 15, 2011, residents of Hongxiao Village in proximity to the Haining facility gathered to protest the discharge. The Haining facility suspended production on September 17, 2011. We also took steps recommended by an environmental engineering firm licensed by the PRC government ("Licensed Engineers"). On September 28, 2011, a committee of experts (the "Experts Committee") established by the Haining government approved a set of recommendations developed by the Licensed Engineers with our assistance and the Haining government to be implemented by us. On October 6, 2011, the Experts Committee, the Environmental Bureau of the Haining government and representatives of Hongxiao Village reviewed the steps taken by us based on the recommendations of the Experts Committee and provided their comments to JinkoSolar's management. On October 9, 2011, the Experts Committee notified us that the Experts Committee was satisfied with the steps taken by us and we resumed production at the Haining facility. In 2012, we carried out a series of environmental protection efforts intended to ensure our compliance with relevant standards and requirements. See "Item 4. Information on the Company—B. Business Overview—Environmental Matters." In January 2013, Haining City environmental authority issued the "Environmental Management Compliance Certificate for 2012" to us, confirming our compliance with environmental requirements.

Although we will try to take measures to prevent similar incidents from occurring again in the future, we cannot assure you that our operations will not be disrupted by similar or other environmental incidents. In addition, the PRC government may issue more stringent environmental protection, safe production and construction regulations in the future and the costs of compliance with new regulations could be substantial. If we fail to comply with the future environmentally safe production and construction laws and regulations, we may be required to pay fines, suspend construction or production, or cease operations. Moreover, any failure by us to control the use of, or to adequately restrict the discharge of, dangerous substances could subject us to potentially significant monetary damages and fines or the suspension of our business operations.

#### **Risks Related to Doing Business in China**

##### ***We may fail to comply with laws and regulations regarding the development, construction and operation of solar power projects and PV production projects in China.***

The development, construction and operation of solar power projects and PV production projects are highly regulated activities. Our operations in China are governed by different laws and regulations, including national and local regulations relating to urban and rural planning, building codes, safety, environmental protection, fire control, utility transmission, engineering and metering and related matters.



Historically, the establishment of a solar power project is subject to the approval of the NDRC or its local branches, pursuant to the Administrative Provisions on Generation of Electricity by Renewable Energy Resources promulgated by the NDRC on January 5, 2006.

Pursuant to the Provisions on the Administration of Electric Power Business Permit, which became effective on December 1, 2005, solar power projects are required to obtain the electric power business permits specifically for power generation from the State Electricity Regulatory Commission, or the SERC. Pursuant to the Interim Measures for the Administration of Distributed Electricity Generation, promulgated by the NDRC on July 18, 2013, the DG projects are exempted from the requirement to obtain electric power business permits.

Pursuant to the Interim Measures for the Administration of Solar Power Projects, promulgated by the NEA on August 29, 2013, solar power projects are subject to filings with the provincial NDRC. Such filing is subject to the national development plan for solar power generation, the regional scale index and implementation plan of the year as promulgated by the competent national energy authority and a pre-condition for connecting to power grid.

Pursuant to the Interim Measures for the Administration of Distributed Generation Projects, or the Distributed PV Interim Measures, promulgated by the NEA on November 18, 2013, DG projects are subject to filings with the provincial or regional NDRC. Such filing is subject to State Council's rules for administration of investment projects and the regional scale index and implementation plan of the year as promulgated by the competent national energy authority. DG projects in the regional scale index of the year that are not completed or put into operation within two years from their respective filing date must be cancelled and disqualified to receive national subsidies. The Distributed PV Interim Measures also provide that the filing procedures should be simplified and the electric power business permit and permits in relation to land planning, environmental impact review, energy saving evaluation and other supporting documents may be waived. Detailed requirements of the filing are also subject to local regulations, and the effects of the Distributed PV Interim Measures on our business are yet to be evaluated.

Pursuant to the Standard Conditions of Photovoltaic Production Industry, or the Photovoltaic Production Rule, promulgated by the MIIT on September 16, 2013 and effective October 16, 2013, the minimum proportion of capital funds contributed by the producer for newly built, renovation and expansion PV production projects shall be 20%. The Photovoltaic Production Rule also provides, among other matters, requirements in relation to the production scale, cell efficiency, energy consumption and operational life span of various PV products.

Pursuant to the Circular on Regulating the Investment and Development Order of PV Power Stations, promulgated by the NEC on October 28, 2014, the filings of solar power projects will be automatically invalidated if the construction of solar power projects has not commenced prior to the expiration of such filings and no application for extension has been made.

Our failure to obtain the required approvals, permits, licenses, filings or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations. Any new government regulations pertaining to solar power projects may result in significant additional expenses to the development, construction and operation of solar power projects and, as a result, could cause a significant reduction in demand for our solar power projects and services. Currently, some of our project companies in the PRC have not obtained electric power business permits due to the delay in the governmental review or approval process. Failure to secure such permits may lead to monetary damages, fines or even criminal penalties.

We cannot assure you that we will be able to promptly and adequately respond to changes of laws and regulations, or that our employees and contractors will act in accordance with our internal policies and procedures. Failure to comply with laws and regulations where we develop, construct and operate solar power projects may materially adversely affect our business, financial condition and results of operations.

***Registered public accounting firms in China, including our independent registered public accounting firm, are not inspected by the U.S. Public Company Accounting Oversight Board, which deprives us and our investors of the benefits of such inspection.***

Auditors of companies whose shares are registered with the U.S. Securities and Exchange Commission and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the U.S. Public Company Accounting Oversight Board (the “PCAOB”) and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards applicable to auditors. Our independent registered public accounting firm is located in, and organized under the laws of, the PRC, which is a jurisdiction where the PCAOB, notwithstanding the requirements of U.S. law, is currently unable to conduct inspections without the approval of the Chinese authorities. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

This lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our common stock are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

***If additional remedial measures are imposed on the Big Four PRC-based accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging the firms’ failure to meet specific criteria set by the SEC, we may have difficulties complying with the requirements of the Securities Exchange Act of 1934.***

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC’s rules and regulations thereunder by failing to provide to the SEC the firms’ audit work papers with respect to certain PRC-based companies that are publicly traded in the United States. On January 22, 2014, the administrative law judge presiding over the matter rendered an initial decision that each of the firms had violated the SEC’s rules of practice by failing to produce audit work papers to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months. The Big Four PRC-based accounting firms appealed the administrative law judge’s initial decision to the SEC. The administrative law judge’s decision does not take effect unless and until it is endorsed by the SEC.

In February 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to PRC firms’ audit documents via the China Securities Regulatory Commission, or the CSRC. If future document productions fail to meet specified criteria, the SEC retains the authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure.

While we cannot predict if the SEC will further review the four China-based accounting firms’ compliance with specified criteria or if the results of such a review would result in the SEC imposing penalties such as suspensions or restarting the administrative proceedings, if the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements could ultimately lead to the delisting of our ADSs from NYSE or the termination of the registration of our ADSs under the Securities Exchange Act of 1934, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

***The approval of the PRC Ministry of Commerce, or MOFCOM, for or in connection with our corporate restructuring in 2007 and 2008 may be subject to revocation, which will have a material adverse effect on our business, operating results and trading price of our ADSs.***

On August 8, 2006, six PRC governmental and regulatory agencies, including the Ministry of Commerce of the People's Republic of China, or the MOFCOM and the CSRC promulgated a rule entitled "Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors," or Circular 10, which became effective on September 8, 2006 and was amended in June 2009. Article 11 of Circular 10 requires PRC domestic enterprises or domestic natural persons to obtain the prior approval of MOFCOM when an offshore company established or controlled by them proposes to merge with or acquire a PRC domestic company with which such enterprises or persons have a connected relationship.

We undertook a restructuring in 2007, or the 2007 Restructuring, and our founders and JinkoSolar Technology Limited, previously Paker Technology Limited, or JinkoSolar Technology, obtained the approval of Jiangxi MOFCOM, for the acquisition of certain equity interest in Jiangxi Desun and the pledge by our founders of their equity interest in Jiangxi Desun to Jinko Solar Technology, or the 2007 acquisition and pledge. However, because our founders are PRC natural persons and they controlled both JinkoSolar Technology and Jiangxi Desun, the 2007 acquisition and pledge would be subject to Article 11 of Circular 10 and therefore subject to approval by MOFCOM at the central government level. To remedy this past non-compliance, we undertook another corporate restructuring in 2008, or the 2008 Restructuring, under which the share pledge was terminated on July 28, 2008 and JinkoSolar Technology transferred all of its equity interest in Jiangxi Desun to Long Faith Creation Limited, or Long Faith, an unrelated Hong Kong company, on July 31, 2008. In addition, on November 11, 2008, we received written confirmation from Jiangxi MOFCOM in its reply to our inquiry that there had been no modification to the former approvals for the 2007 acquisition and pledge and JinkoSolar Technology's transfer of its equity interest in Jiangxi Desun to Long Faith, and we might continue to rely on those approvals for further transactions. Nevertheless, we cannot assure you that MOFCOM will not revoke such approval and subject us to regulatory actions, penalties or other sanctions because of such past non-compliance. If the approval of Jiangxi MOFCOM for the 2007 acquisition and pledge were revoked and we were not able to obtain MOFCOM's retrospective approval for the 2007 acquisition and pledge, Jiangxi Desun may be required to return the tax benefits to which only a foreign-invested enterprise was entitled and which were recognized by us during the period from April 10, 2007 to December 31, 2007, and the profit distribution to JinkoSolar Technology in December 2008 may be required to be unwound. Under an indemnification letter issued by our founders to us, our founders have agreed to indemnify us for any monetary losses we may incur as a result of any violation of Circular 10 in connection with the restructuring we undertook in 2007. We cannot assure you, however, that this indemnification letter will be enforceable under the PRC law, our founders will have sufficient resources to fully indemnify us for such losses, or that we will not otherwise suffer damages to our business and reputation as a result of any sanctions for such non-compliance.

Meanwhile, given the uncertainty with respect to what constitutes a merger with or acquisition of a PRC domestic enterprise and what constitutes circumvention of its approval requirements under the Circular 10, we cannot assure you that the 2008 Restructuring is in all respects compliance with Circular 10. If MOFCOM subsequently determines that its approval of the 2008 Restructuring was required, we may face regulatory actions or other sanctions by MOFCOM or other PRC regulatory agencies. Such actions may include compelling us to terminate the contracts between Jiangxi Desun and us, the limitation of our operating privileges in China, the imposition of fines and penalties on our operations in China, restrictions or prohibition on the payment or remittance of dividends by Jiangxi Jinko or others that may 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.

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

Our business is based in the PRC and a portion of our sales are made in the PRC. Accordingly, our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in the PRC. The PRC economy differs from the economies of most developed countries in many respects, including:

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

While the PRC economy has grown significantly in the past 30 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 PRC economy, but may have a negative effect on us. For example, our financial condition and results of operations may be materially adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The PRC 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 adversely affect our business. The PRC government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. We cannot predict whether changes in China's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on our current or future business, financial condition and results of operations.

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

We are incorporated in Cayman Islands and are subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to wholly foreign owned companies. The PRC legal system is based on written statutes. Prior court decisions 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. For example, we may have to resort to administrative and court proceedings to enforce the legal protection that we enjoy either by law or contract. However, since PRC administrative authorities and courts have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult than in more developed legal systems to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy. These uncertainties may impede our ability to enforce the contracts we have entered into with our business partners, clients and suppliers. In addition, such uncertainties, including the inability to enforce our contracts, could materially adversely affect our business and operations. Furthermore, intellectual property rights and confidentiality protections in China may not be as effective as in the United States or other countries. Accordingly, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of national laws by local regulations. These uncertainties could limit the legal protections available to us and other foreign investors, including you. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

***PRC regulations may subject our future mergers and acquisitions activity to national security review.***

In February 2011, the State Council promulgated Circular 6, a notice on the establishment of a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Circular 6 became effective on March 3, 2011. To implement Circular 6, MOFCOM promulgated the MOFCOM Security Review Rules on August 25, 2011, which became effective on September 1, 2011. According to Circular 6 and the MOFCOM Security Review Rules, national security review is required to be undertaken to complete mergers and acquisitions (i) by foreign investors of enterprises relating to national defense and (ii) through which foreign investors may acquire de facto control of a domestic enterprise that could raise national security concerns. When determining whether to subject a specific merger or acquisition to national security review, the MOFCOM will look at the substance and actual impact of the transaction. Bypassing national security review by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions by foreign investors is prohibited.

In addition, even if a merger or acquisition by foreign investors is not currently subject to national security review, or is determined to have no impact on national security after such review, it may still be subject to future review. A change in conditions (such as change of business activities, or amendments to relevant documents or agreements) may trigger the national security review requirement, then the foreign investor to the merger or acquisition must apply for the relevant approval with the MOFCOM.

Currently, there are no public provisions or official interpretations specifically providing that our current businesses fall within the scope of national security review and there is no requirement that foreign investors to those merger and acquisition transactions completed prior to the promulgation of Circular 6 take initiatives to submit such transactions to MOFCOM for national security review. However, as the MOFCOM Security Review Rules and Circular 6 are relatively new and there is no clear statutory interpretation on their implementation, there is no assurance that the relevant PRC regulatory authorities will have the same view as us when applying them. If our future merger and acquisition transactions are subject to the national security review, the application of the MOFCOM Security Review Rules and Circular 6 may further complicate our future merger and acquisition activities, and our expansion strategy may be adversely affected as a result.

***PRC regulations relating to overseas investment by PRC residents may restrict our overseas and cross-border investment activities and adversely affect the implementation of our strategy as well as our business and prospects.***

On July 4, 2014, the SAFE issued the Circular on the Administration of Foreign Exchange Issues Related to Overseas Investment, Financing and Roundtrip Investment by Domestic Residents through Offshore Special Purpose Vehicles, or the SAFE Circular 37, which replaced the former circular commonly known as “SAFE Circular 75” promulgated on October 21, 2005. The SAFE Circular 37 requires PRC residents to register with the competent local SAFE branch in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests. The SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contribution by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

We believe that all of our beneficial owners who are PRC citizens or residents have completed their registrations with the competent local SAFE branch in accordance with the SAFE Circular 75 before the promulgation of SAFE Circular 37. However, we may not at all times be fully aware or informed of the identities of all of our beneficial owners who are PRC citizens or residents, and we may have little control over either our present or prospective direct or indirect PRC resident beneficial owners or the outcome of such registration procedures. We cannot assure you that the SAFE registrations of our present beneficial owners or future beneficial owners who are PRC citizens or residents have been or will be amended to reflect, among others, the shareholding information or equity investment as required by the SAFE Circular 37 and subsequent implementation rules at all times. The failure of these beneficial owners to comply with the registration procedures set forth in the SAFE Circular 37 may subject such beneficial owners and our PRC subsidiaries to fines and legal sanctions. Such failure may also result in restrictions on our PRC subsidiaries’ ability to distribute profits to us or our ability to inject capital into our PRC subsidiaries or otherwise materially adversely affect our business, financial condition and results of operations. Furthermore, since the SAFE Circular 37 was recently promulgated and it is unclear how this regulation, and any future regulation concerning offshore or cross-border transactions, will be interpreted and implemented by the relevant PRC government authorities. We cannot predict how these regulations will affect our business operations or future strategy.

On December 25, 2006, the People’s Bank of China promulgated the Measures for Administration of Individual Foreign Exchange, and on January 5, 2007, the SAFE promulgated relevant Implementation Rules. On February 15, 2012, the SAFE promulgated the Notice on Various Issues Concerning Foreign Exchange Administration for Domestic Individuals Participating in Equity Incentive Plans of Overseas Listed Companies, or the Stock Option Notice. The Stock Option Notice terminated the Operating Procedures of Foreign Exchange Administration of PRC Individuals’ Participation in Employee Stock Holding Plans or Stock Option Plans of Overseas Listed Companies issued by the SAFE on March 28, 2007. According to the Stock Option Notice, PRC citizens who are granted shares or share options by a company listed on an overseas stock market according to its employee stock holding plan or stock incentive plan are required to register with the SAFE or its local counterparts by following certain procedures.

We and our employees who are PRC citizens and individual beneficiary owners, or have been granted restricted shares or share options, are subject to the Individual Foreign Exchange Rules and its relevant implementation regulations. The failure of our PRC individual beneficiary owners and the restricted holders to complete their SAFE registrations pursuant to the SAFE's requirement or the Individual Foreign Exchange Rules may subject these PRC citizens to fines and legal sanctions. It may also limit our ability to contribute additional capital into our PRC subsidiaries, and limit our PRC subsidiaries' ability to distribute dividends to us, or otherwise materially adversely affect our business.

***Our income is subject to PRC withholding tax under the CIT Law, and we may be subject to PRC corporate income tax at the rate of 25%.***

We are a Cayman Islands holding company with substantially all of our operations conducted through our operating subsidiaries in China. Under the Corporate Income Tax Law of the PRC, or the CIT Law, and the Regulation on the Implementation of the CIT Law, or the Implementation Rules of the CIT Law, both of which became effective on January 1, 2008, China-sourced passive income of non-PRC tax resident enterprises, such as dividends paid by a PRC subsidiary to its overseas parent, is generally subject to a 10% withholding tax. Under an arrangement between China and Hong Kong, such dividend withholding tax rate is reduced to 5% if the beneficial owner of the dividends is a Hong Kong tax resident enterprise which directly owns at least 25% of the PRC company distributing the dividends and has owned such equity for at least 12 consecutive months before receiving such dividends. As JinkoSolar Technology is a Hong Kong company and has owned 100% of the equity interest in Jiangxi Jinko and 25% of the equity interest in Zhejiang Jinko directly for more than 12 consecutive months to date, any dividends paid by Jiangxi Jinko and Zhejiang Jinko to JinkoSolar Technology will be entitled to a withholding tax at the reduced rate of 5% after obtaining approval from the competent PRC tax authority, provided that JinkoSolar Technology is deemed the beneficial owner of such dividends and that JinkoSolar Technology is not deemed to be a PRC tax resident enterprise as described below. However, according to the Circular of the State Administration of Taxation on How to Understand and Identify a "Beneficial Owner" under Tax Treaties, effective on October 27, 2009, and the Announcement of the State Administration of Taxation on the Determination of "Beneficial Owners" in the Tax Treaties, effective on June 29, 2012, an applicant for treaty benefits, including benefits under the arrangement between China and Hong Kong on dividend withholding tax, that does not carry out substantial business activities or is an agent or a conduit company may not be deemed a "beneficial owner" of the PRC subsidiary and therefore, may not enjoy such treaty benefits. If JinkoSolar Technology is determined to be ineligible for such treaty benefits, any dividends paid by Jiangxi Jinko and Zhejiang Jinko to JinkoSolar Technology will be subject to the PRC withholding tax at a 10% rate.

The CIT Law, however, also provides that enterprises established outside China whose "de facto management bodies" are located in China are considered "PRC tax resident enterprises" and will generally be subject to the uniform 25% PRC corporate income tax rate as to their global income. Under the Implementation Rules of the CIT Law, "de facto management bodies" is defined as the bodies that have, in substance, overall management control over such aspects as the production and business, personnel, accounts and properties of an enterprise. On April 22, 2009, the State Administration of Taxation, or the SAT, promulgated the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82. SAT Circular 82 provides certain criteria for determining whether the "de facto management body" of an offshore-incorporated enterprise controlled by PRC enterprises is located in China. On July 27, 2011, the SAT issued Administrative Measures of Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (Trial), or Bulletin 45, which became effective on September 1, 2011, to provide further guidance on the implementation of SAT Circular 82. Bulletin 45 clarifies certain issues relating to the determination of PRC tax resident enterprise status, post-determination administration and the authorities responsible for determining offshore-incorporated PRC tax resident enterprise status. Bulletin 45 specifies that when provided with a copy of a PRC tax resident determination certificate issued by the competent tax authorities from an offshore-incorporated PRC tax resident enterprise, the payer should not withhold 10% income tax when paying PRC-sourced dividends, interest and royalties to the offshore incorporated PRC tax resident enterprise. However, as this circular only applies to enterprises incorporated under laws of foreign jurisdictions that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are controlled by individual PRC tax residents or non-PRC enterprises such as our company and JinkoSolar Technology. Therefore, it remains unclear whether the PRC tax authorities would require or permit our company or JinkoSolar Technology to be recognized as PRC tax resident enterprises. If our company and JinkoSolar Technology are considered PRC tax resident enterprises for PRC corporate income tax purposes, any dividends distributed from Jiangxi Jinko and Zhejiang Jinko to JinkoSolar Technology and ultimately to our company could be exempt from the PRC withholding tax; however, our company and JinkoSolar Technology will be subject to the uniform 25% corporate income tax rate on our global income.

***Dividends payable by us to our foreign investors and gains on the sale of our shares or ADSs may become subject to PRC corporate income tax liabilities.***

The Implementation Rules of the CIT Law provide that (i) if the enterprise that distributes dividends is domiciled in China, or (ii) if gains are realized from transferring equity interests of enterprises domiciled in China, then such dividends or capital gains are treated as China-sourced income. It is not clear how “domicile” will be interpreted under the CIT Law. It may be interpreted as the jurisdiction where the enterprise is incorporated or where the enterprise is a tax resident. Therefore, if our company and JinkoSolar Technology are considered PRC tax resident enterprises for tax purposes, any dividends we pay to our overseas shareholders or ADS holders, as well as any gains realized by such shareholders or ADS holders from the transfer of our shares or ADSs, may be viewed as China-sourced income and, as a consequence, be subject to PRC corporate income tax at 10% or a lower treaty rate. If we are required to withhold PRC income tax on dividends we pay to our overseas shareholders or ADS holders, or if you are required to pay PRC income tax on gains from the transfer of our shares or ADSs, the value of your investment in our shares or ADSs may be materially adversely affected.

***Our ability to make distributions and other payments to our shareholders depends to a significant extent upon the distribution of earnings and other payments made by our subsidiaries in the PRC.***

We conduct substantially all of our operations through our operating subsidiaries in China. Our ability to make distributions or other payments to our shareholders depends on payments from these operating subsidiaries in China, whose ability to make such payments is subject to PRC regulations. Regulations in the PRC currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. According to the relevant PRC laws and regulations applicable to our operating subsidiaries in China and their respective articles of association, these subsidiaries are each required to set aside at least 10% of their after-tax profits based on PRC accounting standards each year as general reserves until the accumulative amount of these reserves reaches 50% of their registered capital. These reserves are not distributable as cash dividends. As of December 31, 2014, these general reserves amounted to RMB251.9 million (US\$40.6 million), accounting for 2.4% of the total registered capital of all of our operating subsidiaries in China. In addition, under the CIT Law and its Implementation Rules, which became effective January 1, 2008, dividends from our operating subsidiaries in China to us are subject to withholding tax to the extent that we are considered a non-PRC tax resident enterprise under the CIT Law. See “—Our China-sourced income is subject to PRC withholding tax under the Corporate Income Tax Law of the PRC, and we may be subject to PRC corporate income tax at the rate of 25% when more detailed rules or precedents are promulgated.” Furthermore, if our operating subsidiaries in China incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

***Restrictions on currency exchange may limit our ability to receive and use our revenue effectively.***

Certain portions of our revenue and expenses are denominated in Renminbi. If our revenue denominated in Renminbi increases or expenses denominated in Renminbi decrease in the future, we may need to convert a portion of our revenue into other currencies to meet our foreign currency obligations, including, among others, payment of dividends declared, if any, in respect of our ADSs. Under China’s existing foreign exchange regulations, foreign currency under current account transactions, such as dividend payments and trade-related transactions are generally convertible. Accordingly, our operating subsidiaries in China are able to pay dividends in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, the PRC government could take further measures in the future to restrict access to foreign currencies for current account transactions. Foreign exchange transactions by our operating subsidiaries in China under capital accounts continue to be subject to significant foreign exchange controls and require the approval of, or registration with, PRC governmental authorities. In particular, if one of our operating subsidiaries in China borrows foreign currency loans from us or other foreign lenders, these loans must be registered with the SAFE.

If we finance our subsidiaries in China by means of additional capital contributions, these capital contributions must be approved by certain government authorities, including the Ministry of Commerce, or MOFCOM or its local counterparts. On August 29, 2008, the SAFE promulgated Circular 142, a notice regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. The notice requires that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments in the PRC unless otherwise provided by laws and regulations. In addition, the SAFE strengthened its oversight of the flow and use of Renminbi funds converted from the foreign currency denominated capital of a foreign-invested company. The use of such Renminbi may not be changed without approval from the SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used for purposes within the company’s approved business scope. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. These regulations may significantly limit our ability of our operating subsidiaries in China to obtain foreign exchange through debt or equity financing.

On March 30, 2015, the SAFE issued the Circular on Reforming the Administration Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises, or Circular 19, which will replace the Circular 142 when it becomes effective on June 1, 2015. Circular 19 provides that, among other things, the Renminbi capital converted from the foreign currency registered capital of a foreign-invested enterprise may be used for equity investments within the PRC. Since Circular 19 was recently issued, there are uncertainties in interpretation and implementation as to actual transactions.

***The expiration or reduction of tax incentives by the PRC government may have a material adverse effect on our operating results.***

The CIT Law imposes a uniform tax rate of 25% on all PRC enterprises, including foreign-invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. Under the CIT Law, enterprises that were established before March 16, 2007 and already enjoyed preferential tax treatments have (i) in the case of preferential tax rates, continued to enjoy such tax rates that were gradually increased to the new tax rates within five years from January 1, 2008 or, (ii) in the case of preferential tax exemptions or reductions for a specified term, continued to enjoy the preferential tax holiday until the expiration of such term.

Zhejiang Jinko, Jiangxi Jinko and Jiangxi Materials were designated by the relevant local authorities as “High and New Technology Enterprises” under the CIT Law. Jiangxi Jinko and Jiangxi Materials were and would be subject to a preferential tax rate of 15% for their fiscal years ended December 31, 2014 and 2015 if the relevant conditions are met. Zhejiang Jinko was subject to a preferential tax rate of 15% for the fiscal year ended December 31, 2014. Applications for the preferential tax rate of Zhejiang Jinko for the fiscal years ending December 31, 2015 to 2017 are currently under review. We cannot assure you that Zhejiang Jinko, Jiangxi Jinko or Jiangxi Materials will continue to qualify as “High and New Technology Enterprises” when subject to reevaluation in the future. In addition, there are uncertainties on how the CIT Law and its Implementation Rules will be enforced, and whether its future implementation will be consistent with its current interpretation. If the corporate income tax rates of some of our PRC subsidiaries increase, our financial condition and results of operations would be materially adversely affected.

According to the Circular on Issues Concerning the Execution of the Catalog of Public Infrastructure Projects Entitled for Preferential Enterprise Income Tax Treatment issued by the SAT and the MOF on September 23, 2008 and the Circular on Issues Concerning the Implementation of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Enterprise Income Tax Treatment issued by the SAT on April 16, 2009, some of our solar power projects are fully exempted from PRC corporate income tax for three years starting from the year in which revenue is first generated from the sale of electricity, and are 50% exempted from PRC corporate income tax for the subsequent three years. The expiration of these tax benefits may have a material adverse effect on our operation results.

According to the Interim Regulations on Value-added Tax as amended on November 10, 2008, and the Implementing Rules of the Interim Regulations on Value-added Tax as amended on October 28, 2011, gross proceeds from sales and importation of goods and provision of services are generally subject to a value-added tax, or VAT, of 17% with exceptions for certain categories of goods that are taxed at a rate of 13%.

On September 23, 2013, the SAT and the MOF issued the Circular on the Value-added Tax Policy for Solar Power Generation, according to which, from October 1, 2013 to December 31, 2015, solar power producers selling electricity are entitled to a 50% immediate refund of any VAT tax paid.

The State Council promulgated the Circular of the State Council on Cleaning up and Standardizing Preferential Policies on Tax and Other Aspects, or Circular 62, on November 27, 2014 in an effort to render the preferential policies on tax, non-tax income, fiscal expenditure, and other aspects of the local government consistent with the PRC central laws and regulations. According to the Circular 62, preferential policies violating PRC central laws and regulations shall be declared ineffective and repealed and preferential policies not violating PRC central laws and regulations shall be retained. In addition, all provincial governments and relevant authorities shall, prior to the end of March 2015, report the outcome of the special clean-up action in respect of preferential policies on tax and other aspects to the MOF, and the MOF shall then forward the outcome to the State Council for final determination. The repeal of any preferential policy on tax and other aspects may materially adversely affect our financial condition and business operations.



***We face uncertainty with respect to indirect transfers of equity interests in PRC tax resident enterprises by non-PRC holding companies.***

Under the current PRC tax regulations, indirect transfers of equity interests and other properties of PRC tax resident enterprises by non-PRC holding companies may be subject to PRC tax. Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the SAT on December 10, 2009 with retroactive effect from January 1, 2008, where a non-PRC tax resident enterprise transfers the equity interests of a PRC tax resident enterprise indirectly by disposing of the equity interests of an overseas holding company (exclusive of trading the stocks of a PRC tax resident enterprise in a public capital market), gains derived from such indirect transfer may be subject to PRC withholding tax at a rate of up to 10%. On February 3, 2015, the SAT issued the Announcement of the State Administration of Taxation on Several Issues concerning the Enterprise Income Tax on the Indirect Transfers of Properties by Non-Resident Enterprises, or SAT Announcement 7, which expanded and further strengthened certain rules of SAT Circular 698.

According to SAT Announcement 7, where a non-resident enterprise indirectly transfers equity interests or other properties of PRC tax resident enterprises, or PRC Taxable Property to avoid its tax liabilities by implementing arrangements without reasonable commercial purpose, such indirect transfer shall be recharacterized and recognized as a direct transfer of PRC Taxable Property. As a result, gains derived from such indirect transfer and attributable to PRC Taxable Property may be subject to PRC withholding tax at a rate of up to 10%. In the case of an indirect transfer of property of establishments of a foreign enterprise in the PRC, the applicable tax rate would be 25%. SAT Announcement 7 imposes tax filing obligations of such indirect transfers on both parties to the transfer transaction, compared to merely the transferor as required by Circular 698, as well as the PRC tax resident entity being indirectly transferred. Furthermore, SAT Announcement 7 illustrates certain circumstances which would indicate a lack of reasonable commercial purpose. SAT Announcement 7 also sets forth certain “safe harbors” which would be deemed to have a reasonable commercial purpose. As a general principle, the SAT also issued the Administration of General Anti-Tax Avoidance (Trial Implementation), or GATA, which became effective on February 1, 2015 and empowers the PRC tax authorities to apply special tax adjustments for “tax avoidance arrangements”.

There is uncertainty as to the application of SAT Circular 698 as well as the newly issued SAT Announcement 7 and GATA. For example, it may be difficult to evaluate whether or not the transaction has a reasonable commercial purpose, and such evaluation may be based on ambiguous criteria which have not been formally declared or stated by tax authorities. As a result, any of our disposals or acquisitions of the equity interests of non-PRC entities which indirectly hold PRC Taxable Property or any offshore transaction related to PRC Taxable Property, including potential overseas restructuring, might be deemed an indirect transfer under PRC tax regulations. Therefore, we may be at risk of being taxed under SAT Circular 698 and SAT Announcement 7 and we may be required to expend valuable resources to comply with SAT Circular 698 and SAT Announcement 7 or to establish that we should not be taxed thereunder, which may materially adversely affect our financial condition and results of operations.

***As a foreign company, our acquisitions of PRC companies may take longer and be subject to higher level of scrutiny by the PRC government, which may delay or prevent any intended acquisition.***

Circular 10 established additional procedures and requirements including the requirements that in certain instances foreign investors obtain MOFCOM’s approval when they acquire equity or assets of a PRC domestic enterprise. In the future, we may want to grow our business in part by acquiring complementary businesses, although we do not have plans to do so at this time. Complying with Circular 10 to complete these transactions could be time-consuming and costly, and could result in an extensive review by the PRC government and its increased control over the terms of the transaction, and any required approval processes may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

***Our failure to make payments of statutory social welfare and housing funds to our employees could adversely and materially affect our financial condition and results of operations.***

According to the relevant PRC laws and regulations, we are required to pay certain statutory social security benefits, including medical care, injury insurance, unemployment insurance, maternity insurance and pension benefits, and housing funds, for our employees. Our failure to comply with these requirements may subject us to monetary penalties imposed by the relevant PRC authorities and proceedings initiated by our employees, which could materially adversely affect our business, financial condition and results of operations.

In line with local customary practices, we have made contributions to the social insurance funds which met the requirement of the local minimum wage standard, instead of the employees' actual salaries as required, and have not made full contribution to the housing funds. We estimate the aggregate amount of unpaid social security benefits and housing funds to be RMB154.8 million, RMB175.1 million and RMB210.3 million (US\$33.9 million), respectively, as of December 31, 2012, 2013 and 2014. We may be required by the relevant PRC authorities to pay these statutory social security benefits and housing funds within a designated time period. In addition, an employee is entitled to seek compensation by resorting to labor arbitration at the labor arbitration center or filing a labor complaint with the labor administration bureau within a designated time period. We have made provisions for such unpaid social security benefits and housing funds of our former and current PRC subsidiaries. All employee participants in our share incentive plans who are domestic individual participants 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.

***All employees participating in our share incentive plans who are domestic individual participants 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.***

On February 15, 2012, SAFE released the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Individuals' Participating in Equity Incentive Plans of Overseas Listed Companies, or the Stock Option Notice, which superseded the Operating Procedures of Foreign Exchange Administration for PRC Individuals Participation in Employee Stock Holding Plans or Stock Option Plans of an Overseas-Listed Company, issued by SAFE in 2007. According to the Stock Option Notice, PRC individual participants include directors, supervisors, senior management personnel and other employees who are PRC citizens (which includes citizens of Hong Kong, Macau and Taiwan) or foreign individuals who reside in the PRC for 12 months consecutively. Under the Stock Option Notice, PRC and foreign citizens who receive equity grants from an overseas listed company are required, through a PRC agent or PRC subsidiary of such listed company, to register with SAFE and complete certain other bank and reporting procedures. In addition, according to the Stock Option Notice, domestic individual participants must complete the registration with SAFE or its local branch within three days rather than 10 days from the beginning of each quarter.

Failure to comply with such provisions may subject us and the participants of our share incentive plans who are domestic individual participants to fines and legal sanctions and prevent us from further granting options under our share incentive plans to our employees, and we may become subject to more stringent review and approval processes with respect to our foreign-exchange activities, such as in regards to our PRC subsidiaries' dividend payment to us or in regards to borrowing foreign currency, which could adversely affect our business operations.

***It may be difficult to effect service of process on, or to enforce any judgments obtained outside the PRC against, us, our directors, or our senior management members who live inside the PRC.***

Substantially all of our existing directors and senior management members reside in the PRC and substantially all of our assets and the assets of such person are located in the PRC. Accordingly, it may be difficult for investors to effect service of process on any of these persons or to enforce judgments obtained outside of the PRC against us or any of these persons. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments awarded by courts in many developed countries, including the Cayman Islands, the United States and the United Kingdom. Therefore, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

***Higher labor costs and inflation in China may adversely affect our business and our profitability.***

Labor costs in China have risen in recent years as a result of the enactment of new labor laws and social development. In addition, inflation in China has increased. According to the National Bureau of Statistics of China, consumer price inflation in China was 2.6%, 2.6% and 2.1% in 2012, 2013 and 2014, respectively. Because we purchase raw materials from suppliers in China, higher labor cost and inflation in China increases the costs of labor and raw materials we must purchase for manufacturing. China's inflation rates are expected to rise further in 2015. As we expect our production staff to increase and our manufacturing operations to become more labor intensive when we commence silicon wafer and solar module production, rising labor costs may increase our operating costs and therefore negatively impact our profitability.

Under current policies, solar power projects approved by or filed with the NDRC or its local branches are entitled to the FIT at an attractive fixed price or receive fixed national subsidies for 20 years in principle, but such FIT is not adjusted for inflation without the approval from the NDRC, nor do we hedge for inflation. As a result, our solar power projects are subject to the risks of inflation. Because we source contractors and purchase raw materials in China, higher labor cost and inflation in China increases the costs of labor and raw materials we procure for construction. In addition, our suppliers may also be affected by higher labor costs and inflation. Rising labor costs may increase our operating costs and partially erode the cost advantage of our China-based operations and therefore negatively impact our profitability.

***We face risks related to health epidemics and other outbreaks.***

Our business could be adversely affected by the effects of influenza A, or H1N1, avian flu, severe acute respiratory syndrome, or SARS, or other epidemic outbreak. In April 2009, an outbreak of influenza A caused by the H1N1 virus occurred in Mexico and the United States, and spread into a number of countries rapidly. There have also been reports of outbreaks of a highly pathogenic avian flu, caused by the H1N1 virus, in certain regions of Asia and Europe. In past few years, there were reports on the occurrences of avian flu in various parts of China, including a few confirmed human cases. In April 2013, there were reports of cases of H7N9 avian flu in southeast China, including deaths in Shanghai and Zhejiang Province. An outbreak of avian flu in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, particularly in Asia. Additionally, any recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in 2003 which affected China, Hong Kong, Taiwan, Singapore, Vietnam and certain other countries, would also have similar adverse effects. These outbreaks of contagious diseases and other adverse public health developments in China would 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 financial condition and 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.

***Risks Related to Our ADSs***

***The market price for our ADSs has been volatile, which could result in substantial losses to investors.***

The market price for our ADSs has been and may continue to be highly volatile and subject to wide fluctuations, which could result in substantial losses to investors. The closing prices of our ADSs ranged from US\$17.74 to US\$36.85 per ADS in 2014. The price of our ADSs may continue to fluctuate in response to factors including the following:

- announcements of new products by us or our competitors;
- technological breakthroughs in the solar and other renewable power industries;
- reduction or elimination of government subsidies and economic incentives for the solar industry;
- news regarding any gain or loss of customers by us;
- news regarding recruitment or loss of key personnel by us or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;

- changes in the general condition of the global economy and credit markets;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- announcements regarding patent litigation or the issuance of patents to us or our competitors;
- announcements of studies and reports relating to the conversion efficiencies of our products or those of our competitors;
- actual or anticipated fluctuations in our quarterly results of operations;
- changes in financial projections or estimates about our financial or operational performance by securities research analysts;
- changes in the economic performance or market valuations of other solar power technology companies;
- release or expiry of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs;
- sales or perceived sales of additional ordinary shares or ADSs; and
- commencement of, or our involvement in, litigation.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

We cannot give any assurance that these factors will not occur in the future again. In addition, the securities market has 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. In the past, following periods of volatility in the market price of their stock, many companies have been the subject of securities class action litigation. See “—We are exposed to various risks related to legal or administrative proceedings or claims that could adversely affect our financial condition, results of operations and reputation, and may cause loss of business.” If we become involved in similar securities class action litigation in the future, it could result in substantial costs and diversion of our management’s attention and resources and could harm our stock price, business, prospects, financial condition and results of operations.

***You may not receive dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.***

Under Cayman Islands law, we may only pay dividends out of our profits or our share premium account subject to our ability to service our debts as they fall due in the ordinary course of our business. Our ability to pay dividends will therefore depend on our ability to generate sufficient profits. We cannot give any assurance that we will declare dividends of any amounts, at any rate or at all in the future. We have not paid any dividends in the past. Future dividends, if any, will be paid at the discretion of our board of directors and will depend upon our future operations and earnings, capital expenditure requirements, general financial conditions, legal and contractual restrictions and other factors that our board of directors may deem relevant. Our shareholders may, by ordinary resolution, declare a dividend, but no dividend may exceed the amount recommended by our board of directors. See “—Risks Related to Doing Business in China—We rely principally on dividends and other distributions on equity paid by our principal operating subsidiaries, Jiangxi Jinko and Zhejiang Jinko, and limitations on their ability to pay dividends to us could have a material adverse effect on our business and results of operations” above for additional legal restrictions on the ability of our PRC subsidiaries to pay dividends to us.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible for making such distribution if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing such distributions. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

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

As a holder of ADSs, you will not be treated as one of our shareholders and you will not have shareholder rights. Instead, the depositary will be treated as the holder of the shares underlying your ADSs. However, you may exercise some of the shareholders' rights through the depositary, and you will have the right to withdraw the shares underlying your ADSs from the deposit facility.

Holders of ADSs may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under our current articles of association, the minimum notice period required to convene a general meeting is ten days. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw the ordinary shares underlying your ADSs 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 plan to 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 the shares underlying 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 government body, or under any provision of the deposit agreement, or for any other reason.

***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 memorandum and articles of association, as amended and restated from time to time, Companies Law (2013 Revision) of the Cayman Islands 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 duties 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 duties 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 have 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.

In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action before federal courts of the United States.

As we are a Cayman Islands company and substantially all of our consolidated assets are located outside of the United States and substantially all of our current operations are conducted in China, there is uncertainty as to whether the courts of the Cayman Islands or China would recognize or enforce judgments of U.S. courts predicated upon the civil liability provisions of the securities laws of the United States or any state against us and our officers and directors, most of whom are not residents of the United States and the substantial majority of whose assets are located outside the United States. In addition, it is uncertain whether the Cayman Islands or PRC courts would entertain original actions brought in the Cayman Islands or in China against us or our officers and directors predicated on the federal securities laws of the United States. There is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any re-examination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands. However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the U.S. courts under civil liability provisions of the U.S. federal securities law if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. Because such a determination has not yet been made by a court of the Cayman Islands, it is uncertain whether such civil liability judgments from U.S. courts would be enforceable in the Cayman Islands.

As a result of all of the above, shareholders of a Cayman Islands company 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 company incorporated in a jurisdiction in the United States. For example, contrary to the general practice in most corporations incorporated in the United States, Cayman Islands incorporated companies may not generally require that shareholders approve sales of all or substantially all of a company's assets. The limitations described above will also apply to the depositary who is treated as the holder of the shares underlying your ADSs.

***Our current articles of association contain anti-takeover provisions that could prevent a change in control even if such takeover is beneficial to our shareholders.***

Our current articles of association contain provisions that could delay, defer or prevent a change in control of our company that could be beneficial to our shareholders. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for our ADSs. These provisions might also discourage a potential acquisition proposal or tender offer, even if the acquisition proposal or tender offer is at a price above the then current market price of our ADSs. These provisions provide that our board of directors has 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 ADSs or otherwise. Our board of directors may decide to issue such preferred shares quickly with terms calculated to delay or prevent a change in control of our company or make the removal of our management more difficult. If our board of directors decides to issue such preferred shares, the price of our ADSs may fall and the voting and other rights of holders of our ordinary shares and ADSs may be materially adversely affected.

***As a company incorporated in the Cayman Islands, we may adopt certain home country practices in relation to corporate governance matters. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the NYSE corporate governance listing standards.***

As a non-U.S. company with ADSs listed on the NYSE, we are subject to the NYSE corporate governance listing standards. However, in reliance on Section 303A.11 of the NYSE Listed Company Manual, which permits a foreign private issuer to follow the corporate governance practices of its home country, we have adopted certain corporate governance practices that may differ significantly from the NYSE corporate governance listing standards. For example, we may include non-independent directors as members of our compensation committee and nominating and corporate governance committee, and our independent directors are not required to hold regularly scheduled meetings at which only independent directors are present. Such home country practice differs from the NYSE corporate governance listing standards, because there are no specific provisions under the Companies Law (2013 Revision) of the Cayman Islands imposing such requirements. Accordingly, executive directors, who may also be our major shareholders or representatives of our major shareholders, may have greater power to make or influence major decisions than they would if we complied with all the NYSE corporate governance listing standards. While we may adopt certain practices that are in compliance with the laws of the Cayman Islands, such practices may differ from more stringent requirements imposed by the NYSE rules and as such, our shareholders may be afforded less protection under Cayman Islands law than they would under the NYSE rules applicable to U.S. domestic issuers. See “Item 16G. Corporate Governance.”

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

Based on the composition of our assets and income, we believe that we were not a passive foreign investment company, or a PFIC, for U.S. federal income tax purposes with respect to our 2014 taxable year and we do not currently intend or anticipate becoming a PFIC for 2015 or any future taxable year. However, we must make a separate determination each taxable year as to whether we are a PFIC (after the close of each taxable year). Accordingly, we cannot assure you that we will not be a PFIC for our next taxable year ending December 31, 2015 or any future taxable year. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during the taxable year) is attributable to assets that produce or are held for the production of passive income. The value of our assets for purposes of the PFIC asset test will generally be determined based on the market price of our ADSs and ordinary shares, which may fluctuate from time to time. If we are treated as a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—Passive Foreign Investment Company”) holds an ADS or a share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See “Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—Passive Foreign Investment Company.”

***We may issue additional ordinary shares, other equity or equity-linked or debt securities, which may materially adversely affect the price of our ordinary shares or ADSs. Hedging activities may depress the trading price of our ordinary shares.***

We may issue additional equity, equity-linked or debt securities for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to satisfy our obligations for the repayment of existing indebtedness, to adjust our ratio of debt to equity, to satisfy our obligations upon the exercise of outstanding warrants or options or for other reasons. Any future issuances of equity securities or equity-linked securities could substantially dilute your interests and may materially adversely affect the price of our ordinary shares or ADSs. We cannot predict the timing or size of any future issuances or sales of equity, equity-linked or debt securities, or the effect, if any, that such issuances or sales may have on the market price of our ordinary shares or ADSs. Market conditions could require us to accept less favorable terms for the issuance of our securities in the future.

***Substantial future sales of our ordinary shares or ADSs in the public market, or the perception that such sales could occur, could cause the price of our ordinary shares or ADSs to decline.***

Sales of our ordinary shares or ADSs in the public market, or the perception that such sales could occur, could cause the market price of our ordinary shares to decline. As of December 31, 2014, we had 124,292,030 ordinary shares outstanding, excluding 488,055 ADSs representing 1,952,220 ordinary shares reserved for future grants under our long-term incentive plan and 1,723,200 ordinary shares as treasury stock. The number of ordinary shares outstanding and available for sale will increase when our employees and former employees who are holders of restricted share units and options to acquire our ordinary shares become entitled to the underlying shares under the terms of their units or options. To the extent these shares are sold into the market, or are converted to ADSs which are sold into the market place, the market price of our ordinary shares or ADSs could decline.

*Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.*

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make these rights available 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. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause 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.

#### **ITEM 4. INFORMATION ON THE COMPANY**

##### **A. History and Development of the Company**

Our legal and commercial name is JinkoSolar Holding Co., Ltd. Our principal executive office is located at 1 Jingke Road, Shangrao Economic Development Zone, Jiangxi Province, 334100, People's Republic of China. Our telephone number at this address is (86-793) 846-9699 and our fax number is (86-793) 846-1152. Our registered office in the Cayman Islands is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

We commenced our operations in June 2006 through our then consolidated subsidiary Jiangxi Desun Energy Co., Ltd. We were incorporated as a limited liability company in the Cayman Islands on August 3, 2007. Following a series of equity transactions, we established a holding company structure with us being the ultimate holding company in 2009. We conduct our business principally through our wholly-owned operating subsidiaries in China, Jiangxi Jinko and Zhejiang Jinko. We have also established subsidiaries and offices in a number of strategic markets, including the United States, the United Kingdom, Chile, South Africa, Japan, Holland, India, Australia and France.

On May 19, 2010, we completed our initial public offering, in which we offered and sold 5,835,000 ADSs representing 23,340,000 ordinary shares, raising US\$64.2 million in proceeds before expenses to us. Our ADSs are listed on the New York Stock Exchange under the symbol "JKS".

On November 10, 2010, we completed a follow-on public offering of 3,500,000 ADSs representing 14,000,000 ordinary shares, of which 2,000,000 ADSs were sold by us and 1,500,000 ADSs were sold by the selling shareholders.

On May 17, 2011, we completed an offering of US\$125 million of 4.0% convertible senior notes due 2016. On September 25, 2013, we completed a follow-on public offering of 4,370,000 ADSs representing 17,480,000 ordinary shares, including 570,000 ADSs sold pursuant to the underwriters' full exercise of their option to purchase additional ADSs.

On January 22, 2014, we completed a follow-on public offering of 3,750,000 ADSs representing 15,000,000 ordinary shares and a concurrent offering of US\$150.0 million in aggregate amount of 4.0% convertible senior notes due 2019.

In July 2014, China Development Bank, the Macquarie Greater China Infrastructure Fund and New Horizon Capital agreed to invest a total of US\$225.0 million in JinkoSolar Power, our majority-owned subsidiary conducting our solar power generation business. The three investors together held approximately 45% of JinkoSolar Power's equity after their investment.

In August 2014, we opened a solar module factory with annual production capacity of 120 MW in Cape Town, South Africa.

##### **B. Business Overview**

We are a global leader in the PV industry based in Jiangxi and Zhejiang Provinces in China. We have built a vertically integrated solar power product value chain, from recovering silicon materials to manufacturing solar modules and solar power generation. We sell most of our solar modules under our own "JinkoSolar" brand, with a small portion of solar modules on an OEM basis. We also sell silicon wafers and solar cells not used in our solar module production. Leveraging our expertise in manufacturing high quality solar modules and our experience in the PV industry, we also develop, own and operate PV projects in China. As of December 31, 2014, our share of completed solar power projects amounted to 503 MW.



We sell our products in major export markets and China. We have established subsidiaries in a number of strategic markets, including the United States, the United Kingdom, Chile, South Africa, Japan, Holland, India, Australia and France, to conduct sales, marketing and brand development for our products in Europe and around the world. We also opened offices in and began to ship our products to Japan and South Africa in 2013. As of December 31, 2014, we had an aggregate of more than 710 customers for our solar modules globally, including distributors, project developers and system integrators.

Our solar modules utilize advanced solar technologies. All of our solar modules sold in Europe are CE, TÜV, and MCS certified, all of our solar modules sold in Japan are JET certified, all of our solar modules sold in North America are UL certified and our monocrystalline solar modules sold in China are CQC certified. In 2013, our solar modules passed TÜV Nord's Dust & Sand Certification Test, demonstrating their suitability for installation in desert regions. We also unveiled our "Eagle II" solar modules, which represent a new standard for performance and reliability. The "Eagle II" solar modules can reach peak power output of approximately 260 to 270 watts for a 60-cell module. We have also begun research on our "Eagle+" solar modules, which will be composed of multicrystalline cells that reached conversion efficiencies of approximately 18.5% in lab tests by a third party.

We leverage our vertically integrated platform and cost-efficient manufacturing capabilities in China to produce high quality products and develop projects at competitive costs. Our solar cell and silicon wafer operations support our solar module production, which further supports our solar power generation business, reducing our overall procurement costs. As of December 31, 2014, we had annual capacity of approximately 2.5 GW each for silicon ingots and wafers, 2.0 GW for solar cells and 3.2 GW for solar modules. Our manufacturing facilities are located in Shangrao, Jiangxi Province and Haining, Zhejiang Province, providing convenient and timely access to key resources and suppliers.

We believe that we have one of the largest and fastest growing operating portfolios in China and as of December 31, 2014, our share of completed solar power projects amounted to 503 MW. In 2011, we began developing projects, as one of the first movers in downstream solar development in China. All solar power projects approved by the NDRC are eligible to receive an attractive fixed FIT for a specified quantity of electricity for 20 years. Our ground-mounted projects receive a fixed FIT of RMB0.90 to RMB1.15 per kWh. Our rooftop DG projects that sell electricity to both the State Grid and directly to consumers generate revenue from electricity sales based on a national subsidy of RMB0.42 per kWh plus the local desulphurized coal benchmark electricity price for the electricity sold to the State Grid or a negotiated electricity purchase price for electricity sold directly to consumers. Some of our projects also receive additional local subsidies ranging from RMB0.05 to RMB0.45 per kWh. We also have a dedicated operations and maintenance team and enjoy low operating and maintenance costs for our solar power projects.

As one of the earliest solar developers in China, we have strong strategic relationships with financial institutions, such as China Development Bank, a PRC policy bank that funds large infrastructure projects, as well as China Minsheng Bank. In January 2014, we entered into a project loan agreement with Zhejiang Branch of China Development Bank which will provide us with RMB400.0 million (US\$64.5 million) in loans to develop our three solar power projects located in Xinjiang Uygur Autonomous Region and Qinghai Province. In April 2014, we entered into a loan agreement for RMB235.0 million (US\$37.9 million) with China Development Bank to finance two of our solar power projects, one in Xinjiang Province and another one in Gansu Province. In July 2014, we entered into a five-year RMB1 billion strategic financing agreement with China Minsheng Bank.

## Our Products, Services and Projects

Our product mix has evolved rapidly since our inception, as we have incorporated more of the solar power value chain through the expansion of our production capabilities and acquisitions. We currently manufacture a series of products from recovered silicon materials to solar modules. Our principal product is solar modules, but we also sell silicon wafers and solar cells from time to time to meet our customers' demand. In 2014, sales of solar modules, silicon wafers and solar cells represented 91.8%, 2.9% and 2.0%, respectively, of our total revenues. In addition, we also sell small volumes of silicon ingots and recovered silicon materials and provide processing services for fees at the request of customers from time to time to optimize the utilization of our production capacity.

Leveraging our expertise in manufacturing high quality solar modules and substantial experience in the solar industry, we commenced developing solar power projects and providing solar system integration services in late 2011. As of December 31, 2014, our share of completed solar power projects amounted to 503 MW.

The following table sets forth details of our revenues for the periods indicated:

|   | 2012   |                                  | 2013  |                                  | 2014   |  |                    |
|---|--|----------------------------------|---|----------------------------------|--|--|--------------------|
|   | Volume<br>(MW,<br>except<br>recovered<br>silicon<br>materials) | Revenue<br>(RMB in<br>thousands) | Volume<br>(MW, except<br>recovered<br>silicon<br>materials) | Revenue<br>(RMB in<br>thousands) | Volume<br>(MW,<br>except<br>recovered<br>silicon<br>materials) | Revenue<br>(RMB in<br>thousands)<br>(US\$ in<br>thousands) |                    |
| <b>Products</b>                           |  |                                  |   |                                  |  |  |                    |
| Recovered silicon materials (metric tons) | —  | 270.4                            | 5.0   | 14,559.7                         | 3.9  | 11,272.6   | 1,816.8            |
| Silicon ingots                            | 1.1  | 1,885.6                          | 0.3   | 1,189.7                          | -  | -  | -                  |
| Silicon wafers                            | 197.4  | 328,428.6                        | 54.8  | 70,637.0                         | 229.6  | 286,585.0  | 46,189.1           |
| Solar cells                               | 78.5   | 138,686.4                        | 113.2   | 184,203.1                        | 134.2  | 200,643.6  | 32,337.9           |
| Solar modules                             | 912.4  | 3,897,288.0                      | 1,765.1   | 6,660,317.5                      | 2,423.1  | 9,155,396.0  | 1,475,582.0        |
| <b>Services</b>                           |  |                                  |   |                                  |  |  |                    |
| Solar system EPC                          | —  | 213,174.4                        | —   | 201.1                            | —  | 11,209.6   | 1,806.7            |
| Processing services                       | —  | 213,427.9                        | —   | 71,010.7                         | —  | 69,581.4   | 11,214.5           |
| Revenue from generated electricity        | —  | 1,607.1                          | —   | 76,719.7                         | —  | 243,840.3  | 39,299.9           |
| <b>Total Revenue</b>                      |  | <b>4,794,768.4</b>               |   | <b>7,078,838.5</b>               |  | <b>9,978,528.6</b>   | <b>1,608,246.9</b> |

### Solar Modules

We commenced producing solar modules in August 2009. In 2014, we sold 2,423.1 MW of solar modules and generated RMB9.2 billion (US\$1.5 billion) of revenue from sales of solar modules. We expect that sales of solar modules will continue to be our largest revenue source in the future. In 2014, we generated 56.3% of our total revenue from overseas markets, and the United States, the United Kingdom and Chile, our three largest export markets, represented 17.7%, 12.7% and 5.8% of our total revenue, respectively. As the domestic market in China grows, we expect to sell increasing volumes of solar modules in the domestic market in China.

In 2012, we launched our WING series solar modules further improved designs, including superior stress analysis results as compared with our previous products. The WING series solar modules are only 30 to 40 millimeters thick and weigh 0.5 kilogram, which makes them suitable for both ground mount systems and rooftop applications. All modules of the WING series received IEC 2400Pa Mechanical Load Test Certificate and passed 5400Pa Mechanical Load Test in our UL WTDP lab.

In 2013, we unveiled our “Eagle” and “Eagle II” solar modules, which represent new standards for performance and reliability. The “Eagle” solar modules are the world's first potential induced degradation (“PID”) free modules to be certified under weather conditions of 85 degrees Celsius and 85% relative humidity. They can reach 260 watts peak power output and resist PID under inclement weather conditions. The “Eagle II” solar modules can reach peak power output of approximately 260 to 270 watts for a 60-cell module.

In 2014, the “Eagle II” could reach power output of approximately 305 to 320 watts for a 60-cell module.

### Solar Cells

We commenced production of solar cells in July 2009 following our acquisition of Zhejiang Jinko. The efficiency of a solar cell converting sunlight into electricity is represented by the ratio of electrical energy produced by the solar cell to the energy from sunlight that reaches the solar cell. The conversion efficiency of solar cells is determined to a large extent by the quality of silicon wafers used to produce the solar cells. All of our monocrystalline solar cells have dimensions of 125 mm x 125 mm and 156 mm x 156 mm. All of our multicrystalline solar cells have dimensions of 156 mm x 156 mm. As of December 31, 2014, our solar cells using monocrystalline silicon wafers had an average conversion efficiency rate of 19.6% and our solar cells using multicrystalline silicon wafers had an average conversion efficiency rate of 18.2%.

### ***Silicon Ingots and Silicon Wafers***

We commenced production of monocrystalline silicon ingots in August 2007, monocrystalline silicon wafers in March 2008, multicrystalline silicon ingots in June 2008 and multicrystalline silicon wafers in July 2008.

### ***Recovered Silicon Materials***

We commenced processing of recoverable silicon materials into recovered silicon materials in June 2006. We are able to process and recover a broad range of recoverable silicon materials, which enables us to reduce our overall silicon material costs and improve product quality and yield.

### ***Solar Power Generation and Solar System EPC Services***

We commenced developing solar power projects in China in 2011. We generate revenue from sales of electricity generated by our own solar power projects when they are connected to the grid. We also generate revenue from solar system EPC services and solar power project integration services based on the completion percentage of each solar power project that we construct.

Prior to obtaining permits and beginning construction, we typically enter into investment agreements with local government bodies. The investment agreements will outline the preliminary terms for our solar power projects, including the power generation capacity and any deadlines for project development. We believe that signing an investment agreement is a significant project development milestone for successful project development, as local government bodies may have a quota of projects allocated by the provincial governments that they can sign each year. After signing an investment agreement, we will conduct further due diligence. We strive to reduce risks by conducting a thorough feasibility study and identifying potential issues. Pursuant to the investment agreement, we establish a project company to obtain project permits and enter into other definitive agreements with more finalized terms. During the project development phase, we maintain regular contact and may establish a coordination committee with the local government body. We may also provide feasibility reports and other project data to the local government body.

In order to construct a solar power project, connect it to the power grid and operate it, we generally need to obtain four major types of licenses: (i) the approval of the NDRC or its local branches (prior to August 19, 2013) or filing with the provincial or regional NDRC to begin construction, (ii) land use right permits and construction permits; (iii) the grid connection approval from the provincial grid company and (iv) the operation license from the NEA (or formerly SERC prior to its inclusion under NEA) and its local branches for operating and maintaining solar power projects.

We have dedicated engineering and procurement teams that work closely with China's leading engineering firms to cost-effectively optimize the design and quality of our solar power projects. We enter into contracts covering engineering and construction with third-party contractors and monitor such contractors diligently throughout the process. We procure solar modules and other components ourselves and through third-party contractors and suppliers.

As of December 31, 2014, our share of completed solar power projects amounted to 503 MW. The following table shows the details of the projects we completed and in operation as of December 31, 2014.

| Region   | Project Name               | Installation Type | Attributable Capacity (MW) | Grid Connection Date | FIT and Local Subsidies           |
|--|----------------------------|-------------------|----------------------------|----------------------|-----------------------------------|
| Haixi Mongol and Tibetan Autonomous Prefecture, Qinghai Province | Delingha Phase I           | Utility-scale     | 9 <sup>(1)</sup>           | December 2011        | 1.15                              |
| Haixi Mongol and Tibetan Autonomous Prefecture, Qinghai Province | Delingha Phase II          | Utility-scale     | 18 <sup>(1)</sup>          | January 2013         | 1.00                              |
| Neijiang Prefecture, Gansu Province                              | Longchang                  | Utility-scale     | 20                         | February 2013        | 1.00                              |
| Jinchang Prefecture, Gansu Province                              | Jinchang                   | Utility-scale     | 56 <sup>(2)</sup>          | August 2013          | 1.00                              |
| Hainan Tibetan Autonomous Prefecture, Qinghai Province           | Gonghe                     | Utility-scale     | 10                         | September 2013       | 1.00                              |
| Xinjiang Uyghur Autonomous Region                                | Shaya Phase 1              | Utility-scale     | 20                         | October 2013         | 1.00                              |
| Xinjiang Uyghur Autonomous Region                                | Shaya Phase 2              | Utility-scale     | 20                         | December 2013        | 1.00                              |
| Xinjiang Uyghur Autonomous Region                                | Ala'er                     | Utility-scale     | 20                         | December 2013        | 1.00                              |
| Tacheng Prefecture, Xinjiang Uyghur Autonomous Region            | Wusu                       | Utility-scale     | 20                         | December 2013        | 1.00                              |
| Xinjiang Uyghur Autonomous Region                                | Bohu                       | Utility-scale     | 20                         | December 2013        | 1.00                              |
| Lianyungang Prefecture, Jiangsu Province                         | Erlongshan                 | Utility-scale     | 15                         | May 2014             | 1.10                              |
| Jiangsu Province   | Songshan                   | Utility-scale     | 24                         | June 2014            | 1.125                             |
| Yancheng Prefecture, Jiangsu Province                            | Xiangshui                  | Utility-scale     | 100                        | September 2014       | 1.00                              |
| Alxa Prefecture, Inner Mongolia Autonomous Region                | Alxa Left Banner           | Utility-scale     | 35 <sup>(3)</sup>          | December 2014        | 0.90                              |
| Bayannur Prefecture, Inner Mongolia Autonomous Region            | Dengkou                    | Utility-scale     | 43 <sup>(3)</sup>          | December 2014        | 0.90                              |
| Baotou City, Inner Mongolia Autonomous Region                    | Tumed Right Banner         | Utility-scale     | 52 <sup>(3)</sup>          | December 2014        | 0.90                              |
| Jiaxing Prefecture, Zhejiang Province                            | SHJT Science Park          | Rooftop DG        | 0.6                        | May 2014             | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Gaosheng New Materials     | Rooftop DG        | 0.8                        | May 2014             | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Senbao                     | Rooftop DG        | 0.8                        | September 2014       | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Maoshan Clothing           | Rooftop DG        | 0.6                        | September 2014       | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Jehonn Cleaning Products   | Rooftop DG        | 0.3                        | September 2014       | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Huaer Insulation           | Rooftop DG        | 0.4                        | September 2014       | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Hongri Plastics            | Rooftop DG        | 0.4                        | September 2014       | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Shengda Packaging          | Rooftop DG        | 0.3                        | September 2014       | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Vanguard Industrial        | Rooftop DG        | 2                          | October 2014         | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Rejoy Battery              | Rooftop DG        | 0.6                        | December 2014        | 1.08 (three years) <sup>(4)</sup> |
| Jiaxing Prefecture, Zhejiang Province                            | Yancang Shengda            | Rooftop DG        | 1                          | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Nanda EP Technology        | Rooftop DG        | 3                          | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Dejun Textile              | Rooftop DG        | 2                          | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Chengfeng Lamp             | Rooftop DG        | 1                          | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | SCTC                       | Rooftop DG        | 0.7                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Xianfeng Aluminum Plastic  | Rooftop DG        | 0.3                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Wangbaolong                | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Jinshida Industrial        | Rooftop DG        | 0.3                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Dongyan Yinran             | Rooftop DG        | 0.5                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Haixing Packing            | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Maer Mini Electric Motor   | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Xinyuan Technology         | Rooftop DG        | 0.6                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Yuchang Urethane Elastic   | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Longfei Collector Tube     | Rooftop DG        | 0.3                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Gaomei Industrial          | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | New Lights                 | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Longfei Trading            | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Jinshi Clothing            | Rooftop DG        | 0.4                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Xueyongxing Water Products | Rooftop DG        | 0.7                        | December 2014        | 1.33 (five years) <sup>(5)</sup>  |
| Jiaxing Prefecture, Zhejiang Province                            | Chuangneng Machinery       | Rooftop DG        | 0.4                        | December 2014        | 1.08 (three years) <sup>(6)</sup> |

- (1) Our attributable capacity is calculated by multiplying the total capacity of the project by our percentage equity holding of 88.7%.
- (2) Our attributable capacity is calculated by multiplying the total capacity of the project by our percentage equity holding of 28.0%.
- (3) Our attributable capacity is calculated by multiplying the total capacity of the project by our percentage equity holding of 86.7%.
- (4) A subsidy of RMB0.10 per kWh from the Jiaxing Prefecture Government is applicable to projects constructed between 2013 and 2015 in Xiuzhou District, Jiaxing Prefecture, Zhejiang Province. The subsidy amount will be RMB0.52 per kWh when the RMB0.10 per kWh subsidy from the Jiaxing Prefecture Government expires three years after grid connection.
- (5) The subsidy amount will be RMB0.52 per kWh after five years when the RMB0.35 per kWh subsidy from the Haining Prefecture Government expires, which is five years after grid connection and may be extended further.
- (6) A subsidy of RMB0.10 per kWh from the Jiaxing Prefecture Government is applicable to projects constructed between 2013 and 2015 in Nanhu District, Jiaxing Prefecture, Zhejiang Province. The subsidy amount will be RMB0.52 per kWh after the subsidy from the Jiaxing Prefecture Government expires three years after grid connection.

## *Electricity Generation and Sale*

Upon completion of construction, the solar power projects must be tested and documented to show that they operate normally, meet specified safety requirements and power grid requirements, have specific measures for recording energy production, meet the licensing requirements for operation and comply with local and national standards and regulations. After demonstrating that our projects meet these standards, we enter into a grid connection and dispatch agreement with the local grid company to connect our solar power project to the power grid. We also enter into a PPA for each completed project, pursuant to which we sell electricity to the local grid company. In 2014, we sold over 99.6% of the electricity we generated to the State Grid, who is a large state-owned enterprise and reliable purchaser for our electricity. The remainder is sold directly to consumers.

Under the existing PRC central government directive, solar power projects enjoy the current FIT arrangement for a period of 20 years. Grid companies are mandated to purchase all solar electricity produced within the coverage of their grids. In order to implement the directive, the State Grid enters into grid connection and dispatch agreements and PPAs with us. The grid connection and dispatch agreements generally have tenures of one to five years, some of which are automatically renewed unless otherwise notified, whereas PPAs generally have tenures of one to six years. Both the grid connection and dispatch agreements and the PPAs have all been renewed on similar commercial terms upon expiration, consistent with the NDRC policy.

The benchmark FIT rates our projects are entitled to for electricity we generate and sell to the local grid companies consist of two components:

- respective local rates paid for electricity generated from desulfurized coal plants (ranging from RMB0.25 per kWh to RMB0.49 per kWh in 2014) paid directly from the power grid on a monthly basis; and
- a subsidy component funded by subsidies from the Renewable Energy Development Fund, which is funded by electricity consumers and collected by the local grid companies.

When solar power projects connect to the power grid, they immediately generate cash flow by selling electricity to the power grid based on the desulfurized coal benchmark electricity price. At the same time, the subsidy component of the FIT begins to accrue. After the project connects to the power grid and solar power projects complete certain administrative procedures, the NDRC confirms the FIT that the project is entitled to in accordance with the date of approval or filing date of the project and the date of grid connection. However, the subsidy component is not paid as cash until the solar power project is listed in the Subsidy Catalog.

Solar power projects can only receive central government subsidies after completing certain administrative and perfunctory procedures with the relevant authorities of finance, price and energy to be listed in the Subsidy Catalog, which is issued by the MOF, NDRC and NEA from time to time. In order to be listed in the Subsidy Catalog, ground-mounted projects submit applications to the relevant provincial authorities; and rooftop DG projects submit applications to the local grid companies in the area where the projects are located. After preliminary review of the applications, the relevant provincial authorities and the local grid companies will report to the MOF, NDRC and NEA.

The project's first payment will include amounts accrued from for all prior months the solar power project has been connected to the power grid. As of December 31, 2014, the most recent Subsidy Catalog was released on August 21, 2014. Previously, Subsidy Catalogs have also been released in June 2012, October 2012, December 2012 and February 2013.

Although there has historically been a significant lag between connecting to the power grid and when the project may be included in a published Subsidy Catalog, all of our solar power projects that have been connected to the power grid prior to August 2013 have been listed in published Subsidy Catalogs. See "Item 3. Key Information — D. Risk Factors — Risks Related to Our Business and Industry — Solar power projects can only receive central government subsidies after they are listed in the Subsidy Catalog."

The following table shows the status of our projects in operation with regards to the Subsidy Catalog as of December 31, 2014.

|   | Utility-Scale | Ground-mounted DG projects (MW) | Rooftop DG projects |
|---|---------------|---------------------------------|---------------------|
| Projects in Operation and Listed in the Subsidy Catalog     | 103           | -                               | -                   |
| Projects in Operation and Not Listed in the Subsidy Catalog | 379           | -                               | 21                  |

### Manufacturing

We manufacture solar modules, solar cells, silicon wafers, silicon ingots and recovered silicon materials.

### Manufacturing Capacity and Facilities

#### Manufacturing Capacity

The following table sets forth our annual production capacity for silicon wafers, solar cells and solar modules as of December 31, 2012, 2013 and 2014:

|                 | Annual Production Capacity as of December 31, |      |      |
|-----------------|---|------|------|
|                 | 2012  | 2013 | 2014 |
|                 | (GW)  |      |      |
| <b>Products</b> |   |      |      |
| Solar modules   | 1.2   | 2.0  | 3.2  |
| Solar cells     | 1.2   | 1.5  | 2.0  |
| Silicon wafers  | 1.2   | 1.5  | 2.5  |

#### Property and Plant

We both own and lease properties for our operations. When we state that we own certain properties in China, we own the relevant land use rights because land is owned by the PRC state under the PRC land system. As of the date of this annual report, we had obtained land use rights to approximately 1.3 million square meters of land. The following table sets forth the size, use and the location of the land, to which we had obtained the land use rights, as the date of this annual report:

| Location          | Industrial Use (square meters) | Residential Use (square meters) |
|-------------------|--------------------------------|---------------------------------|
| Jiangxi Province  | 534,224                        | 104,853                         |
| Zhejiang Province | 563,375                        | 36,958                          |
| Total             | 1,097,599                      | 141,811                         |

We also lease manufacturing facilities with a total gross floor area of approximately 32,067 square meters in Shangrao from Jiangxi Desun for production use. We also lease office space and manufacturing facilities in various locations around the world where we maintain subsidiaries and offices.

Except as indicated otherwise, we own the facilities completed and under construction and own the right to use the relevant land for the durations described below (including capacities and major equipment):

| Products                  | Location                           | Facility No. | Plant Size (square meters) | Duration of Land Use Right   | Annual Manufacturing Capacities as of December 31, |      |      | Major Equipment   |
|---------------------------|------------------------------------|--------------|----------------------------|--|--|------|------|---|
|                           |                                    |              |                            |  | 2012   | 2013 | 2014 |   |
| Silicon Ingots and Wafers | Shangrao Economic Development Zone | 1            | 68,396.80                  | (i) March 16, 2010 to February 3, 2057; (ii) December 9, 2009 to September 23, 2058; (iii) July 6, 2009 to August 10, 2059; (iv) July 10, 2009 to February 7, 2057; (v) January 6, 2009 to August 10, 2059 | 1.2  | 1.5  | 2.5  | Monocrystalline furnaces, multicrystalline furnaces, wire saws, wire squarers   |
| Solar Cells               | Yuanhua Town, Haining              | 2            | 107,864.90                 | (i) November 23, 2009 to June 6, 2057; (ii) October 29, 2009 to May 26, 2058; (iii) August 17, 2010 to July 25, 2060   | 1.2  | 1.5  | 2.0  | Diffusion furnaces, sintering furnaces, PECVD antireflection coatings manufacturing equipment, automatic printers   |
| Solar Modules             | Shangrao Economic Development Zone | 3            | 134,950.58                 | July 6, 2009 to August 10, 2059  | 1.2  | 2.0  | 3.2  | Laminating machine, solar cell module production line before and after component lamination, automatic glue-spreads' working station, solar cell module testing devices |
|                           | Yuanhua Town, Haining              | 4            | 89,543.00                  | (i) October 29, 2009 to May 26, 2058; (ii) August 17, 2010 to July 25, 2060; (iii) September 15, 2010 to August 29, 2060   |  |      |      |   |

In addition, there is an electric power transformation and distribution substation constructed by the Shangrao Economic Development Zone Management Committee and Shangrao County Power Supply Co., Ltd. with an annual capacity of 360 million kWh and a gross floor area of 13,127 square meters at Jiangxi Jinko's manufacturing site to support its operations and assure it of priority supply of electricity. We had our own electric power transformation and distribution substation with an annual capacity of approximately 7.4 million kWh and a gross floor area of approximately 6,667 square meters in Shangrao as of December 31, 2014.

As of December 31, 2014, short-term borrowings of RMB1,183.6 million (US\$190.8 million) and long-term borrowings of RMB948.5 million (US\$152.9 million) were secured by land use rights, plant, equipment and project assets. We believe our current land use rights, existing facilities and equipment are adequate for our current requirements.

#### *Major Plans to Construct, Expand or Improve Facilities*

As of December 31, 2014, we had annual capacity of approximately 2.5 GW each for silicon ingots and wafers, 2.0 GW for solar cells and 3.2 GW for solar modules.

See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may continue to undertake acquisitions, investments, joint ventures or other strategic alliances, and such undertakings may be unsuccessful."

We have entered into purchase agreements for purchasing additional manufacturing equipment. Our purchase capital commitments under these contracts amounted to approximately RMB475.0 million (US\$76.6 million) as of December 31, 2014, of which RMB456.6 million (US\$73.6 million) will be due in 2015 and RMB18.4 million (US\$3.0 million) will be due after one year but within five years. As we have shifted our focus from capacity expansion to improving our efficiency, we may terminate these equipment purchase agreements or revise their terms in line with our new plan and as a result, may be subject to cancellation, late charges and forfeiture of prepayments. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We may face termination and late charges and risks relating to the termination and amendment of certain equipment purchases contracts."

#### **Manufacturing Process**

##### *Silicon Ingot Manufacturing*

We produce monocrystalline silicon ingots in electric furnaces. We place silicon materials, consisting of virgin polysilicon feedstock and recovered silicon materials of various grades according to formulas developed in-house into a quartz crucible in the furnace, where the silicon materials are melted. While heating the silicon materials, we pump a stream of argon, a chemically inert gas, into the furnace to remove the impurities vaporized during the heating process and to inhibit oxidation, thus enhancing the purity of the silicon ingots. A thin crystal "seed" is dipped into the molten silicon to determine the crystal orientation and structure. The seed is rotated and then slowly extracted from the molten silicon, which adheres to the seed and is pulled vertically upward to form a cylindrical silicon ingots consisting of a single large silicon crystal as the molten silicon and crucible cool.

We have modified some of our monocrystalline furnaces to allow us to apply our furnace reloading production process, which enables us to increase the size of our silicon ingots while lowering our unit production costs by enhancing the utilization rate of our furnaces and reducing unit costs of consumables and utilities. After the silicon ingot is pulled and cooled, we square the silicon ingots in our squaring machines into blocks.

We produce multicrystalline silicon ingots in electric furnaces. We place silicon materials, consisting of virgin polysilicon feedstock and recovered silicon materials of various grades mixed according to our proprietary formula, into a quartz crucible in the furnace, where the silicon materials are melted. While heating the silicon materials, we pump argon into the furnace to remove impurities and inhibit oxidation. The molten silicon is cast into a block and crystallized, forming a multicrystalline structure as the molten silicon and crucible cool. After the multicrystalline silicon block is cast and cooled, we square it in our squaring machine and cut it into individual blocks. We have improved our high-precision wire squarers and squaring techniques, which allows us to reduce the sizes of silicon ingot tops, tails and other off-cuts during the squaring process, thus increasing the sizes of silicon ingot blocks available to be cut into silicon wafers.

We test monocrystalline and multicrystalline silicon ingots as to their minority carrier lifetime, which is an important measurement of impurity levels of crystalline silicon material, as well as resistivity, electric properties and chemical properties and cut off the unusable parts before they are cut into silicon wafers.

#### *Silicon Wafer Cutting*

We cut silicon ingots into silicon wafers with high-precision wire saws which use steel wires carrying slurry to cut silicon wafers from the silicon ingot blocks. Using proprietary know-how and our process technology, we have improved these wire saws to enable us to cut silicon ingot blocks longer than the size that the wire saws were originally designed to cut as well as to increase the number of quality conforming silicon wafers produced from each silicon ingot block, produce silicon wafers with thickness of a high degree of consistency and improve the quality of silicon wafers. We currently manufacture our monocrystalline silicon wafers in 125 mm x 125 mm dimensions with an average thickness 180 microns and our multicrystalline silicon wafers in 156 mm x 156 mm dimensions with an average thickness of 180 microns. The dimensions of the silicon wafers we produce are dictated by current demands for market standard products. However, our production equipment and processes are also capable of producing silicon wafers in other dimensions if market demand should so require.

After silicon wafers are cut from silicon ingots, they are cleaned and inserted into frames. The framed silicon wafers are further cleaned, dried and inspected before packaging.

#### *Solar Cell Manufacturing*

Our solar cell manufacturing process starts with the ultrasonic cleaning process to remove oil and surface particles from silicon wafers, after which the silicon wafers undergo a chemical cleaning and texturing etching process to remove impurities and create a suede-like structure on the silicon wafer surface, which reduces the reflection of sunlight and increases the absorption of solar energy of solar cells. Through a diffusion process, we then introduce certain impurities into the silicon wafers to form an electrical field within the solar cell. We achieve the electrical isolation between the front and back surfaces of the silicon wafer by edge isolation, or removing a very thin layer of silicon around the edge. We then apply an anti-reflection coating to the front surface of the silicon wafer to enhance its absorption of sunlight through a process called "plasma-enhanced chemical vapor deposition," or PECVD. We screen-print negative and positive metal contacts, or electrodes, on the front and back surfaces of the solar cell, respectively, with the front contact in a grid pattern to collect the electrical current. Silicon and metal electrodes are then fused through an electrode firing process in a conveyor belt furnace at a high temperature. After the electrode firing process, solar cells are tested, sorted and packaged.

#### *Solar Module Manufacturing*

Solar modules are produced by interconnecting multiple solar cells into desired electrical configurations through welding. The interconnected solar cells are laid out and laminated in a vacuum. Through these processes, the solar modules are weather-sealed, and thus are able to withstand high levels of ultraviolet radiation, moisture, wind and sand. Assembled solar modules are packaged in a protective aluminum frame prior to testing.



## **Raw and Ancillary Materials**

The raw materials used in our manufacturing process consist primarily of virgin polysilicon and recoverable silicon materials, and the ancillary materials used in our manufacturing process consist primarily of metallic pastes, EVA, tempered glass, aluminum frames, back sheets, junction boxes and other related consumables. The prices of polysilicon and silicon wafers have been subject to significant volatility. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Volatility in the prices of silicon raw materials makes our procurement planning challenging and could have a material adverse effect on our results of operations and financial condition.”

### ***Raw Materials***

The principal raw material used in our manufacturing process is virgin polysilicon. We also use recoverable silicon materials in our production. In 2012, 2013 and 2014, virgin polysilicon accounted for approximately 93.8%, 78.5% and 86.4%, respectively, and recoverable silicon materials accounted for approximately 6.2%, 21.5% and 13.6%, respectively, of our total silicon raw material purchases by value. We procure our raw materials from diversified sources. In 2014, purchases from foreign suppliers and domestic suppliers accounted for 26.8% and 73.2% of our total silicon raw material purchases, respectively.

In 2012, 2013 and 2014, our five largest suppliers provided approximately 63.2%, 62.1% and 52.8%, respectively, of our total silicon purchases by value. In 2012, four of our suppliers individually accounted for more than 10%, and our largest supplier accounted for 20.5% of our total silicon purchases by value. In 2013, two of our suppliers individually accounted for more than 10% and our largest supplier accounted for 24.2% of our total silicon purchases by value. In 2014, three of our suppliers individually accounted for more than 10% and our largest supplier accounted for 16.0% of our total silicon purchases by value.

Our supply contracts generally include prepayment obligations for the procurement of silicon raw materials. As of December 31, 2014, we had approximately RMB80.9 million (US\$13.0 million) of advances to suppliers.

#### *Virgin Polysilicon*

We purchase solar grade virgin polysilicon from both domestic and foreign suppliers. We purchase our virgin polysilicon through spot market purchases to take advantage of decreasing virgin polysilicon prices.

In July 2008, we entered into a long-term supply agreement with Wuxi Zhongcai, a producer of virgin polysilicon materials. We provided a prepayment of RMB95.6 million pursuant to such contract. As a result of the declining market price of virgin polysilicon, Wuxi Zhongcai halted production of virgin polysilicon and we terminated our agreement with Wuxi Zhongcai. On May 3, 2012, we entered into a contract with Lianyungang Zhongcai Technological Co., Ltd., an affiliate of Wuxi Zhongcai, for the purchase of polysilicon, deducting RMB2.4 million from the advance prepayment of RMB95.6 million, leaving a balance of RMB93.2 million remaining. In February 2013, we became involved in litigation with Wuxi Zhongcai regarding the supply agreement. We considered the recovery of the RMB93.2 million unlikely as a result of the polysilicon market conditions, the mutually alleged claims and the adverse developments in the operations of Wuxi Zhongcai and recorded provisions of RMB93.2 million for the balance of the prepayment to Wuxi Zhongcai.

#### *Recoverable Silicon Materials*

We purchase pre-screened recoverable silicon materials from our suppliers which are delivered to our facilities for chemical treatment, cleaning and sorting into recovered silicon materials. Currently, we purchase most of our recoverable silicon materials on the spot market.

#### *Ancillary Materials*

We use metallic pastes as raw materials in our solar cell production process. Metallic pastes are used to form the grids of metal contacts that are printed on the front and back surfaces of the solar cells through screen-printing to create negative and positive electrodes. We procure metallic pastes from third parties under monthly contracts. In addition, we use EVA, tempered glass, aluminum frames and other raw materials in our solar module production process. We procure these materials from third parties on a monthly basis.

## Customers and Markets

We sell PV products in both China and overseas markets and sell electricity generated by our solar power projects in China. In 2012, 2013 and 2014, we generated 45.5%, 48.9% and 43.7% of our revenues from domestic sales and 54.5%, 51.1% and 56.3% of our revenues from export sales, respectively. As of December 31, 2014, we had more than 280 customers for our solar modules from China and 430 from other countries, including the United States, the United Kingdom, Chile, South Africa, Japan, Holland, India, Australia and France. The following table sets forth our net revenues generated from sales of products and provision of processing services to customers in respective geographic locations, with percentage of net revenues, for the periods indicated.

|  | 2012        |        | 2013        |        | 2014        |             |        |
|--|-------------|--------|-------------|--------|-------------|-------------|--------|
|  | RMB         | (%)    | RMB         | (%)    | RMB         | US\$        |        |
| <b>(in thousands, except percentages)</b>            |             |        |             |        |             |             |        |
| <b>Inside China (including Hong Kong and Taiwan)</b> | 2,179,670.1 | 45.5%  | 3,461,295.5 | 48.9%  | 4,357,362.6 | 702,279.4   | 43.7%  |
| <b>Outside China</b>                                 |             |        |             |        |             |             |        |
| America  | 135,839.2   | 2.8%   | 414,371.3   | 5.9%   | 1,766,283.0 | 284,673.1   | 17.7%  |
| UK   | 23,684.4    | 0.5%   | 227,654.7   | 3.2%   | 1,266,982.3 | 204,200.5   | 12.7%  |
| Chile  | 451.8       | 0.0%   | 4,601.1     | 0.1%   | 580,383.8   | 93,540.9    | 5.8%   |
| South Africa   | 202.4       | 0.0%   | 681,502.4   | 9.6%   | 534,571.3   | 86,157.2    | 5.4%   |
| Japan  | 11,409.6    | 0.2%   | 112,460.1   | 1.6%   | 486,201.3   | 78,361.4    | 4.9%   |
| Rest of the world                                    | 2,443,510.9 | 51.0%  | 2,176,953.3 | 30.8%  | 986,744.4   | 159,034.3   | 9.9%   |
| Sub-total  | 2,615,098.3 | 54.5%  | 3,617,543.0 | 51.1%  | 5,621,166.1 | 905,967.4   | 56.3%  |
| Total  | 4,794,768.4 | 100.0% | 7,078,838.5 | 100.0% | 9,978,528.6 | 1,608,246.8 | 100.0% |

Sales of solar modules are our largest revenue contributor, which accounted for 91.8% of our total revenues in 2014. We sell silicon wafers and solar cells to the extent we do not consume them for our own production. We expect that our sales of solar modules will continue to be our largest revenue contributor.

The following table sets forth the primary products sold to our top five customers and the percentage of total revenues generated by sales to our top five customers, for the periods indicated:

|                           | 2012          |      | 2013          |      | 2014          |      |
|---------------------------|---------------|------|---------------|------|---------------|------|
|                           | Products      | (%)  | Products      | (%)  | Products      | (%)  |
| <b>Top five customers</b> | Solar modules | 18.3 | Solar modules | 30.3 | Solar modules | 17.2 |

We sell our solar modules under our own brand “JinkoSolar” as well as on an OEM basis. Our customers for solar modules include distributors, project developers and system integrators. We have been able to establish strong relationships with a number of major customers, based on the quality of our products and our market reputation. Our module customers include leading players in the PV industry, such as Enel Green Power, BayWa r.e. Solarsysteme GmbH, AMEC, the Juwi Group, Energiebau Solarstrom System GmbH, WBHO Build Energy (Pty) Ltd, Solar Century Holding Ltd and Solairedirect S.A.

## Sales and Marketing

We sell solar modules under short-term contracts and by spot market sales. We negotiate payment terms on a case by case basis and we allow most of our overseas’ customers to make full payment within 90 days and our domestic customers to make 90%-95% of payment within 180 days after delivery and the rest will be paid when the Retainage Period ends.

We expect to retain a substantial portion of our solar cells for our own solar module production, while maintaining our flexibility to respond to market changes and price fluctuations by selling a portion of our solar cells in the spot market under favorable circumstances. We sell our solar cells under short-term contracts and by spot market sales. We negotiate payment terms of our solar cell sales contracts on a case-by-case basis, and we allow most of our customers to make full payment within 15 to 90 days after delivery. See “Item 5. Operating and Financial Review and Prospects—A. Operational Results—Principal Factors Affecting Our Results of Operations—Industry Trend for Credit Sales.”

Historically, we made substantial sales of silicon wafers. Currently, we retain a substantial portion of our silicon wafers for our own solar cell production, while selling the remaining to our solar cell suppliers to set off a portion of our payment obligations for our solar cell purchases.

We made substantial sales of recovered silicon materials and silicon ingots before we built out our silicon wafer, solar cell and solar module production capacity. We currently sell a small volume of recovered silicon materials.

As we continue to diversify our product lines, we have successfully expanded our global marketing footprint. We established a sales and marketing center in Shanghai in January 2009, which provides us with convenient access to domestic and international sales channels. In November 2009, we established JinkoSolar International Limited in Hong Kong to get easy access to major export markets. We began exporting our silicon wafers to Hong Kong in May 2008, and have since expanded our sales to Taiwan, India, the Netherlands, Singapore and Korea. With our entry into the downstream solar module markets, we have further successfully marketed our products to customers in Germany, Italy, Belgium, Spain, France, Israel, U.S. Canada, South Africa, Australia, Singapore, and other countries and regions. We have established 27 overseas subsidiaries in 17 countries, including Germany, France, Italy, Switzerland, Luxemburg, Canada, U.S., Australia, South Africa, Japan, India, Britain, Hong Kong, Singapore, Portugal, Brazil and Mexico. We intend to establish additional subsidiaries and sales offices in the major overseas markets to expand our customer base and increase our market penetration.

In addition, we have devoted significant resources to developing solar module customers and a stable end-user customer base through establishing diversified sales channels comprising project developers, system integrators, distributors and sales agents and diversified marketing activities, including advertising on major industry publications, attending trade shows and exhibits worldwide as well as providing high quality services to our customers. In August 2012, we launched the JinkoSolar Priority Solar Club partner program for our strategic customers to further drive our module sales and reward customer loyalty.

In August 2011, we entered into an advertising agreement with Infront Sports & Media AG, who has the exclusive advertising rights for the home football games and certain away games of the German Men's "A" National Team for a term of three years ending on June 30, 2014. Such agreement was terminated on August 16, 2012. In March 2012, we agreed to extend our sponsorship of the San Francisco 49ers through February 28, 2014. In April 2012, we renewed our sponsorship with Valencia Club de Futbol, one of the top football teams in Spain, for two more seasons. We believe that our global marketing practice and strategy have and will continue to enable us to explore the overseas market, increase our sales, expand our customer base and increase recognition of our brand domestically and internationally.

In 2015, we entered into advertising agreements with several TV stations and several major city airports. Furthermore, we began to sponsor major PV industry conferences and participated in some industry associations.

In December 2013, we received the 2013 Chinese Excellent Corporate Citizenship Award at the 9<sup>th</sup> China Annual Corporate Citizenship Awards Ceremony.

In 2014, we were ranked 313<sup>th</sup> on the List of Top 500 Private Enterprises in China by All-China Federation of Industry & Commerce. We were awarded 2014 China's Outstanding Corporate Citizen and ranked among the 2014 List of Top 50 Outstanding Corporate Citizens by China Committee of Corporate Citizenship. We were ranked among the List of Top Ten Solar Companies in China by SolarStar, an online media platform covering the solar industry. We were ranked among the List of Top 50 Energy Enterprises with Most Growth Potential in 2014 by *Energy*, a Chinese magazine covering the energy sector in China. We were the only Chinese solar company that received the 2014 Best Employer in China Award by International Public Management Association for Human Resources Association.

#### **Quality Control**

We employ strict quality control procedures at each stage of the manufacturing process in accordance with ISO9001 quality management standards to ensure the consistency of our product quality and compliance with our internal production benchmarks. Our quality management systems in Jiangxi Jinko and Zhejiang Jinko have received the DQS-UL certificate and LRQA certificate, respectively.

In addition, we have also received international and domestic certifications for certain models of our solar modules. For example, we have received CE, TÜV and MCS certifications for all of our solar modules sold in Europe, UL certifications for all solar modules sold in North America and CQC and CGC certification for all of our solar modules in China. In August 2011, one type of our solar modules ranked 7th among solar modules manufactured by nearly 100 solar module manufacturers from all over the world in terms of yield performance measured by PHOTON Lab's outdoor test. In September 2011, 15 types of our solar modules received A-rating from Brazil's National Institute of Metrology, Quality and Technology (Inmetro). In August 2012, our modules became the first to pass TUV-SUD's stringent potential induced degradation test under 85 degrees Celsius and 85% relative humidity conditions, and our testing facility received certification from China National Accreditation Service for its industry leading quality controls. In May 2013, our modules became the first to pass TUV NORD's dynamic mechanical load testing with maximum 5400 Pascal downward load. In 2013, our solar modules also passed TUV Nord's Dust & Sand Certification Test, demonstrating their suitability for installation in desert regions. In December 2014, our modules became the first to pass TUV NORD's transportation and shipping of PV Module stacks test. Our solar modules received the highest testing result, class 1, in the fire resistance test conducted by Italy's Istituto Giordano. We also obtained the JIS Q 8901 Certification from TUV Rheinland.

We conduct systematic inspections of incoming raw materials, ranging from silicon raw materials to various ancillary materials. We have formulated and adopted guidelines and continue to devote efforts to developing and improving our inspection measures and standards on recycling recoverable silicon materials, silicon ingots, silicon wafer, solar cell and solar module production. We conduct a final quality check before packing to ensure that our solar power products meet all our internal standards and customers' specifications.

In February 2012, we opened our PV module testing laboratory in Jiangxi, China, which can conduct over 16 different kinds of tests, ranging from basic pressure and impact tests to challenging hot spot, pre-decay and UV aging tests, all of which conform to UL and International Electrotechnical Commission regulations. In February 2012, the facility was awarded the Underwriters Laboratories ("UL") Witness Testing Data Program ("WTDP") Certificate and, in August 2012, the facility was certified by China National Accreditation Service ("CNAS").

As of December 31, 2014, we had a dedicated team of 999 employees overseeing our quality control processes, and they work collaboratively with our sales team to provide customer support and after-sale services. We emphasize gathering customer feedback for our products and addressing customer concerns in a timely manner. In addition, to ensure the effectiveness of our quality control procedures, we also provide periodic training to our employees.

## **Competition**

We operate in a highly competitive and rapidly evolving market. As we build out our solar cell and solar module production capacity and increase the output of these products, we mainly compete with integrated as well as specialized manufacturers of solar cells and solar modules such as Trina, Yingli Green Energy, Canadian Solar Inc and JA Solar in a continuously evolving market. Recently, some upstream polysilicon manufacturers as well as downstream manufacturers have also built out or expanded their silicon ingots, silicon wafer, solar cell and solar module production operations. We expect to face increased competition as other silicon ingots, silicon wafer, solar cell and solar module manufacturers continue to expand their operations. Some of our current and potential competitors may have a longer operating history, greater financial and other resources, stronger brand recognition, better access to raw materials, stronger relationships with customers and greater economies of scale than we do. Moreover, certain of our competitors are highly-integrated producers whose business models provide them with competitive advantages as these companies are less dependent on upstream suppliers and/or downstream customers in the value chain.

We compete primarily in terms of product quality and consistency, pricing, timely delivery, ability to fill large orders and reputation for reliable customer support services. We believe that our high quality products, our low manufacturing costs and easy access to key resources from our strategically located production bases in China, our recoverable silicon material processing operations and our proprietary process technologies enhance our overall competitiveness.

In addition, some companies are currently developing or manufacturing solar power products based on thin film materials. These new alternative products may cost less than those based on monocrystalline or multicrystalline technologies while achieving the same or similar levels of conversion efficiency in the future. Furthermore, the solar industry generally competes with other renewable energy and conventional energy sources.

Furthermore, we may also face extensive competition in developing solar power projects and providing solar system integration services. Some of our potential competitors in this industry may have a longer history, a more extensive experience in this industry, greater financial and other resources, stronger brand recognition, stronger relationships with customers and greater economies of scale than we do. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We face intense competition in solar power product markets. If we fail to adapt to changing market conditions and to compete successfully with existing or new competitors, our business prospects and results of operations would be materially adversely affected.”

### **Production Safety**

We are subject to extensive PRC laws and regulations in relation to labor and safety. We have adopted stringent safety procedures at our facilities to limit potential damage and personal injury in the event of an accident or natural disaster, and have devised a number of internal guidelines as well as instructions for our manufacturing processes, including the operation of equipment and handling of chemicals. We distribute safety-related manuals to employees and post bulletins setting forth safety instructions, guidelines and policies throughout our facilities. Failure by employees to follow these guidelines and instructions result in monetary fines. All of our new employees undergo extensive safety training and education. We require our technical staff to attend weekly training programs taught by instructors to enhance their work safety awareness and ensure safe equipment operation. We conduct regular inspections and our experienced equipment maintenance team oversees the operation of our manufacturing lines to maintain proper and safe working conditions. As a result, our occupational health and safety management systems are certified to fulfill the OHSAS 18001:2007 standards starting from March 2012. Since our inception, we have not experienced any major work-related injuries.

We use, store and generate volatile and otherwise dangerous chemicals and wastes during our manufacturing processes, and are subject to a variety of government regulations related to the use, storage and disposal of such hazardous chemicals and waste. In accordance with the requirements of the revised Regulation on the Safety Management of Hazardous Chemical, which became effective on December 1, 2011, we are required to engage State-qualified institutions to conduct the safety evaluation on our storage instruments related to our use of hazardous chemicals and file the safety evaluation report with the competent safety supervision and administration authorities every three years. Moreover, we also need to timely file a report with the competent safety supervision and administration authorities and public security agencies concerning the actual storage situation of our hyper-toxic chemicals and other hazardous chemicals that constitute major of hazard sources. We have not conducted the safety evaluation or filed safety evaluation reports with respect to certain of our storage instruments in compliance with the revised Regulation on the Safety Management of Hazardous Chemicals and we cannot assure you that we will be able to file the safety evaluation reports on time. Failure to make such filing on time may subject us to an order to rectify such conduct within a prescribed time period, fines of up to RMB100,000 or a revocation of our qualification certification and business license.

### **Environmental Matters**

We generate and discharge chemical wastes, waste water, gaseous waste and other industrial waste at various stages of our manufacturing process as well as during the processing of recovered silicon material. We have installed pollution abatement equipment at our facilities to process, reduce, treat, and where feasible, recycle the waste materials before disposal, and we treat the waste water, gaseous and liquid waste and other industrial waste produced during the manufacturing process before discharge. We also maintain environmental teams at each of our manufacturing facilities to monitor waste treatment and ensure that our waste emissions comply with PRC environmental standards. Our environmental teams are on duty 24 hours. We are required to comply with all PRC national and local environmental protection laws and regulations and our operations are subject to periodic inspection by national and local environmental protection authorities. PRC national and local environmental laws and regulations impose fees for the discharge of waste materials above prescribed levels, require the payment of fines for serious violations and provide that the relevant authorities may at their own discretion close or suspend the operation of any facility that fails to comply with orders requiring it to cease or remedy operations causing environmental damage. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Compliance with environmentally safe production and construction regulations can be costly, while non-compliance with such regulations may result in adverse publicity and potentially significant monetary damages, fines and suspension of our business.”

Our factories are equipped with state-of-the-art equipment that has been designed to not only produce the highest quality products, but to also minimize the environmental impact. Our manufacturing plants in Jiangxi Jinko have received the ISO 9001 certification and Zhejiang Jinko have received the ISO 9001 and the ISO14001 certification. In January 2012, we joined the PV Cycle Association for the collection and recycling of end-of-life solar modules at European level.

We are required to obtain construction permits before commencing constructing production facilities. We are also required to obtain approvals from PRC environmental protection authorities before commencing commercial operations of our manufacturing facilities. We commenced construction of a portion of our solar cell and solar module production facilities prior to obtaining the construction permits and commenced operations of certain of our production facilities prior to obtaining the environmental approvals for commencing commercial operation and completing the required safety evaluation procedure. Although we have subsequently obtained all required environmental approvals covering all of our existing production capacity except a portion of our solar cell and solar module production capacity, we cannot assure you that we will not be penalized by the relevant government authorities for any prior non-compliance with the PRC environmental protection, safe production and construction regulations.

In late August 2011, our Haining facility experienced a suspected leakage of fluoride into a nearby small water channel due to extreme and unforeseen weather conditions. On September 15, 2011, residents of Hongxiao Village in proximity to the Haining facility gathered to protest the discharge. The Haining facility suspended production on September 17, 2011. We also took steps recommended by an environmental engineering firms licensed by the PRC government (“Licensed Engineers”). On September 28, 2011, a committee of experts (the “Experts Committee”) established by the Haining government approved a set of recommendations developed by the Licensed Engineers with our assistance and the Haining government to be implemented by us. On October 6, 2011, the Experts Committee, the Environmental Bureau of the Haining government and representatives of Hongxiao Village reviewed the steps taken by us based on the recommendations of the Experts Committee and provided their comments to JinkoSolar’s management. On October 9, 2011, the Experts Committee notified us that the Experts Committee was satisfied with the steps taken by us and we resumed production at the Haining facility.

On March 22, 2012, our 600 MW solar cell manufacturing line passed the Haining City environmental authority’s environmental evaluation. In May 2012, pursuant to a request from the Haining City environmental authority as a part of a program directed to all local manufacturing companies, we took additional steps intended to improve our program for handling hazardous waste, which was approved in September 2012. In November 2012, we were selected on a random basis for an audit of our energy conservation and emission-reduction management systems by the Haining City environmental authority, which we completed successfully.

### **Seasonality**

Demand for solar power products tends to be weaker during the winter months partly due to adverse weather conditions in certain regions, which complicate the installation of solar power systems. Our operating results may fluctuate from period to period based on the seasonality of industry demand for solar power products. Our sales in the first quarter of any year may also be affected by the occurrence of the Chinese New Year holiday during which domestic industrial activity is normally lower than that at other times.

### **Insurance**

We have insurance policies covering certain machinery such as our monocrystalline and multicrystalline furnaces. These insurance policies cover damages and losses due to fire, flood, design defects or improper installation of equipment, water stoppages or power outages and other events stipulated in the relevant policies. Insurance coverage for Jiangxi Jinko’s fixed assets other than land amounted to approximately RMB2,389.0 million (US\$385.0 million) as of December 31, 2014. Insurance coverage for Zhejiang Jinko’s fixed assets and inventory amounted to approximately RMB3,217.5 million (US\$518.6 million) as of December 31, 2014. As of December 31, 2014, we had product liability insurance coverage for Jiangxi Jinko, Zhejiang Jinko, Jinko Solar Import and Export Co. Ltd. (“Jinko Import and Export”) and Zhejiang Jinko Trading Co., Ltd. (“Zhejiang Trading”) of up to US\$40.0 million, export credit insurance coverage for Jiangxi Jinko, Zhejiang Jinko and Jinko Import and Export of up to US\$640.0 million and product transportation liability insurance coverage for Jiangxi Jinko, Zhejiang Jinko, Jinko Import and Export, Zhejiang Trading, JinkoSolar International Limited, JinkoSolar GmbH, JinkoSolar Canada Co., Ltd. and JinkoSolar (U.S.) Inc. of up to RMB10.0 billion (US\$1.6 billion).

We engage PowerGuard, a firm specializing in unique insurance and risk management solutions for the wind and solar energy industries to provide insurance coverage for the product warranty services for our solar modules worldwide. The policy offers back-to-back coverage through a maximum of ten-year limited product defects warranty, as well as a 12-year and 25-year warranty against declines of more than 10.0% and 20.0%, respectively, from the initial minimum power generation capacity at the time of delivery.

In addition, in November 2012, we also purchased a policy for environmental liabilities insurance covering our operations in Jiaying, Zhejiang Province, as required by the Environmental Protection Bureau of Jiaying City. We believe that our overall insurance coverage is consistent with the market practice in China. However, significant damage to any of our manufacturing facilities and buildings, whether as a result of fire or other causes, could have a material adverse effect on our results of operations. In accordance with customary practice in China, we do not carry any business interruption insurance. Moreover, we may incur losses beyond the limits, or outside the coverage, of our insurance policies. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We have limited insurance coverage and may incur losses resulting from product liability claims, business interruption or natural disasters.” We paid an aggregate of approximately RMB5.9 million, RMB29.6 million and RMB27.3 million (US\$4.4 million) in insurance premiums in 2012, 2013 and 2014, respectively.

## Regulation

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

### *Renewable Energy Law and Other Government Directives*

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

The *PRC Energy Conservation Law*, which was amended on October 28, 2007 and came into effect on April 1, 2008, encourages the utilization and installation of solar power facilities on buildings for energy-efficiency purposes. The law also encourages and supports the development of solar energy system in rural areas.

On September 4, 2006, the MOF and Ministry of Construction jointly promulgated the *Interim Measures for Administration of Special Funds for Application of Renewable Energy in Building Construction*, pursuant to which the MOF will arrange special funds to support the application of Building Integrated Photovoltaics systems, or BIPV applications, to enhance building energy efficiency, protect the environment and reduce consumption of fossil fuel energy. Under these measures, applications to provide hot water supply, refrigeration, heating and lighting are eligible for such special funds.

On March 23, 2009, the MOF promulgated the *Interim Measures for Administration of Government Subsidy Funds for Application of Solar Photovoltaic Technology in Building Structures*, or the Interim Measures, to support the promotion of PV applications in the PRC. Local governments are encouraged to issue and implement supporting policies for the development of PV technology. Under these Interim Measures, a subsidy of RMB20.0 per kWp covering BIPV applications installed on or after March 23, 2009 was set for 2009. On December 16, 2011, the MOF and Ministry of Housing and Urban-Rural Development jointly released a notice regarding the application of PV technology in building structures, pursuant to which the PRC government offer subsidies ranging from RMB7.5 to RMB9.0 per watt for BIPV projects. The construction of such BIPV projects must be completed in 2012.

On July 16, 2009, the MOF, Ministry of Science and Technology and Resource Bureau of the NDRC jointly published an announcement containing the guidelines for the Golden Sun Demonstration Program. Under the program, the PRC government will provide, up to 20 MW of PV projects per province, with a 50% to 70% subsidy for the capital costs of solar systems and the relevant power transmission and distribution systems. The program further provides that each PV project applying for such subsidy must have a minimum capacity of 300 kWp with an operation period of not less than 20 years. On September 21, 2010, the MOF, NEA, Ministry of Science and Technology and Ministry of Housing and Urban-Rural Development jointly released an announcement to strengthen the administration of, and provide details for, the implementation of the Golden Sun Demonstration Program and government subsidies for BIPV applications. Among other things, the announcement clarified that the PRC government will subsidize 50% of the cost of key equipment for on-grid PV projects and 70% of that for off-grid PV projects in remote regions. In addition, the government will offer subsidies of RMB4.0 per watt for on-grid PV projects, RMB6.0 per watt for BIPV projects and RMB10.0 per watt for off-grid PV projects in remote regions.

On September 26, 2009, the State Council of the PRC approved and circulated the *Opinions of National Development and Reform Commission and other Nine Governmental Authorities on Restraining the Production Capacity Surplus and Duplicate Construction in Certain Industries and Guiding the Industries for Healthy Development*. These opinions concluded that polysilicon production capacity in China has exceeded demand and adopted a policy to impose more stringent requirements on the construction of new facilities for manufacturing polysilicon in China. These opinions also stated in general terms that the government should encourage polysilicon manufacturers to enhance cooperation and affiliation with downstream solar power product manufacturers to expand their product lines. However, these opinions do not provide any detailed measures for the implementation of this policy. As we are not a polysilicon manufacturer and do not expect to manufacture polysilicon in the future, we believe the issuance and circulation of these opinions will not have any material impact on our business.

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

In March 2011, the National People's Congress approved the *Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the PRC*, which includes a national commitment to promoting the development of renewable energy and enhancing the competitiveness of the renewable energy industry. Accordingly, in January 2012, the Ministry of Industry and Information Technology and the Ministry of Science and Technology respectively promulgated the *Twelfth Five-Year Special Plans Regarding the New Materials Industry and the High-tech Industrialization* to support the development of the PRC solar power industry.

On March 8, 2011, the MOF and the Ministry of Housing and Urban-Rural Development jointly promulgated the *Notice on Further Application of Renewable Energy in Building Construction* to increase the utilization of renewable energy in buildings.

On March 27, 2011, the NDRC promulgated the revised *Guideline Catalogue for Industrial Restructuring* which categorizes the solar power industry as an encouraged item. On February 16, 2013, the NDRC promulgated the 2013 revised *Guideline Catalogue for Industrial Restructuring* to be effective on May 1, 2013, the solar power industry is still categorized as an encouraged item.

On February 24, 2012, the MIIT released the *Twelfth Five-Year Plan for the Solar Photovoltaic Industry*. According to the industry plan, the PRC will reduce the cost of solar power to 0.8 yuan (US\$0.12) per kilowatt-hour by 2015 and 0.6 yuan per kWh by 2020 and increase production of solar panels. Furthermore, the plan indicated that the government requires China's leading polysilicon manufacturers to reach annual production capacity of 50,000 tons by 2015.

On July 7, 2012, NEA officially released the *Twelfth Five-Year Plan on Solar Power Development*. In the document, the NEA stated that by 2015, the total installed capacity of distributed PV generation will achieve 10 GW in Eastern and Central China by focusing on the establishment of distributed PV generation systems in such areas, and the total installed capacity of 10 GW of grid-connected PV power plants will be established to increase local electrical power supply in the regions with rich solar resources and uncultivated land resources, such as Qinghai, Xinjiang, Gansu and Inner Mongolia. The total estimated investment is RMB250 billion.

On July 9, 2012, the State Council released the *Twelfth Five-Year Development Plan for National Strategic New Industries*. According to this document, by 2020, the total installed capacity of PV generation will achieve 50 million kW, and the research and manufacturing technology of PV equipment will reach advanced global levels. This document also set forth the major actions to be taken and policies to be promulgated for promoting the development of solar power industry.

On January 1, 2013, the PRC State Council issued the *Twelfth Five-Year Plan for Energy Development*, which demonstrated a commitment to solar energy. It proposed that by the end of 2015, there should be 21 GW of installed solar power capacity, a 40% increase compared to 2012. In addition, the Plan also encouraged and promoted the merger and acquisition, restructuring and upgrading of the PV industry.



In response to the increased pace of market development, the PRC State Council, in a statement dated July 4, 2013, announced that installed capacity for solar electricity is expected to reach more than 35 GW by 2015 at a growth rate of about 10 GW a year between now and then, and to reach more than 100 GW by 2020. The PRC State Council also described principles promoting the PV industry through (i) the exploration of the distributed PV power generation market, (ii) the improvement to the grid connection management and service, in particular for PV power generation, (iii) the improvement to pricing and subsidy policies and development of fund for renewable energy and (iv) support from the financial institutions to the PV industry, among other matters.

On January 17, 2014, the NEA issued the Notice on Targets for the Increase in PV Power Generation Capacity for 2014, and announced that the total target for the increase in PV power generation capacity for 2014 will be 14 GW, of which 8 GW will be reserved for distributed power generation and 6 GW will be reserved for power generation by solar power projects.

On March 16, 2015, the NEA promulgated the *Circular on Implementing Plans of PV Generation Construction for 2015*, which revised China's 2015 solar electricity installation target upwards by 20% to 17.8 GW of capacity for ground-mounted projects and indicated that rooftop DG projects would no longer be subject to a quota.

### ***Laws and Regulations Concerning the Electric Power Industry***

The regulatory framework of the PRC power industry consists primarily of the *Electric Power Law of the PRC*, which became effective on April 1, 1996 (subsequently revised effective on August 27, 2009) and the *Electric Power Regulatory Ordinance*, which became effective on May 1, 2005. One of the stated purposes of the *Electric Power Law* is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. According to the *Electric Power Law*, the PRC government encourages PRC and foreign investment in the power industry. The *Electric Power Regulatory Ordinance* sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of electric power business permits, the regulatory inspections of power generators and grid companies and the legal liabilities for violations of the regulatory requirements.

#### *Obtaining the Electric Power Business Permit*

On January 5, 2006, the NDRC promulgated the *Administrative Provisions on Renewable Energy Power Generation* which set forth specific measures for setting the price of electricity generated from renewable energy sources, including solar and for allocating the costs associated with renewable power generation. The *Administrative Provisions on Renewable Energy Power Generation* also delegate administrative and supervisory authority among government agencies at the national and provincial levels and assign partial responsibility to electricity grid companies and power generation companies for implementing the *Renewable Energy Law*.

Pursuant to the *Provisions on the Administration of the Electric Power Business Permit*, which were issued by the SERC and became effective on December 1, 2005, unless otherwise provided by the SERC, no company or individual in the PRC may engage in any aspect of electric power business (including power generation, transmission, dispatch and sales) without first obtaining an electric power business permit from the SERC. These provisions also require that if an applicant seeks an electric power business permit to engage in power generation, it must also obtain in advance all relevant government approvals for the project including construction, generation capacity and environmental compliance.

However, there are exceptions which our certain PV Power Generation Projects may not need obtain an electric power business permit from the SERC. On July 18, 2013, the NDRC issued the *Interim Measures for the Administration of Distributed PV Power Generation*, which waived the previous requirement to obtain an Electric Power Business Permit for DG projects. On April 9, 2014, the NEA issued the *Circular on Clarifying Issues concerning the Administration of Electric Power Business Permit*, which waived requirement to obtain an Electric Power Business Permit for those solar power generation projects with installed capacity less than 6 MW and any DG projects approved by or filed with the NDRC or its local branches, and required local NEA to simplify the Electric Power Business Permit application procedure for the solar power generation companies.

### *Obtaining the Construction Engineering Qualifications and Permit*

Pursuant to the *Construction Law* which was promulgated by the Ministry of Construction on March 1, 1998 and amended on April 22, 2011 and the *Regulation on Administration on Qualifications of Construction Engineering* which became effective on March 1, 2015, an enterprise engaged in the design and engineering work for an electric power project must obtain a qualification certificate and must conduct its work within the strict design scope set forth in its certificate. An enterprise conducting design or engineering work without first obtaining the qualification certificate or an enterprise that has obtained the qualification certificate but exceeds the permitted design scope may be subject to action by the relevant authorities, including monetary penalties, rescission of its certification or confiscation of all illicit gains.

Pursuant to the *Provisions on the Administration of Permits of Installation, Repair, and Test of Electric Power Facilities*, which were promulgated by the SERC and became effective on March 1, 2010, any entity or individual engaged in installing, repairing or testing of electric power facilities in the PRC must obtain a permit unless otherwise exempted by the SERC. There are three categories of permits and each category is further subdivided into five levels. Each category represents a specific range of activity *i.e.*, installation, repair and testing. Each level denotes the maximum voltage level of an electric facility that a permit holder may work with. To apply for a permit, an applicant must submit the application to the local branch of SERC. A permit holder may also apply to change either the permitted matter, which is the category or level of the permit, or the registered matter, which is the name, legal address, legal representative and other pertinent matters. A permit is valid for six years and can be renewed.

### *Grid Connection and Dispatchment*

All electric power generated in China is distributed through power grids, except for electric power generated by facilities not connected to a grid. The distribution of power to each grid is administered by dispatch centers, which the administration and dispatch of planned output by power plants connected to the grid. The *Regulations on the Administration of Electric Power Dispatch to Networks and Grids*, promulgated by the State Council and the former Ministry of Electric Power Industry, effective on November 1, 1993, as amended on January 8, 2011, and its implementation measures, regulate the operation of dispatch centers.

### ***FIT and Subsidies***

#### *FIT Payments*

*The Renewable Energy Law of the PRC*, which was amended on December 26, 2009 and became effective on April 1, 2010, sets forth policies to encourage the development and utilization of solar power and other renewable energy. The Renewable Energy Law authorizes the relevant pricing authorities to set favorable prices for electricity generated from solar and other renewable energy sources.

*The Circular on Improving Policies on the On-grid Tariffs of Solar Power Generation*, which was issued by the NDRC and became effective on July 24, 2011, provides that the FIT (including VAT) for solar power projects approved before July 1, 2011 that began operation before December 31, 2011 would be RMB1.15 per kWh and the FIT (including VAT) for solar power projects either approved after July 1, 2011 or completed after December 31, 2011 would be RMB1.00 per kWh (excluding on-grid solar power projects located in Tibet).

The NDRC further issued *the Circular on Promoting the Healthy Development of PV Industry by Price Leverage* on August 26, 2013, or the 2013 Circular. Under this circular, the FIT (including VAT) for solar power projects approved or filed after September 1, 2013 or beginning operation after January 1, 2014 would be RMB0.90 per kWh, RMB0.95 per kWh or RMB1.00 per kWh, depending on the locations of the projects (excluding on-grid solar power projects located in Tibet).

In addition, the 2013 Circular sets forth special rules that entitle DG projects (excluding the projects that have received an investment subsidy from the central budget) to a national subsidy of RMB0.42 per kWh. According to *the Circular on Further Implementing Policies Relating to Distributed Generation* issued by the NEA on September 2, 2014 and *the Circular on Implementation Plans of PV Generation Construction for 2015* issued by the NEA on March 16, 2015, rooftop DG projects that sell electricity directly to consumers or to both consumers and grid enterprises will receive a national subsidy of RMB0.42 per kWh plus the local desulphurized coal benchmark electricity price for the electricity sold to the State Grid or a negotiated electricity purchase price for electricity sold directly to consumers. Ground-mounted projects and rooftop DG projects which sell all electricity to grid enterprises are entitled to the FIT of RMB0.90 per kWh, RMB0.95 per kWh or RMB1.00 per kWh, depending on where the project is located (excluding on-grid solar power projects located in Tibet).

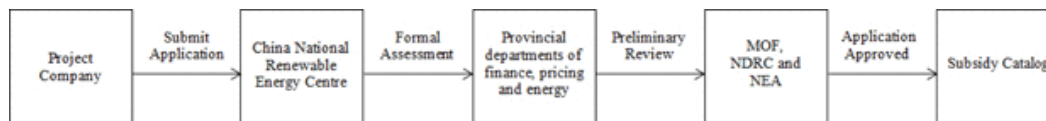
The difference (in amount) between the FIT for solar power projects and the desulphurized coal benchmark electricity price, or the subsidies paid to DG projects, are funded by the renewable energy development funds. The above FIT and subsidy policies are valid for 20 years for each power generation project since its formal operation, in principle.

#### *Subsidy Catalog*

On November 29, 2011, the MOF, NDRC and NEA jointly issued *the Interim Measures for the Administration of Levy and Use of Renewable Energy Development Fund*, which provides that development funds for renewable energy include designated funds arranged by the public budget of national finance, and renewable energy tariff surcharge collected from electricity consumers. Solar power projects can only receive central government subsidies after completing certain administrative and perfunctory procedures with the relevant authorities of finance, price and energy to be listed in the Subsidy Catalog issued by the MOF, NDRC and NEA. These subsidies represent the difference between the FIT for solar power projects and the desulphurized coal benchmark electricity price.

In order to be listed in the Subsidy Catalog, ground-mounted projects submit applications to the relevant provincial authorities; and in accordance with *the Circular on Issues Concerning Implementing Electric Quantity-based Subsidy Policy for Distributed Generation Projects* issued by the MOF on July 24, 2013, rooftop DG projects submit applications to the grid enterprises in the area where the projects are located. After preliminary review of the applications, the provincial authorities will jointly report to the MOF, NDRC and NEA, and the MOF, NDRC and NEA will have final review on such applications to decide whether to list in the Subsidy Catalog.

The following flow chart illustrates the process for a utility-scale project to be listed in the Subsidy Catalog.



#### *Development Funds of Renewable Energy*

The Renewable Energy Law provides financial incentives, including national funding for the development of renewable energy projects.

Pursuant to *the Interim Measures for the Administration of Designated Funds for the Development of Renewable Energy* issued by the MOF and effective on May 30, 2006, the MOF sets up designated funds to support the development and utilization of renewable energy in accordance with the national fiscal budget.

According to *the Implementing Measures for the Administration of Price of Renewable Energy and Cost Sharing Program* and *the Interim Measures for Adjustment to Additional On-grid Tariff for Renewable Energy* issued by the NDRC, the gap between the FIT for solar power projects and the desulphurized coal benchmark electricity price is subsidized by collecting tariff surcharge from the electricity consumers within the service coverage of grid enterprises at or above provincial level.

#### **Mandatory Purchase of Renewable Energy**

The *Renewable Energy Law* imposes mandatory obligations on grid enterprises to purchase the full amount of on-grid electricity generated by approved renewable energy plants whose power generation projects meet the grid connection technical standards in the areas covered by the grid enterprises' power grids. Grid enterprises must improve the power grid construction in order to better absorb electricity generated from renewable energy.

Pursuant to the *Measures for the Supervision and the Administration of Purchase of Full Amount of Renewable Energy by Grid Companies* issued by the SERC in July 2007, the SERC and its local branches supervise the purchase of the full amount of renewable energy by the grid enterprises. If the grid enterprises do not purchase the full volume of the electricity generated from the renewable energy due to the circumstances such as force majeure or any other circumstance endangering the safety and stability of the power grids, the grid enterprises must promptly notify the renewable energy power generation companies of the details in writing and also submit detailed facts to the competent local branches of the SERC.

*The Several Opinions on Promoting the Healthy Development of PV Industry* also requires the grid enterprises to ensure PV power generation projects' timely connection to the power grid and purchase the full amount of electricity generated by the PV power generation projects.

On March 20, 2015, the NDRC and NEA issued a directive opinion, which emphasizes that the competent provincial authorities must strengthen the implementation of the provisions with regard to the purchase of the full amount of electricity generated by renewable energy and avoid any curtailment of solar power projects. In addition, it also stated that electricity generated by clean energy is encouraged to be sold directly to the consumers in the regions where there is ample supply of clean energy, and the relevant parties must coordinate the trans-provincial supply of electricity and power transmission capability, in order to maximize the utilization of clean energy. Local governments also announced their intentions to efficiently implement the system regarding the purchase of the full amount of renewable energy, such as the Inner Mongolian Autonomous Government.

#### ***Clean Development Mechanism***

Clean Development Mechanism, or CDM, is an arrangement under the Kyoto Protocol under the United Nations Framework Convention on Climate Change, or the UNFCCC. It allows industrialized countries with a greenhouse gas emission reduction commitment to invest in emission reducing projects in developing countries in order to earn Certified Emission Reduction, or CERs. The PRC approved and ratified the UNFCCC in 1993 and the Kyoto Protocol in 2002, but has no binding obligation to meet the emission reduction targets. On August 3, 2011, the *Measures for the Administration of Operation of Clean Development Mechanism Projects* promulgated by the NDRC jointly with the Ministry of Science and Technology, the Ministry of Foreign Affairs and the MOF, sets forth general rules and specific requirements for the application for, and approval of, CDM projects. Only companies wholly owned or controlled by PRC companies are qualified to apply for the PRC government's approval for a CDM project. Some of our solar power projects are on the list of CDM projects.

#### ***Environmental Protection***

The construction processes of our solar power projects generate material levels of noise, waste water, gaseous emissions and other industrial wastes. Therefore, we are subject to a variety of government regulations related to the storage, use and disposal of hazardous materials and to the protection of the environment of the community. The major environmental regulations applicable our business activities in the PRC include *the Environmental Protection Law of the PRC, the Law on the Prevention and Control of Noise Pollution, the Law on the Prevention and Control of Air Pollution, the Law on the Prevention and Control of Water Pollution, the Law on the Prevention and Control of Solid Waste Pollution, the Environmental Impact Evaluation of Law, and the Regulations on the Administration of Environmental Protection In Construction Projects*. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Compliance with environmentally safe production and construction regulations can be costly, while non-compliance with such regulations may result in adverse publicity and potentially significant monetary damages, fines and suspension of our business operations."

#### ***Foreign Investment in Solar Power Business***

The principal regulation governing foreign ownership of solar power businesses in the PRC is *the Foreign Investment Industrial Guidance Catalog*. Under the current catalog, which was amended in 2015 and became effective on April 10, 2015, the solar power industry is classified as an "encouraged foreign investment industry." Foreign-invested enterprises in the encouraged foreign investment industry are entitled to certain preferential treatment, such as exemption from tariff on equipment imported for their operations, after obtaining approval from the PRC government authorities.

#### ***Work Safety***

*The Work Safety Law of the PRC*, which became effective on November 1, 2002, is the principal law governing the supervision and administration of work safety for solar power projects. In accordance with *the Measures for the Supervision and the Administration of Work Safety of Electricity Industry* promulgated by the NDRC, which became effective on March 1, 2015, power plants are responsible for maintaining their safety operations in accordance with the relevant laws, regulations, rules and standards regarding the work safety. The NEA and its local branches supervise and administer the work safety of electricity industry at the national and local level.

## **Employment**

Pursuant to *the Labor Law of the PRC*, *the Labor Contract Law of the PRC* and *the Implementing Regulations of the Labor Contract Law of the PRC*, employers must enter into written employment contracts with full-time employees. If an employer fails to do so within one year from the date on which the employment relationship is established, the employer must rectify the situation by entering into a written employment contract with the employee and pay the employee twice the employee's salary for the period during which the written contract is not signed. The Labor Contract Law and its implementing rules also require all employers must comply with local minimum wage standards. If the wage paid to the employee by the employer is lower than the local minimum wage standard, the competent labor authorities may order the employer to pay the difference; in the event of any failure to pay within the time limit, the employer may be ordered to pay additional compensation to the employee at the standard of more than 50% but less than 100% of the payable amount. Violations of *the Labor Law*, *the Labor Contract Law* and its implementing rules may result in the imposition of fines and other administrative liabilities.

Enterprises in the PRC are required by the PRC laws and regulations to participate in certain employee benefit plans covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds, and contribute to the plans or funds in amounts equal to certain percentages of salaries, including bonuses and allowances, of the employees as specified by the local government from time to time at locations where they operate their businesses or where they are located. According to *the Social Insurance Law of the PRC*, which came into effect on July 1, 2011, an employer that fails to make social insurance contributions may be ordered to pay the required contributions within a stipulated deadline and be subject to a late fee at the rate of 0.05% per day from the date on which the contribution becomes due. If the employer still fails to rectify the failure to make social insurance contributions within the stipulated deadline, it may be subject to a fine ranging from one to three times the amount overdue. According to *the Regulations on the Administration of Housing Fund*, which came into force on March 24, 2002, an enterprise that fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline; otherwise, an application may be made to a local court for compulsory enforcement.

## **Taxation**

### *PRC Corporate Income Tax*

Prior to January 1, 2008, under *the PRC Income Tax Law on Foreign-invested Enterprise and Foreign Enterprise*, or the former Income Tax Law, and the related implementing rules, foreign-invested enterprises incorporated in the PRC were generally subject to a corporate income tax rate of 30% on taxable income and a local income tax rate of 3% on taxable income. The former Income Tax Law and the related implementing rules also provided certain favorable tax treatments to foreign-invested enterprises.

On March 16, 2007, the CIT Law was passed, which, together with *the Implementation Rules of the CIT Law* issued on December 6, 2007, became effective on January 1, 2008. The CIT Law applies a uniform 25% corporate income tax rate to both foreign invested enterprises and domestic enterprises and eliminates many of the preferential tax policies afforded to foreign investors. Furthermore, dividends paid by a foreign invested enterprise to a non-resident shareholder are now subject to a withholding tax rate of 10%, which may be reduced under any applicable bilateral tax treaty between the PRC and the jurisdiction where the non-resident shareholder resides.

The CIT Law provided a five-year grandfathering period, starting from its effective date, for enterprises established before the promulgation date of the CIT Law that were entitled to enjoy preferential tax policies under the former Income Tax Law or the related implementing rules. However, subject to the Circular on Implementing the Grandfathering Preferential Policies of the Enterprise Income Tax, or the Implementing Circular, promulgated by the State Council on December 26, 2007, only a certain number of the preferential policies provided under the former Income Tax Law and the related implementing rules were eligible to be grandfathered in accordance with the Implementing Circular.

According to the Circular on the Execution of the Catalog of Public Infrastructure Projects Entitled for Preferential Tax Treatment issued by the SAT and the MOF on September 23, 2008 and the Circular on the Implementation of the Catalog of the Key Public Infrastructure Projects Supported by the State and Entitled for Preferential Tax Treatment issued by the SAT on April 16, 2009, a solar power project that has obtained government approval on or after January 1, 2008 is fully exempted from PRC corporate income tax for three years starting from the year in which revenue is first generated from the sale of electricity, and is 50% exempted from PRC corporate income tax for another three years.

With respect to our PRC operations, only the “two-year exemption” and “three-year half deduction” tax preferential policy enjoyed by Jiangxi Jinko and Zhejiang Jinko was grandfathered by the Implementation Circular. Both Jiangxi Jinko and Zhejiang Jinko were subject to a preferential tax rate of 12.5% in 2011 and 2012. Zhejiang Jinko, Jiangxi Jinko and Jiangxi Materials were designated by the relevant local authorities as “High and New Technology Enterprises” under the CIT Law. Jiangxi Jinko and Jiangxi Materials were and would be subject to a preferential tax rate of 15% for their fiscal years ended December 31, 2014 and 2015 if the relevant conditions are met. Zhejiang Jinko was subject to a preferential tax rate of 15% for the fiscal year ended December 31, 2014. Applications for the preferential tax rate of Zhejiang Jinko for the fiscal years ending December 31, 2015 to 2017 are currently under review.

According to the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Implementation), which were issued by the SAT on August 24, 2009 and became effective on October 1, 2009, the application of the preferential withholding tax rate under a bilateral tax treaty is subject to the approval of competent PRC tax authority. According to the Circular of the State Administration of Taxation on How to Understand and Identify “Beneficial Owner” under Tax Treaties, which became effective on October 27, 2009, and the Announcement of the State Administration of Taxation on the Determination of “Beneficial Owners” in the Tax Treaties, effective on June 29, 2012, the PRC tax authorities must evaluate whether an applicant for treaty benefits in respect of dividends, interest and royalties qualifies as a “beneficial owner” on a case-by-case basis and following the “substance over form” principle. This circular sets forth the criteria to identify a “beneficial owner” and provides that an applicant that does not carry out substantial business activities, or is an agent or a conduit company may not be deemed a “beneficial owner” of the PRC subsidiary and therefore may not enjoy tax treaty benefits. According to Announcement of the State Administration of Taxation on Issues Concerning the Recognition of Beneficial Owners in Entrusted Investments, effective on June 1, 2014, non-residents may be recognized as “beneficial owners” and enjoy treaty benefits for the income derived from the PRC from certain investments.

An enterprise registered under the laws of a jurisdiction outside China may be deemed a PRC tax resident enterprise if its place of effective management is in China. If an enterprise is deemed to be a PRC tax resident enterprise, its worldwide income will be subject to the corporate income tax. According to the Implementation Rules of the CIT Law, the term “de facto management bodies” is defined as bodies that have, in substance, and overall management and control over such aspects as the production and the business, personnel, accounts and properties of the enterprise. In addition, under the CIT Law and the Implementation Rules of the CIT Law, foreign shareholders could become subject to a 10% withholding tax on any gains they realize from the transfer of their shares, if such gains are regarded as income derived from sources within China, which includes gains from transfer of shares in an enterprise considered a “tax resident enterprise” in China. Once a non-PRC company is deemed to be a PRC tax resident enterprise by following the “de facto management bodies” concept and any dividend distributions from such company are regarded as income derived from sources within China, PRC income tax withholding may be imposed and applied to dividend distributions from the deemed PRC tax resident enterprise to its foreign shareholders.

#### VAT

Pursuant to the Interim Regulations on Value-added Tax as amended on November 10, 2008, and the Implementing Rules of the Interim Regulations on Value-added Tax as amended on October 28, 2011, all entities and individuals that are engaged in the sale of goods, the provision of repairs and replacement services and the importation of goods in the PRC are required to pay VAT. The Interim Regulations on Value-added Tax and their Implementing Rules also provide that gross proceeds from sales and importation of goods and provision of services are generally subject to a VAT rate of 17% with exceptions for certain categories of goods that are taxed at a rate of 13%.

On September 23, 2013, the SAT and the MOF issued *the Circular on the Value-added Tax Policy for Solar Power Generation*, according to which, from October 1, 2013 to December 31, 2015, solar power producers selling electricity are entitled to a 50% immediate refund of any VAT paid.

## Foreign Currency Exchange

Foreign currency exchange regulation in the PRC is primarily governed by *the Regulations on the Administration of Foreign Exchange*, and *the Provisions on the Administration of Settlement, Sale and Payment of Foreign Exchange*. Currently, the Renminbi is convertible for current account items, including the distribution of dividends, interest payments, trade and service related foreign exchange transactions. Conversion of Renminbi for most capital account items, such as direct investment, security investment and repatriation of investment, however, is still subject to registration with the SAFE. Foreign-invested enterprises may buy, sell and remit foreign currencies at financial institutions engaged in foreign currency settlement and sale after providing valid commercial documents and, in the case of most capital account item transactions, obtaining approval from the SAFE. Capital investments by foreign enterprises are also subject to limitations, which include approvals by the NDRC, the MOC, and registration with the SAFE.

In August 2008, the SAFE issued *the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises*, or the SAFE Circular No. 142, regulating the conversion by a foreign invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. Pursuant to the SAFE Circular No. 142, the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC. In addition, the SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of such RMB capital may not be changed without the SAFE's approval, and such RMB capital may not in any case be used to repay RMB-denominated loans if the proceeds of such loans have not been used. Violations may result in severe monetary or other penalties. Furthermore, on March 30, 2015, the SAFE issued *the Circular on Reforming the Administration Approach Regarding the Foreign Exchange Capital Settlement of Foreign-invested Enterprises*, or SAFE Circular NO.19, which will replace the SAFE Circular NO.142 when it becomes effective on June 1, 2015. SAFE Circular NO.19 provides that, among other things, the Renminbi capital converted from the foreign currency registered capital of a foreign-invested enterprise may be used for equity investments within the PRC. Since SAFE Circular NO.19 was recently issued, there are uncertainties in interpretation and implementation as to actual transactions.

In February 2012, the SAFE promulgated *the Notice on the Administration of Foreign Exchange Matters for Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies*, or the Stock Option Notice. The Stock Option Notice replaced a prior rule issued by SAFE in 2007, *the Application Procedure of Foreign Exchange Administration for Domestic Individuals Participating in an Employee Stock Holding Plan or Stock Option Plan of an Overseas-Listed Company*. Under the Stock Option Notice, domestic individuals who participate in equity incentive plans of an overseas listed company are required, through a PRC agent or PRC subsidiary of such listed company, to register with SAFE and complete certain other bank and reporting procedures. The Stock Option Notice simplifies the requirements and procedures for the registration of stock incentive plan participants, especially in respect of the required application documents and the absence of strict requirements on offshore and onshore custodian banks, as were stipulated in the previous rules.

In November 2012, the SAFE promulgated *the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment* which substantially amends and simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g. pre-establishment expenses account, foreign exchange capital account, guarantee account), the reinvestment of lawful incomes derived by foreign investors in the PRC (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment), and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer require the SAFE's approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible before. In addition, the SAFE promulgated *the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents* in May 2013, which specifies that the administration by the SAFE or its local branches over direct investment by foreign investors in the PRC must be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in the PRC based on the registration information provided by the SAFE and its branches.

On July 4, 2014, the SAFE issued *the Circular on the Administration of Foreign Exchange Issues Related to Overseas Investment, Financing and Roundtrip Investment by Domestic Residents through Offshore Special Purpose Vehicles*, or the SAFE Circular 37, which replaced the former circular commonly known as “SAFE Circular 75” promulgated on October 21, 2005. The SAFE Circular 37 requires PRC residents to register with the competent local SAFE branch in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests. The SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as any change of basic information (including change of the PRC residents, name and operation term), increase or decrease of capital contribution by the PRC residents, share transfer or exchange, merger, division or other material events. In the event that a PRC resident holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under the PRC law for evasion of foreign exchange controls.

On February 13, 2015, the SAFE promulgated the Circular on Further Simplification and Improvement of Foreign Currency Administration Policies on Direct Investment, which will be effective on June 1, 2015. This circular aims to further remove or simplify the approval requirements of SAFE upon the direct investment by foreign investors.

### ***Dividend Distribution***

The principal laws and regulations governing distribution of dividends paid by wholly foreign owned enterprises include *the Company Law of the PRC* as amended on December 28, 2013, *the Wholly Foreign Owned Enterprise Law of the PRC* as amended on October 31, 2000, and *the Implementing Rules of the Wholly Foreign Owned Enterprise Law of the PRC* as amended on February 19, 2014.

Under these laws and regulations, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with the PRC accounting standards and regulations. In addition, a wholly foreign owned enterprise in the PRC is required to set aside as general reserves at least 10% of its after-tax profit, until the accumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends. A wholly foreign owned enterprise is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. A wholly foreign owned enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds and expansion funds, which may not be distributed to equity owners except in the event of liquidation.

### ***Intellectual Property Rights***

#### ***Patent***

The PRC has domestic laws for the protection of rights in copyrights, patents, trademarks and trade secrets. The PRC is also a signatory to the world’s major intellectual property conventions, including:

- Convention establishing the World Intellectual Property Organization (WIPO Convention) (June 4, 1980);
- Paris Convention for the Protection of Industrial Property (March 19, 1985);
- Patent Cooperation Treaty (January 1, 1994); and
- The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) (November 11, 2001).

Patents in the PRC are governed by the China Patent Law (March 12, 1984), as amended and its Implementing Regulations (January 19, 1985), as amended.

The PRC is a signatory to the Paris Convention for the Protection of Industrial Property, in accordance with which any person who has duly filed an application for a patent in one signatory country shall enjoy, for the purposes of filing in the other countries, a right of priority during the period fixed in the convention (12 months for inventions and utility models, and 6 months for industrial designs).



The China Patent Law covers three kinds of patents, namely, patents for inventions, utility models and designs. The Chinese patent system adopts the principle of first to file, which means where multiple patent applications are filed for the same invention, a patent will be granted only to the party that filed the application first. Consistent with international practice, the PRC only allows the patenting of inventions or utility models that possess the characteristics of novelty, inventiveness and practical applicability. For a design to be patentable, it must not be identical with or similar to any design which has been publicly disclosed in publications in the country or abroad before the date of filing or has been publicly used in the country before the date of filing, and must not be in conflict with any prior right of another.

PRC law provides that anyone wishing to exploit the patent of another must enter into a written licensing contract with the patent holder and pay the patent holder a fee. One rather broad exception to this, however, is where a party possesses the means to exploit a patent for inventions or utility models under certain circumstances but cannot obtain a license from the patent holder on reasonable terms and in a reasonable period of time, the SIPO, is authorized to grant a compulsory license. A compulsory license can also be granted where a national emergency or any extraordinary state of affairs occurs or where the public interest so requires. The patent holder may appeal such a decision within three months from receiving notification by filing a suit in people's court in the PRC.

PRC law defines patent infringement as the exploitation of a patent without the authorization of the patent holder. A patent holder who believes his patent is being infringed may file a civil suit or file a complaint with a local PRC intellectual property administrative authority, which may order the infringer to stop the infringing acts. A preliminary injunction may be issued by the people's court upon the patentee's or the interested parties' request before any legal proceedings are instituted or during the proceedings. Evidence preservation and property preservation measures are also available both before and during the litigation. Damages in the case of patent infringement are determined as either the loss suffered by the patent holder arising from the infringement or the benefit gained by the infringer from the infringement. If it is difficult to ascertain damages in this manner, damages may be determined with reference to the license fee under a contractual license.

#### *Trademark*

The PRC Trademark Law, adopted in 1982 and revised in 1993, 2001 and 2013, with its implementation rules adopted in 2002 and revised in 2014, protects registered trademarks. The Trademark Office of the State Administration of Industry and Commerce handles trademark registrations and grants trademark registrations for a term of ten years which are renewable upon maturity. Trademark license agreements must be filed with the Trademark Office for record.

### C. Organizational Structure

The following table sets out our principal subsidiaries as of the date of this annual report:

| Subsidiaries  | Date of Incorporation | Place of Incorporation | Percentage of Ownership |
|---|-----------------------|------------------------|-------------------------|
| JinkoSolar Technology Limited (“Paker”)                             | November 10, 2006     | Hong Kong              | 100%                    |
| Jinko Solar Co., Ltd. (“Jiangxi Jinko”)                             | December 13, 2006     | PRC                    | 100%                    |
| Zhejiang Jinko Solar Co., Ltd. (“Zhejiang Jinko”)                   | June 30, 2009         | PRC                    | 100%                    |
| JinkoSolar International Limited (“JinkoSolar International”)       | November 25, 2009     | Hong Kong              | 100%                    |
| Jinko Solar Import and Export Co., Ltd. (“Jinko Import and Export”) | December 24, 2009     | PRC                    | 100%                    |
| JinkoSolar GmbH (“Jinko GmbH”)                                      | April 1, 2010         | Germany                | 100%                    |
| Zhejiang Jinko Trading Co., Ltd. (“Zhejiang Trading”)               | June 13, 2010         | PRC                    | 100%                    |
| JinkoSolar (U.S.) Inc. (“Jinko US”)                                 | August 19, 2010       | USA                    | 100%                    |
| Jiangxi Photovoltaic Materials Co., Ltd (“Jiangxi Materials”)       | December 1, 2010      | PRC                    | 100%                    |
| JinkoSolar (Switzerland) AG (“Jinko Switzerland”)                   | May 3, 2011           | Switzerland            | 100%                    |
| JinkoSolar (US) Holdings Inc. (“Jinko US Holding”)                  | June 7, 2011          | USA                    | 100%                    |
| JinkoSolar Italy S.R.L. (“Jinko Italy”)                             | July 8, 2011          | Italy                  | 100%                    |
| JinkoSolar SAS (“Jinko France”)                                     | September 12, 2011    | France                 | 100%                    |
| Jinko Solar Canada Co., Ltd (“Jinko Canada”)                        | November 18, 2011     | Canada                 | 100%                    |
| Jinko Solar Australia Holdings Co. Pty Ltd (“Jinko Australia”)      | December 7, 2011      | Australia              | 100%                    |
| Jinko Solar Pty Ltd. (“JinkoSolar South Africa”)                    | April 13, 2012        | South Africa           | 100%                    |
| Jinko Solar Japan K.K. (“JinkoSolar Japan”)                         | May 21, 2012          | Japan                  | 100%                    |
| JinkoSolar Power Engineering Group Limited (“JinkoSolar Power”)*    | November 12, 2013     | Cayman                 | 100%                    |
| JinkoSolar WWG Investment Co., Ltd (“WWG Investment”)               | April 8, 2014         | Cayman                 | 100%                    |
| JinkoSolar Comércio do Brazil Ltda (“JinkoSolar Brazil”)            | January 14, 2014      | Brazil                 | 100%                    |
| Projinko Solar Portugal Unipessoal LDA.                             | February 20, 2014     | Portugal               | 100%                    |
| JinkoSolar Mexico S.DE R.L. DE C.V. (“JinkoSolar Mexico”)           | February 25, 2014     | Mexico                 | 100%                    |
| Jiangxi Jinko Domestic Photovoltaics Technology Co., Ltd            | October 8, 2014       | PRC                    | 100%                    |
| Zhejiang Jinko Financial Leasing Co., Ltd                           | October 10, 2014      | PRC                    | 100%                    |
| Zhejiang Jinko Domestic Photovoltaics Technology Co., Ltd           | October 15, 2014      | PRC                    | 100%                    |
| Shanghai Jinko Photovoltaics Technology Co., Ltd                    | November 6, 2014      | PRC                    | 100%                    |
| Shanghai Jinko Financial Information Service Co., Ltd               | November 7, 2014      | PRC                    | 100%                    |
| JinkoSolar Household PV Technology Holding Co., Ltd                 | December 30, 2014     | Hong Kong              | 100%                    |

\* JinkoSolar Power is the holding company of a number of power plant project companies established in various locations in China.

The following table sets forth information concerning the JinkoSolar Power’s major subsidiaries as of December 31, 2014:

| Subsidiaries  | Date of Incorporation /Acquisition | Place of Incorporation | Percentage of Ownership |
|---|------------------------------------|------------------------|-------------------------|
| Canton Best Limited (“Canton Best BVT”) **  | September 16, 2013                 | BVI                    | 100%                    |
| Wide Wealth Group Holding Limited (“Wide Wealth Hong Kong”) **  | June 11, 2012                      | Hong Kong              | 100%                    |
| Jiangxi JinkoSolar Engineering Co., Ltd. (“Jinko Engineering”) (Originally named as Shangrao Jinko PV Technology Engineering Co., Ltd.) | July 28, 2011                      | PRC                    | 100%                    |
| Jinko Power Co., Ltd. (Zhejiang) (formerly Haining JinkoSolar Investment Co.,Ltd)   | September 14, 2012                 | PRC                    | 100%                    |

\*\*Canton Best BVI is a wholly owned subsidiary of JinkoSolar Power, and Wide Wealth Hong Kong is a wholly owned subsidiary of Canton Best BVI. Wide Wealth Hong Kong holds solar power operating subsidiaries in PRC.

**D. Property, Plant and Equipment**

For information regarding our material property, plant and equipment, see “—B. Business Overview—Manufacturing—Manufacturing Capacity and Facilities” in this annual report.

**ITEM 4A. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

**A. Operating Results**

We are a global leader in the PV industry based in Jiangxi and Zhejiang Provinces in China. We have built a vertically integrated solar power product value chain, from recovering silicon materials to manufacturing solar modules and solar power generation. We sell most of our solar modules under our own “JinkoSolar” brand, with a small portion of solar modules on an OEM basis. We also sell silicon wafers and solar cells not used in our solar module production. Leveraging our expertise in manufacturing high quality solar modules and our experience in the PV industry, we also develop PV projects in China and provide solar system integration services. As of December 31, 2014, we had annual capacity of approximately 2.5 GW each for silicon ingots and wafers, 2.0 GW for solar cells and 3.2 GW for solar modules. As of December 31, 2014, our share of completed solar power projects amounted to 503 MW.

Our revenues were RMB4,794.8 million, RMB7,078.8 million and RMB9,978.5 million (US\$1,608.2 million) in 2012, 2013 and 2014, respectively. We had net loss of RMB1,542.4 million in 2012, and net income of RMB188.0 million and RMB673.0 million (US\$108.5 million) in 2013 and 2014, respectively.

**Principal 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***

Our business and revenue growth depends on the industry demand for solar power and solar power products. In the second half of 2009, demand for solar power and solar power products was significantly affected by the global financial crisis. In early 2010, as the effect of the global financial crisis started to subside, industry demand for solar power and solar power products started to revive. Access to financing continued to improve from 2010 to the first half of 2011, driven by increasing awareness of renewable energy, stronger balance sheets for financing providers and sustainable government incentives to develop solar as an alternative energy solution. However, in 2011, a decrease in payment to solar power producers, in the form of FIT and other reimbursements, and a reduction in available financing caused a decrease in the demand for solar power products, including solar modules, in the European markets. Payments to solar power producers decreased as governments in Europe, under pressure to reduce public debt levels, reduced subsidies such as FIT. Furthermore, many downstream purchasers of solar power products were unable to secure sufficient financing for the solar power projects due to the global credit crunch. Demand for solar modules in Europe fell significantly in 2013. As a result, many solar power producers that purchase solar power products from manufacturers like us were unable or unwilling to expand their operations. Compared with 2013, our business and revenue increased in Europe in 2014, partly due to the significant increase in demand for solar modules in UK.

We believe the steady reduction in the manufacturing cost of solar power products will stimulate demand for solar power and solar power products in the long term. In particular, decreases in the price of silicon feedstock, improvements in manufacturing techniques for solar power products and economies of scale have continually reduced the unit production costs of solar power products in recent years, which in turn have increased the competitiveness of solar power on an unsubsidised basis relative to conventional power and other renewable energy sources. We expect significant market opportunities to be created as demand continues to grow and the price of solar power approaches that of conventional energy in a number of markets. In the long term, we believe that solar power will continue to have significant growth potential and that demand for our products and services will continue to grow.

#### ***Industry Trend for Credit Sales***

Most of our sales are made on credit terms and we allow our customers to make payments after a certain period of time subsequent to the delivery of our products. Selling products on credit terms has increased, and may continue to increase our working capital requirements and have a negative impact on our short-term liquidity. See “Item 3. Key Information—D. Risk Factors—Selling our products on credit terms may increase our working capital requirements and expose us to the credit risk of our customers.”

In 2011, the PV industry experienced a series of adverse developments. For more detailed discussions of such adverse developments, see “—Industry Demand” and “—Government Subsidies, Policies and Economic Incentives”. The softened demand for PV products, coupled with the over-supply caused by significantly increased manufacturing capacity in the industry, led to intensified competition among PV module manufacturers.

To accommodate and retain customers in the negative market environment, many PV module manufacturers, including us, shifted from demanding advance payments towards increased use of credit sales and the provision of longer credit terms to both existing and new customers. Starting from the third quarter of 2011, we began to offer new customers credit terms of 60 to 120 days as well as extend similar credit terms to certain existing customers under new contracts.

The increased use of credit sales and the longer credit terms had led to increased accounts receivable turnover and increased the risk of bad debts. For example, our accounts receivable turnover were 156 days, 114 days and 102 days in 2012, 2013 and 2014, respectively. In particular, in 2012, 2013 and 2014, our accounts receivable turnover in the U.S. were 37 days, 45 days and 34 days, respectively; Our accounts receivable turnover in South Africa were nil, 50 days, and 81 days, respectively and our accounts receivable turnover in China were 119 days, 131 days and 146 days, respectively. Correspondingly, we recorded significantly higher provisions for accounts receivable. We recorded provisions for accounts receivable of RMB673.7 million, RMB446.0 million and RMB428.6 million (US\$69.1 million) as of December 31, 2012, 2013 and 2014, respectively. We expect the use of credit sales to continue in the industry and this trend will continue to negatively affect our liquidity and our accounts receivable turnover. Based on our ongoing assessment of the recoverability of our outstanding accounts receivable, we may need to continue to provide for doubtful accounts and may need to write off overdue accounts receivable we determine as not collectible.

#### ***Pricing of Solar Power Products***

The price of our solar modules is influenced by a variety of factors, including polysilicon prices, supply and demand conditions, the competitive landscape and processing technologies.

The implementation of the capacity expansion plans by major solar power product manufacturers in 2009 and 2010 resulted in significant increases in the supply of solar power products in the global market, which contributed to a general decrease in the average selling prices of solar power products in recent years, including solar modules. The slowdown in the growth of demand for solar power products in recent years has further reduced the market prices of solar power products. In addition, decreases in the price of silicon feedstock, improvements in manufacturing techniques for solar power products and economies of scale have continually reduced the unit production costs of solar power products in recent years, which in turn have increased the competitiveness of solar power on an unsubsidized basis relative to conventional power and other renewable energy.

The pricing of solar power products began to stabilize in 2013, as weaker players exited the market. Nonetheless, we expect the market prices of solar power products to continue to decline in the long term due to continued advancements in processing technologies. See “Item 3. Key Information—D. Risk Factors—Risks Relating to Our Business and Industry—Our future growth and profitability depend on the demand for and the prices of solar power products and the development of photovoltaic technologies.”

### *Government Subsidies, Policies and Economic Incentives*

We believe that market demand for solar power and solar power products in the near term will continue to substantially depend on the availability of government incentives. Because the cost of solar power currently exceeds, and we believe will continue to exceed in the near term, the cost of conventional fossil fuel energy and certain non-solar renewable energy. Various governments have used policy initiatives to encourage or accelerate the development and adoption of solar power and other renewable energy sources.

Countries in Europe, notably Italy, Germany, France, Belgium and Spain, certain countries in Asia, including China, Japan, India and South Korea, as well as Australia and the United States have adopted renewable energy policies. Examples of government sponsored financial incentives to promote solar power include capital cost rebates, FIT, tax credits, net metering and other incentives to end users, distributors, project developers, system integrators and manufacturers of solar power products.

Governments may reduce or eliminate existing incentive programs for political, financial or other reasons, which will be difficult for us to predict. Reductions in FIT programs may result in a significant fall in the price of and demand for solar power products. For example, the German government has introduced legislation to reduce the FIT program since 2010 due to the strong growth of its domestic solar market. In Spain, since 2009, continued reductions in the FIT as a result of its government's spending cut backs have resulted in a weakened solar market. In 2010, Italy also announced annual reductions to FIT beginning in 2011 in an effort to impede overheating of its solar market. In 2011 and 2012, several countries, including Germany, Italy, France, Greece, Spain and Belgium continued to reduce their FIT as well as other incentive measures.

Our revenue and operating results may be adversely impacted by unfavorable policy revisions if FIT in the United States and Chile, our two largest export markets, and certain other major markets for solar power and solar power products are further reduced. Electric utility companies or generators of electricity from fossil fuels or other renewable energy sources could also lobby for a change in the relevant legislation in their markets to protect their revenue streams. Government economic incentives could be reduced or eliminated altogether. A significant reduction in the scope or discontinuation of government incentive programs, especially those in our target markets, could cause demand for our products and solar power to decline and have a material adverse effect on our business, financial condition, results of operations and prospects. We believe that the growth of the solar power industry in the short term will continue to depend largely on the availability and effectiveness of government incentives for solar power products and the competitiveness of solar power in relation to conventional and other renewable energy resources in terms of cost. In addition, our revenue from the sale of electricity generated from our solar power projects may be adversely impacted by unfavorable policy revisions of FIT in China, as FIT constitute a substantial part of the payments made to our projects for the electricity generated and sold.

Our business may also be affected by the trade policies of government or international trade bodies, particularly in our major export markets, such as Europe. For example, during 2012, the U.S. Department of Commerce imposed a cash deposit rate of 13.94% (for dumping margin) and 15.24% (for subsidy rate) on our products for the imports of crystalline silicon PV cells, whether or not assembled into modules from the People's Republic of China. As a result of the latest round of investigations initiated in December 2013 by the International Trade Commission and in January 2014 by the U.S. Department of Commerce against imports of certain solar PV products from China, we may be subject to new anti-dumping and countervailing duties imposed by the U.S. government. In addition, on December 5, 2013, the European Council announced its final decision imposing definitive anti-dumping and anti-subsidy duties on imports of crystalline silicon PV cells and modules originating from or consigned from China. An average duty of 47.7%, consisting of the anti-dumping and anti-subsidy duties, will be applied for a period of two years beginning on December 6, 2013 to Chinese solar panel exporters who cooperated with the European Commission's investigations. On the same day, the European Commission announced its decision to confirm the acceptance of the price undertaking offered by Chinese export producers, including JinkoSolar, to limit their exports of solar panels to the European Union and for no less than a minimum price, which will exempt us from both anti-dumping and anti-subsidy duties. We expect our exports to both the U.S. market and European market to be adversely affected by these duties. Our direct sales to the U.S. market and European market accounted for 17.7% and 15.6 % of our total revenue in 2014, respectively.

In particular, the revenues and profitability of our solar power generation business in China will depend to a significant extent on regulatory policies in China. We have recently expanded our solar power generation business in response to a number of favorable policy developments. These policy developments have presented new business opportunities, increased the stability of our earnings and improved our anticipated revenue and profitability. In 2013, China's State Council described principles promoting the PV industry through (i) the exploration of the distributed PV power generation market, (ii) the improvement to the grid connection management and service, in particular for PV power generation, (iii) the improvement to pricing and subsidy policies and development of fund for renewable energy and (iv) support from the financial institutions to the PV industry, among other matters. China's State Council also recently increased the installed capacity target for solar electricity a number of times, announcing, in 2013, that the installed capacity for solar electricity is expected to reach more than 35 GW by 2015 at a growth rate of about 10 GW a year between now and then, and to reach more than 100 GW by 2020. In addition, in 2013, the NDRC, the National Energy Commission and the MOF instituted a number of measures to standardize settlement of FIT. In 2013, the MOF also proposed to almost double the renewable surcharge for electricity end-users from RMB0.008 per kW to RMB0.015 per kW, effective September 25, 2013. In 2013, the NDRC also announced that distributed-generation-connected projects will receive new subsidies.

#### ***Our solar power generation and operations capabilities***

Our financial condition and results of operations depend on our ability to successfully continue to develop new projects and operate our existing projects. We expect to build and manage a greater number of projects, which we expect to present additional challenges to our internal processes, external construction management, working capital management and financing capabilities. Our financial condition, results of operations and future success depend, to a significant extent, on our ability to continue to identify suitable sites, expand our pipeline of projects with attractive returns, obtain required regulatory approvals, arrange necessary financing, manage the construction of our projects on time and within budget, and successfully operate PV projects.

#### ***Changing Product and Service Mix***

Our product mix has evolved rapidly since our inception, as we expanded our production capabilities to manufacture and sell downstream solar power products and to capture the efficiencies of our vertically-integrated production process. Before 2009, our sales consisted of silicon wafers, silicon ingots and recovered silicon materials. We commenced production and sale of solar cells and solar modules in the second half of 2009. In 2010, we successfully achieved fully vertically-integrated solar module production and made sales of solar modules our largest source of revenue. As of December 31, 2014, we had annual capacity of approximately 2.5 GW each for silicon ingots and wafers, 2.0 GW for solar cells and 3.2 GW for solar modules. By creating a fully vertically-integrated production chain, we have succeeded in continually driving down average solar modules manufacturing cost per watt.

We commenced developing solar power projects and providing solar system integration services in late 2011. As of December 31, 2014, our share of completed solar power projects amounted to 503 MW. As we expand our solar power generation and solar system integration business, we expect that the contribution of this new business to our revenue will increase, which will have a positive effect on our results of operations and gross profit margin as solar power generation and solar system integration business normally has a higher gross profit margin than sales of solar modules.

#### ***Manufacturing Technologies***

Solar modules are our principal products. As solar modules are priced based on the number of watts of electricity they generate, the advancement of manufacturing technologies in increasing the conversion efficiency of solar cells and production efficiency will enable us to improve our gross profit margin. We continually make efforts to develop advanced manufacturing technologies to increase the conversion efficiency of our solar cells while striving to reduce our average production cost. In addition to our own research and development team, we collaborate with third party research institutes to improve our manufacturing technologies and the conversion efficiency of our solar cells. As a result of these efforts, in 2012, 2013 and 2014, the average conversion efficiency rate of our solar cells using our monocrystalline silicon wafers were 18.6%, 18.6% and 19.6%, respectively, and the conversion efficiency rate of our solar cells using our multicrystalline silicon wafers were 17.6%, 17.9% and 18.2%, respectively.

## Selected Statement of Operations Items

### Revenues

Currently, we derive our revenues primarily from the sale of solar modules and to a lesser extent from the sales of silicon wafers and solar cells. We also derive a small portion of revenues from providing processing services and solar system integration services as well as from the sale of electricity generated by our projects. We expect the sale of solar modules to continue to be our primary revenue source. The following table presents our revenues, net of VAT, by products and services, as sales amounts and as percentages of total revenues, for the periods indicated:

|                                    | 2012               |              | 2013               |              | 2014               |                     |              |
|------------------------------------|--------------------|--------------|--------------------|--------------|--------------------|---------------------|--------------|
|                                    | (RMB in thousands) | (%)          | (RMB in thousands) | (%)          | (RMB in thousands) | (US\$ in thousands) | (%)          |
| <b>Products</b>                    |                    |              |                    |              |                    |                     |              |
| Recovered silicon materials        | 270.4              | 0.0          | 14,559.7           | 0.2          | 11,272.6           | 1,816.8             | 0.1          |
| Silicon ingots                     | 1,885.6            | 0.0          | 1,189.7            | 0.0          | -                  | -                   | -            |
| Silicon wafers                     | 328,428.6          | 6.8          | 70,637.0           | 1.0          | 286,585.0          | 46,189.1            | 2.9          |
| Solar cells                        | 138,686.4          | 2.9          | 184,203.1          | 2.6          | 200,643.6          | 32,337.9            | 2.0          |
| Solar modules                      | 3,897,288.0        | 81.3         | 6,660,317.5        | 94.1         | 9,155,396.0        | 1,475,582.0         | 91.8         |
| <b>Services</b>                    |                    |              |                    |              |                    |                     |              |
| Solar system EPC                   | 213,174.4          | 4.5          | 201.1              | 0.0          | 11,209.6           | 1,806.7             | 0.1          |
| Processing services                | 213,427.9          | 4.5          | 71,010.7           | 1.0          | 69,581.4           | 11,214.5            | 0.7          |
| Revenue from generated electricity | 1,607.1            | 0.0          | 76,719.7           | 1.1          | 243,840.4          | 39,299.9            | 2.4          |
| <b>Total</b>                       | <b>4,794,768.4</b> | <b>100.0</b> | <b>7,078,838.5</b> | <b>100.0</b> | <b>9,978,528.6</b> | <b>1,608,246.9</b>  | <b>100.0</b> |

Our revenues are affected by sales volumes, product mix and average selling prices. The following table sets forth, by products, our sales volumes and approximate average selling prices for the periods indicated:

|  | 2012  | 2013    | 2014    |
|--|-------|---------|---------|
| <b>Sales volume:</b>                       |       |         |         |
| Recovered silicon materials (metric tons)  | 0.0   | 5.0     | 3.9     |
| Silicon ingots (MW)                        | 1.1   | 0.3     | -       |
| Silicon wafers (MW)                        | 197.4 | 54.8    | 229.6   |
| Solar cells (MW)                           | 78.5  | 113.2   | 134.2   |
| Solar modules (MW)                         | 912.4 | 1,765.1 | 2,423.1 |
| <b>Average selling price (RMB):</b>        |       |         |         |
| Recovered silicon materials (per kilogram) | -     | 2.9     | 2.9     |
| Silicon ingots (per watt)                  | 1.6   | 4.0     | -       |
| Silicon wafers (per watt)                  | 1.7   | 1.3     | 1.2     |
| Solar cells (per watt)                     | 1.8   | 1.6     | 1.5     |
| Solar modules (per watt)                   | 4.3   | 3.8     | 3.8     |

### Cost of Revenues

Cost of revenues primarily consists of: (i) raw materials, which primarily consist of both virgin polysilicon and recoverable silicon materials; (ii) consumables and components, which include crucibles for the production of monocrystalline and multicrystalline silicon ingots, steel alloy saw wires, slurry, chemicals for raw material cleaning and silicon wafer cleaning, and gases such as argon and silane, as well as silicon wafers and solar cells we procure from third parties for the production of solar modules; (iii) direct labor costs, which include salaries and benefits for employees directly involved in manufacturing activities; (iv) overhead costs, which consist of equipment maintenance costs, cost of utilities including electricity and water; (v) depreciation of property, plant, equipment and project assets; and (vi) processing fees paid to third party factories relating to the outsourced production of solar cells and solar modules; (vii) subcontractor cost and those indirect costs related to contract performance, such as indirect labor, supplies and tools. In 2012, 2013 and 2014, our cost of revenues was RMB4,562.5 million, RMB5,641.5 million and RMB7,738.5 million (US\$1,247.2 million), respectively.

### Operating Expenses

Our operating expenses include selling and marketing expenses, general and administrative expenses, research and development expenses, impairment of long-lived assets and provision for advance to suppliers.

*Selling and Marketing Expenses.* Our selling and marketing expenses consist primarily of shipping and handling expenses, warranty cost, exhibition costs, salaries, bonuses and other benefits for our sales personnel as well as sales-related travel and entertainment expenses. In 2012, 2013 and 2014, our selling and marketing expenses were RMB343.4 million, RMB492.6 million and RMB769.0 million (US\$123.9 million), respectively.

*General and Administrative Expenses.* General and administrative expenses consist primarily of salaries and benefits for our administrative, finance and human resources personnel, amortization of land use rights, office expenses, entertainment expenses, business travel expenses, professional service fees as well as provision for bad debts. In 2012, 2013 and 2014, our general and administrative expenses were RMB760.8 million, RMB230.1 million and RMB423.9 million (US\$68.3 million), respectively.

*Research and Development Expenses.* Research and development expenses consist primarily of silicon materials used in our research and development activities and, salaries, bonuses and other benefits for research and development personnel, and depreciation of equipment for research and development. In 2012, 2013 and 2014, our research and development expenses were RMB69.0 million, RMB65.5 million and RMB106.6 million (US\$17.2 million), respectively.

*Provision for advance to suppliers.* In 2012, we made provision of RMB227.1 million for the outstanding balances of inventory purchase prepayments, primarily to two suppliers under long-term polysilicon supply contracts as a result of the continuing decline in the polysilicon purchase price and the adverse developments in those suppliers' operations during 2012. We did not make a provision for the outstanding balances of inventory purchase prepayments in 2013 and made RMB2.7 million (US\$0.4 million) provision for the outstanding balances of inventory purchase prepayments in 2014.

*Impairment of long-lived assets.* Impairment of long-lived assets consist primarily as a result of the obsolescence of certain equipment in our wafer and cell production line. In 2012, 2013 and 2014, we recognized impairment of long-lived assets of RMB65.5 million, RMB3.6 million and RMB6.2 million (US\$1.0 million), respectively.

#### ***Interest Expenses, Net***

Our interest expenses consist primarily of interest expenses with respect to the issuance of convertible senior notes, long-term bonds, short-term and long-term borrowings from banks and other lenders. In 2012, 2013 and 2014, we incurred net interest expenses of RMB221.7 million, RMB223.4 million and RMB287.7 million (US\$46.4 million), respectively.

#### ***Convertible Senior Notes Issuance Costs***

We incurred costs in association with the issuance of convertible senior notes in the principal amount of US\$150 million in January 2014. Our convertible senior notes issuance costs consist primarily of legal fees, initial purchasers' discount and printing fees. Since we elected to measure the convertible senior notes in their entirety, at fair value, issuance costs of RMB26.1 million (US\$4.2 million) associated with the offering were expensed upon issuance of the notes.

#### ***Government Grants***

From time to time we apply for and receive government incentives in the form of subsidies from local and provincial governments. Government grants which are not subject to any condition and are not related to assets are recognized as subsidy income when received. The governments grant subsidies to encourage and support large-scale enterprises and high technology enterprises based in the relevant locations to upgrade their technology and develop the overseas market. We record such subsidies as subsidy income as there are no further obligations for us. The amount of government subsidies we receive may vary from period to period and there is no assurance that we will continue to receive government subsidy in the future periods. In 2012, 2013 and 2014, our government subsidy income, which was not assets related, was RMB40.9 million, RMB7.6 million and RMB49.8 million (US\$8.0 million), respectively.

Government grants related to assets are initially recorded as other payables and accruals. These grants will be deducted from the carrying amount when the assets are ready for use and approved by related government. We received government grants related to assets of RMB119.8 million, RMB63.3 million and RMB92.4 million (US\$14.9 million) in 2012, 2013 and 2014, respectively.



### **Exchange Loss/(Gain)**

In 2012, we had foreign-exchange loss of RMB36.5 million primarily due to the depreciation of the Euro against the Renminbi. In 2013 and 2014, we incurred foreign exchange loss of RMB38.5 million and RMB147.1 million (US\$23.7 million), respectively, primarily due to the depreciation of the Euro and Japanese Yen against the Renminbi.

### **Other Income/ (Expenses), Net**

Other income/ (expenses) consists primarily of income from sales of used packaging materials, compensation from our suppliers and expenses relating to charitable donations. In 2012, we had net other income of RMB4.3 million mainly due to compensation received from one of our suppliers for breach of contract. In 2013, we had net income of RMB6.9 million in 2013 primarily due to compensation received from local government for power cut. We had net expense of RMB1.7 million (US\$0.3 million) in 2014.

### **Change in Fair Value of Forward Contracts**

In 2012, we recognized loss of RMB9.0 million as a result of a change in fair value of foreign currency forward contracts due to the depreciation of the Euro against the Renminbi. In 2013, we recognized a gain of RMB48.4 million as a change in fair value of foreign currency forward contracts due to the fluctuation of the Euro against the Renminbi in 2013. We recognized a loss of RMB0.7 million (US\$0.1 million) as a change in fair value of foreign currency forward contracts due to the fluctuation of the Euro against the Renminbi in 2014.

### **Change in Fair Value of Convertible Senior Notes and Capped Call Options**

In 2012 and 2013, we recognized loss from a change in fair value of convertible senior notes and capped call option of RMB97.2 million and RMB212.9 million, respectively. In 2014, we recognized gain from a change in fair value of convertible senior notes and capped call option of RMB64.1 million (US\$10.3 million).

### **Change in Fair Value of Available-for-sales Investment**

In 2012 and 2013, we recognized gain from a change in fair value of available-for-sales investment of nil and RMB6.0 million, respectively. In 2014, we recognized loss from a change in fair value of available-for-sales of RMB5.8 million (US\$0.9 million).

### **Share-based Compensation**

We adopted our 2009 Long Term Incentive Plan on July 10, 2009, as amended, and options for a total of 5,685,322 ordinary shares were outstanding as of December 31, 2014. We adopted our 2014 Equity Incentive Plan on August 18, 2014 and options for a total of 9,940,000 ordinary shares were outstanding as of December 31, 2014. All share-based payments to employees and directors, including grants of employee stock options, are measured based on the fair value of the stock options at the grant date. We have categorized these share-based compensation expenses in our (i) cost of revenues; (ii) selling and marketing expenses; (iii) general and administrative expenses; and (iv) research and development expenses, depending on the job functions of the grantees of our restricted shares and share options. The following table sets forth the allocation of our share-based compensation expenses both in terms of the amounts and as a percentage of total share-based compensation expenses in 2012, 2013 and 2014:

|   | <u>2012</u>               | <u>2013</u>               | <u>2014</u>               |                            |            |
|---|---------------------------|---------------------------|---------------------------|----------------------------|------------|
|   | <u>(RMB in thousands)</u> | <u>(RMB in thousands)</u> | <u>(RMB in thousands)</u> | <u>(US\$ in thousands)</u> | <u>(%)</u> |
| Cost of revenues                        | 947.4                     | 505.0                     | 203.1                     | 32.7                       | 0.5        |
| Selling and marketing expense           | 2,128.2                   | 1,499.2                   | 6,397.9                   | 1,031.2                    | 15.0       |
| General and administrative expense      | 14,267.5                  | 15,988.0                  | 34,164.5                  | 5,506.3                    | 80.0       |
| Research and development expense        | -                         | -                         | 1,924.4                   | 310.2                      | 4.5        |
| Total share-based compensation expenses | 17,343.1                  | 17,992.2                  | 42,689.9                  | 6,880.4                    | 100.0      |

## Taxation

We derive net income primarily from Jiangxi Jinko and Zhejiang Jinko, our operating subsidiaries in China. Under the CIT Law, which became effective on January 1, 2008, domestic and foreign invested companies in China are generally subject to corporate income tax at the rate of 25%. However, according to the CIT Law and the Implementation Rules of the CIT Law, the “two-year exemption” and “three-year half deduction” tax preferential policy was grandfathered, under which a foreign invested enterprise of a production nature scheduled to operate for no less than ten years would be eligible for a corporate income tax exemption of two years followed by a three-year 50% reduction on its applicable corporate income tax rate, in each case beginning with its first year of profitability. As a result, Jiangxi Jinko and Zhejiang Jinko were exempted from corporate income tax in 2009 and subject to corporate income tax at the reduced rate of 12.5% from 2010 to 2012. Zhejiang Jinko, Jiangxi Jinko and Jiangxi Materials were designated by the relevant local authorities as “High and New Technology Enterprises” under the CIT Law. Jiangxi Jinko and Jiangxi Materials were and would be subject to a preferential tax rate of 15% for their fiscal years ended December 31, 2014 and 2015 if the relevant conditions are met. Zhejiang Jinko was subject to a preferential tax rate of 15% for the fiscal year ended December 31, 2014. Applications for the preferential tax rate of Zhejiang Jinko for the fiscal years ending December 31, 2015 to 2017 are currently under review.

In addition, under the CIT Law, an enterprise established outside China with “de facto management bodies” within China may be considered a PRC tax resident enterprise and will normally be subject to the PRC corporate income tax at the rate of 25% on its global income. Under the Implementation Rules of the CIT Law, the term “de facto management bodies” refers to management bodies which have, in substance, overall management and control over such aspects as the production and business, personnel, accounts, and properties of the enterprise. On April 22, 2009, the SAT promulgated a circular that sets out procedures and specific criteria for determining whether “de facto management bodies” for overseas incorporated, domestically controlled enterprises are located in China. However, as this circular only applies to enterprises incorporated under laws of foreign jurisdictions that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of “de facto management bodies” for overseas incorporated enterprises that are controlled by individual PRC tax residents such as our company, JinkoSolar Technology and Wide Wealth Group Holdings Limited. As such, it is still unclear if the PRC tax authorities would subsequently determine that, notwithstanding our status as the Cayman Islands holding company of our operating business in China, we should be classified as a PRC tax resident enterprise, whereby our global income will be subject to PRC income tax at a tax rate of 25%. In any event, our company, JinkoSolar Technology and Wide Wealth Group Holdings Limited do not have substantial income from operations outside of China, and we do not expect to derive substantial earnings from operations outside of China in the foreseeable future.

Under the CIT Law and the Implementation Rules of the CIT Law, a withholding tax at the rate of 10% will normally be applicable to dividends payable to investors that are “non-resident enterprises,” to the extent such dividends have their source within China. Under the tax arrangement between Hong Kong and China, a reduced tax rate of 5% for dividends paid to a Hong Kong company will be applied provided that the beneficial owner of the dividends is a Hong Kong resident enterprise which directly owns at least a 25% equity interest in the PRC subsidiary. Both JinkoSolar Technology and Wide Wealth Group Holdings Limited are our Hong Kong subsidiaries. 100% of the equity interests in Jiangxi Jinko, 25% of the equity interests in Zhejiang Jinko and 100% of the equity interests in JinkoSolar (Shanghai) Management Co., Ltd. are owned directly by JinkoSolar Technology. 100% of the equity interests in Shangrao Jinko PV Technology Engineering Co., Ltd. are owned directly by Wide Wealth Group Holdings Limited. If neither JinkoSolar Technology nor Wide Wealth Group Holdings Limited is deemed a PRC tax resident enterprise and is treated as the beneficial owner of the dividends paid by Jiangxi Jinko, Zhejiang Jinko and JinkoSolar (Shanghai) Management Co., Ltd. to JinkoSolar Technology, or the dividends paid by Shangrao Jinko PV Technology Engineering Co., Ltd. to Wide Wealth Group Holdings Limited, as the case may be, and owns such equity for at least 12 consecutive months before receiving such dividends, such dividends could be subject to a 5% withholding tax pursuant to the tax arrangement between Hong Kong and China as discussed above. According to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements issued on February 20, 2009, a non-resident enterprise that intends to enjoy the preferential treatment under the relevant tax agreement is required to own the requisite amount of equity of a PRC enterprise specified by the relevant tax agreement for at least 12 consecutive months before obtaining the dividends. According to the Administrative Measures for Non-Residents Enjoying Tax Treaty Benefits (Trial Implementation) issued by the SAT on August 24, 2009 which became effective on October 1, 2009, the application of the preferential withholding tax rate under a bi-lateral tax treaty is subject to the approval of competent PRC tax authorities. According to the Circular of the State Administration of Taxation on How to Understand and Identify a “Beneficial Owner” under Tax Treaties which became effective on October 27, 2009, and the Announcement of the State Administration of Taxation on the Determination of “Beneficial Owners” in the Tax Treaties, effective on June 29, 2012, the PRC tax authorities must evaluate whether an applicant for treaty benefits in respect of dividends, interest and royalties qualifies as a “beneficial owner” on a case-by-case basis and following the “substance over form” principle. The circular sets forth the criteria to identify a “beneficial owner” and provides that an applicant that does not carry out substantial business activities, or is an agent or conduit company may not be deemed a “beneficial owner” of the PRC subsidiary and therefore may not enjoy tax treaty benefits. According to Announcement of the State Administration of Taxation on Issues Concerning the Recognition of Beneficial Owners in Entrusted Investments, effective on June 1, 2014, non-residents may be recognized as “beneficial owners” and enjoy the treaty benefits for the income derived from the PRC from certain investments.

Pursuant to the Provisional Regulation of the PRC on Value Added Tax issued by the State Council of China, effective on January 1, 1994 and further amended and effective on January 1, 2009, or the Provisional Regulation, and its Implementing Rules, all entities and individuals that are engaged in the sale of goods, the provision of processing, repairs and installation services and the importation of goods in China are required to pay VAT. According to the Provisional Regulation, gross proceeds from sales and importation of goods and provision of services are generally subject to a VAT rate of 17% with exceptions for certain categories of goods that are taxed at a VAT rate of 13%. In addition, under the current Provisional Regulation, the input VAT for the purchase of fixed assets is deductible from the output VAT, except for goods or services that are used in non-VAT taxable items, VAT exempted items and welfare activities, or for personal consumption. According to former VAT levy rules, equipment imported for qualified projects is entitled to import VAT exemption and the domestic equipment purchased for qualified projects is entitled to VAT refund. However, such import VAT exemption and VAT refund were both eliminated as of January 1, 2009. On the other hand, if a foreign-invested enterprise obtained the confirmation letter of Domestic or Foreign Invested Project Encouraged by the State before November 10, 2008 and declared importation of equipment for qualified projects before June 30, 2009, it may still be qualified for the exemption of import VAT. The importation of equipment declared after July 1, 2009 will be subject to the import VAT.

Effective January 1, 2012, the PRC Ministry of Finance and the SAT launched the Pilot Program in Shanghai. On April 10, 2013, the State Council announced the nationwide implementation of the Pilot Program, which took effect from August 1, 2013. VAT payable on taxable services provided by a general VAT taxpayer for a taxable period is the net balance of the output VAT for the period after crediting the input VAT for the period. The amount of VAT payable does not result directly from output VAT generated from taxable services provided. In addition, the PRC Ministry of Finance and the SAT released a notice, which further expanded the scope of taxable services subject to VAT on December 12, 2013, effective from January 1, 2014, replacing the Business Tax to Value Added Tax Circular 37 released by the PRC Ministry of Finance and the SAT on May 24, 2013.

Under the current law of the Cayman Islands, we are not subject to any income or capital gains tax. In addition, dividend payments made by us are not subject to any withholding tax in the Cayman Islands.

### **Critical Accounting Policies**

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) disclosure of our contingent assets and liabilities at the end of each reporting period, and (iii) the reported amounts of revenues and expenses during each reporting period. We continually evaluate these estimates and assumptions based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing the consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of consolidated our financial statements.

### ***Revenue recognition***

We recognize revenue for product sales when persuasive evidence of an arrangement exists, delivery of the product has occurred and title and risk of loss has passed to the customer, the sales price is fixed or determinable and the collectability of the resulting receivable is reasonably assured. For all sales, we require a contract or purchase order which quantifies pricing, quantity and product specifications.

For sales of PV products from the PRC to foreign customers, delivery of the products generally occurs at the point in time the product is delivered to the named port of shipment, which is when the risks and rewards of ownership are transferred to the customer. For sales of PV products to domestic customers in the PRC or by foreign subsidiaries, delivery of the product generally occurs at the point in time the product is received by the customer, which is when the risks and rewards of ownership have been transferred. In the case of sales that are contingent upon customer acceptance, revenue is not recognized until the deliveries are formally accepted by the customers.

We entered into certain sales contracts with retainage terms since 2012, under which customers were allowed to withhold payment of 5% to 10% of the full contract price as retainage for a specified period which generally range from one year to two years (the "Retainage Period"). Given our limited experience with respect to the collectability of the retainage, we defer recognition of the retainage as revenue until the customers pay us after the Retainage Period expires. As of December 31, 2014, the total amounts of retainage that were not recognized as revenue were RMB194.2 million (US\$31.3 million).

Advance payments received from customers for the future sale of inventory are recognized as advances from third party customers in the consolidated balance sheets. Advances from third party customers are recognized as revenues when the conditions for revenue recognition described above have been satisfied. Advances from third party customers have been recognized as a current liability because the amount at each balance sheet date is expected to be recognized as revenue within 12 months.

We provide solar power product processing services to customers and the revenue of processing services is recognized upon completion, which is generally evidenced by delivery of processed products to the customers.

We recognize electricity generation revenue when persuasive evidence of a power purchase arrangement with the power grid company exists, electricity has been generated and be transmitted to the grid and the electricity generation records are reconciled with the grid companies, the price of electricity is fixed or determinable and the collectability of the resulting receivable is reasonably assured. The price of electricity generated by our utility-scale and ground-mounted DG power plants include a portion that is subsidized by the Chinese central government.

In addition, our rooftop DG power plants are entitled to additional subsidies granted by Chinese central or local government on top of the sales price stipulated in the electricity sales supply agreements.

Since July 1, 2013, we recognize these subsidies as revenue when electricity is generated and transmitted to the grid and the electricity generation records are reconciled with the grid company because there are no further conditions attached to those subsidies and the above revenue recognition criteria are satisfied at such point of time.

We recognize revenue related to solar system integration projects on the percentage-of-completion basis. We estimate our revenues using the cost-to-cost method, whereby it derives a ratio by comparing the costs incurred to date to the total costs expected to be incurred on the project. We apply the ratio computed in the cost-to-cost analysis to the contract price to determine the estimated revenues earned in each period. When we determine that total estimated costs will exceed total revenues under a contract, we record a loss accordingly. No loss provision was recorded in the years ended December 31, 2012, 2013 and 2014.

Before the third quarter of 2014, we received a government subsidy portion of electricity revenue from local grid companies without being requested to issue VAT invoices, and we recognized 100% of the government subsidy portion as revenue, which was consistent with the relevant PRC tax regulations. During the third quarter of 2014, our operating subsidiaries were requested by the State Grid Corporation of China to issue VAT invoices for the government subsidy portion as a condition for the grid companies to pay the government subsidy to us. By issuing the VAT invoice, an operating subsidiary would be subject to VAT liability on the government subsidy portion of electricity generation revenue. As a result of such change, we recorded a cumulative VAT payable and a reduction of revenue in 2014 for the amount of RMB7.7 million related to previous years. In addition, starting from 2014, we record VAT payable with a corresponding reduction to revenue at the time of recognizing the government subsidy as revenue.

In the PRC, VAT at a general rate of 17% on the invoiced amount is collected by us on behalf of tax authorities in respect of sales of product and is not recorded as revenue. VAT collected from customers, net of VAT paid for purchases is recorded as a liability until it is paid to the tax authorities.

### ***Segment report***

We use the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by our chief operating decision maker for making operating decisions, allocating resources and assessing performance as the source for determining our reportable segments. Management has determined that we operate our business in two segments, as that term is defined by FASB ASC Topic 280, Segment reporting.

Our first segment is the vertically integrated solar power products manufacturing business (“manufacturing segment”), under which we manufacture silicon ingots, wafers, cells and solar modules.

Our second segment is the downstream solar power projects (“solar power projects segment”), under which we develop, construct and operate the solar power projects, including (i) power generation, (ii) engineering, procurement, and construction (“EPC”), (iii) connecting solar power projects to the grid and operation and maintenance of the solar power projects.

### ***Accounts receivable***

Specific provisions are made against accounts receivable for estimated losses resulting from the inability of our customers to make payments. We periodically assess accounts receivable balances to determine whether an allowance for doubtful accounts should be made based upon historical bad debts, specific customer creditworthiness and current economic trends. Accounts receivable in the balance sheets are stated net of such provision, if any. Before approving sales to each customer, we conduct a credit assessment for each customer to evaluate the collectability of such sales. The assessment usually takes into consideration the credit worthiness of such customer and its guarantor, if any, our historical payment experience with such customer, industry-wide trends with respect to credit terms, including the terms offered by competitors, and the macro-economic conditions of the region to which sales will be made. We will execute a sales order with a customer and arrange for shipment only if its credit assessment concludes that the collectability with such customer is reasonably assured. We may also from time to time require security deposits from certain customers to minimize its credit risk. After the sales are made, we closely monitor the credit situation of each customer on an on-going basis for any subsequent change in its financial position, business development and credit rating, and evaluate whether any of such adverse change warrants further action to be taken us, including asserting claims and/or initiating legal proceedings against the customer and/or its guarantor, as well as making provisions. The receivable from insurance is only recorded when insurance claim has been submitted to the insurance company and been accepted and acknowledged by the carrier and recovery is considered reasonably assured. Upon recording the recovery, the bad debt expense is reduced.

Allowances for doubtful accounts receivable were RMB673.7 million, RMB446.0 million and RMB428.6 million (US\$69.1 million) for 2012, 2013 and 2014, respectively. In 2014, the decrease of allowances for doubtful accounts receivable was primarily due to the reversal of allowance for bad debts as a result of the subsequent cash collection of long-aged accounts receivable.

### ***Inventories***

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method. Provisions are made for excessive, slow moving and obsolete inventories as well as for inventories with carrying values in excess of market value. Certain factors could impact the realizable value of inventory. Therefore, we continually evaluate the recoverability based on assumptions about customer demand and market conditions. The evaluation may take into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer concentrations, and other factors. The reserve or write-down is equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory reserves or write-downs may be required, which could negatively impact our gross profit margin and operating results. If actual market conditions are more favorable, we may have higher gross profit margin when products that have been previously reserved or written down are eventually sold. The sale of previously reserved inventory did not have a material impact on our gross margin percentage for any of the years presented. Provisions for inventories valuation were RMB332.3 million, RMB163.7 million and RMB75.9 million (US\$12.2 million) for the years ended December 31, 2012, 2013 and 2014, respectively.

In addition, we analyze our firm purchase commitments, if any, at each period end. Provision is made in the current period if the net realizable value after considering estimated costs to convert polysilicon into saleable finished goods is higher than market selling price of finished goods as of the end of a reporting period. There was no loss provision recorded related to these long-term contracts for each of the three years ended December 31, 2012, 2013 and 2014.

***Property, plant and equipment, net***

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the prices paid to acquire or construct the assets, interest capitalized during the construction period and any expenditure that substantially extends the useful life of an existing asset. We compute depreciation using the straight-line method over the following estimated useful lives:

|   |           |
|---|-----------|
| Buildings                               | 20 years  |
| Machinery and equipment                 | 10 years  |
| Furniture, fixture and office equipment | 3~5 years |
| Motor vehicles                          | 4~5 years |

Construction in progress primarily represents the construction of new production lines. Costs incurred in the construction are capitalized and transferred to property, plant, and equipment upon completion, at which time depreciation commences.

We record expenditures for repairs and maintenance as expenses as incurred. The gain or loss on disposal of property, plant, and equipment, if any, is the difference between the net sales proceeds and the carrying amount of the disposed assets, and is recognized in the consolidated statement of operations upon disposal.

***Interest Capitalization***

The interest cost associated with major development and construction projects is capitalized and included in the cost of the property, plant and equipment or project assets. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use. When no debt is specifically identified as being incurred in connection with a construction project, we capitalize interest on amounts expended on the project at our weighted average cost of borrowing money. Interest expense capitalized for the years ended December 31, 2012, 2013 and 2014 were RMB7.5 million, RMB7.1 million and RMB4.1 million (US\$0.7 million), respectively.

***Project assets***

Project assets represented the costs of solar power plants held for generation of electricity revenue and solar power plants under construction. Project assets are stated in the consolidated balance sheets at cost less accumulated depreciation and impairment provision, if any.

Costs of project assets consist primarily of costs relating to construction of solar power plants at various stages of development. These costs include costs for procurement of solar module and other equipment (including intercompany purchases), cost of land on which solar power plants are developed and other direct costs for developing and constructing solar power plants, such as costs for obtaining permits required for solar power plants and costs for designing, engineering, interest costs capitalized and installation in the course of construction. Such costs are capitalized starting from the point when it is determined that development of the solar power plant is probable. For a solar power project asset acquired from third parties, the initial cost is the acquisition cost which includes the consideration transferred and certain direct acquisition costs.

Costs capitalized in the construction of solar power plants under development will be transferred to solar power plants upon completion and when they are ready for intended use, which is at the point of time when the solar power plants are connected to the grids and begin to generate electricity. Depreciation of the completed solar power plant commences once the solar power plant is ready for the intended use. Depreciation is computed using the straight-line method over the expected life of 20 years.

As of December 31, 2012, 2013 and 2014, the balances of project assets were RMB536.4 million, RMB1,358.9 million and RMB4,353.1 million (US\$701.6 million), respectively. As of December 31, 2012, 2013 and 2014, project assets with book value of RMB349.5 million, RMB1,349.7 million and RMB2,027.6 million (US\$326.8 million) had been completed and connected to the grid. The revenue from connection to the grid for the years ended December 31, 2012, 2013 and 2014 is RMB1.6 million, RMB76.7 million and RMB237.6 million (US\$38.3 million), respectively.

### ***Land use rights and land lease***

#### **a. Land use rights**

Land use rights represent acquisition costs to purchase land use rights from the PRC government, which are evidenced by property certificates. The periods of these purchased land use rights are either 50 years or 70 years. We classify land use rights as long term assets on the balance sheet and cash outflows related to acquisition of land use right as investing activities.

Land use rights are carried at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight-line method over the term specified in the land use right certificate for 50 years or 70 years, as applicable.

#### **b. Land lease**

For certain of our solar power project, we enter into land lease contracts with the owners of the land use rights. Under such lease arrangements, the owners retain the property right of the land use rights. While we can only set up the solar panels on these leased lands but does not have the right to sell, lease or dispose the land use rights. Accordingly, land leases are classified as operating leases, with the lease payments being recognised over the lease periods of 20 years to 50 years as operating expenses. Such land lease payments are classified as operating cash outflows.

### ***Investments in affiliates***

We hold equity investments in affiliates for which we do not have a controlling financial interest, but have the ability to exercise significant influence over the operating and financial policies of the investee. These investments are accounted for under equity method of accounting wherein we record our proportionate share of the investees' income or loss in its consolidated financial statements. Cost method is used for investments over which we do not have the ability to exercise significant influence.

Investments are evaluated for impairment when facts or circumstances indicate that the fair value of the investment is less than its carrying value. An impairment is recognized when a decline in fair value is determined to be other-than-temporary. We review several factors to determine whether a loss is other-than-temporary. These factors include, but are not limited to, the: (1) nature of the investment; (2) cause and duration of the impairment; (3) extent to which fair value is less than cost; (4) financial conditions and near term prospects of the issuers; and (5) ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

### ***Impairment of long-lived assets***

Our long-lived assets include property, plant and equipment, solar power project assets and other intangible assets with finite lives. Our business requires heavy investment in manufacturing equipment that is technologically advanced, but can quickly become significantly under-utilized or rendered obsolete by rapid changes in demand for solar power products produced with those equipment.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets and significant negative industry or economic trends. We may recognize impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to these assets. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss, if any, is recognized for the difference between the fair value of the asset and its carrying value. The impairment of long-lived assets related to the retirement of certain equipment in the wafer and cell production line that had become obsolete were RMB65.5 million, RMB3.6 million and RMB6.2 million (US\$1.0 million) in 2012, 2013 and 2014, respectively.

#### ***Warranty cost***

We typically sell our solar modules with either a 2-year or 5-year warranty for product defects and a 10-year and 25-year warranty against declines of more than 10.0% and 20.0%, respectively, from the initial minimum power generation capacity at the time of delivery. Therefore, we are exposed to potential liabilities that could arise from these warranties. The potential liability is generally in the form of product replacement or repair.

Due to limited warranty claim history, we estimate warranty costs based on an assessment for our competitors' history while incorporating estimates of failure rates through our quality review. Consequently, we accrue the equivalent of 1% of gross revenues as a warranty liability to accrue the estimated cost of our warranty obligations. Actual warranty costs incurred for warranty claims by customers are recorded in and charged against the accrued warranty liability. To the extent that actual warranty costs differ from the estimates, we will prospectively revise our accrual rate. We began the sales of solar modules in the first half of 2009 and have not experienced any material warranty claims to-date in connection with declines in the power generation capacity of our solar modules or defects. The liability for warranty cost as of December 31, 2012, 2013 and 2014 were RMB130.5 million, RMB195.2 million and RMB287.1 million (US\$46.3 million), respectively.

The warranty costs were classified as current liabilities (under a balance sheet item named other payables and accruals) and non-current liabilities (under a balance sheet item named accrued warranty costs – non-current), respectively, which reflect our estimate of the timing of when the warranty expenditures will likely be made. In 2012, 2013 and 2014, warranty cost expenses were RMB40.2 million, RMB67.5 million and RMB92.3 million (US\$14.9 million), respectively. The utilization of the warranty accruals for the years ended December 31, 2012, 2013 and 2014 were RMB6.2 million, RMB2.8 million and RMB0.4 million (approximately US\$60,000).

We purchase warranty insurance policy which provides coverage for the product warranty services of our solar modules worldwide. Prepayment for warranty insurance premium is initially recorded as other assets and is amortized over the insurance coverage period. Prepayment for warranty insurance premium is not recorded as a reduction of estimated warranty liabilities. Once the Company receives insurance recoveries, warranty expenses will be credited.

#### ***Government grants***

Government grants related to technology upgrades and development of export markets are recognized as subsidy income when received. In 2012, 2013 and 2014, we received financial subsidies of RMB40.9 million, RMB7.6 million and RMB49.8 million (US\$8.0 million) from the local PRC government authorities, respectively. These subsidies were non-recurring, not refundable and with no conditions, including none related to specific use or disposition of the funds, attached. There are no defined rules and regulations to govern the criteria necessary for companies to enjoy such benefits and the amount of financial subsidy is determined at the discretion of the relevant government authority.

Government grants related to assets are initially recorded as other payables and accruals which are deducted to the carrying amount when the assets are ready for use. We received government grant for assets of RMB119.8 million, RMB63.3 million and RMB92.4 million (US\$14.9 million) during 2012, 2013 and 2014, respectively.

#### ***Repurchase of share***

When our shares are retired, or purchased for constructive retirement (with or without an intention to retire the stock formally in accordance with applicable laws), the excess of the purchase prices over their par value is recorded entirely to additional paid-in capital subject to the limitation of the additional paid in capital when the shares were originally issued. When our shares are acquired for purposes other than retirement, the purchase prices over their par value is shown separately as treasury stock.



### ***Share-based compensation***

Our share-based payment transactions with employees, including share options, are measured based on the grant-date fair value of the equity instrument issued. The fair value of the award is recognized as compensation expense, net of estimated forfeitures, over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period.

### ***Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the carrying amounts of existing assets and liabilities and their respective tax bases and any tax loss and tax credit carry forwards. Deferred income tax assets and liabilities are measured 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. The effect on deferred income tax assets and liabilities of a change in tax rates or tax laws is recognized in the period the change in tax rates or tax laws is enacted. A valuation allowance is provided to reduce the amount of deferred income tax assets if it is considered more likely than not that some portion or all of the deferred income tax assets will not be realized. Deferred income taxes are not provided on undistributed earnings of the Company's subsidiaries that are intended to be permanently reinvested in China. Cumulative undistributed earnings of the Company's PRC subsidiaries intended to be permanently reinvested total RMB1,284.4 million (US\$207.0 million) and the amount of the unrecognized deferred taxes liabilities on the permanently reinvested earnings was RMB64.2 million (US\$10.4 million) as of December 31, 2014.

Valuation allowances are determined by assessing both positive and negative evidence and have been provided against the net deferred tax asset due to the uncertainty surrounding their realization. As of December 31, 2012, 2013 and 2014, valuation allowances of RMB402.9 million, RMB242.1 and RMB75.3 million (US\$12.1 million) were provided against deferred tax assets because it was more likely than not that such portion of deferred tax would not be realized based on our estimate of the future taxable income of all our subsidiaries. If events occur in the future that allow us to realize more of our deferred tax assets than the presently recorded amount, an adjustment to the valuation allowances will result in a non-cash income statement benefit when those events occur. Certain valuation allowances were reversed in 2014 when certain subsidiaries generated sufficient taxable income to utilize the deferred tax assets. Due to the strong financial performance of certain subsidiaries, we have determined that the future taxable income of those subsidiaries is sufficient to realize the benefits of such deferred tax assets. As a result, we reversed the valuation allowance of RMB222 million in 2014.

The accounting for uncertain tax positions requires that we recognize in the consolidated financial statements the impact of an uncertain tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. Our policy is to recognize, if any, tax related interest as interest expenses and penalties as general and administrative expenses. For periods presented, we did not have any interest and penalties associated with tax positions. As of December 31, 2012, 2013 and 2014, we did not record any liability for any uncertain tax positions.

### ***Long-term payables***

Long-term payable represents the amounts due to suppliers for purchase of material used in the project assets construction. As part of the payment term, we retain a portion of the purchase price, which will generally be paid by us two to three years after the related solar projects are completed. The retainages are paid upon certain specific conditions are met or passage of time. Long-term payable is initially recorded at the present value determined based on the market interest rate for long-term borrowing, and amortized over the payment terms of two to three years.

### ***Fair value of financial instruments***

We do not have any non-financial assets or liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as an exit price). A hierarchy is established for inputs used in measuring fair value that gives the highest priority to observable inputs and the lowest priority to unobservable inputs. Valuation techniques used to measure fair value shall maximize the use of observable inputs.

When available, we measure the fair value of financial instruments based on quoted market prices in active markets, which is a valuation technique that uses observable market-based inputs or unobservable inputs that are corroborated by market data. We internally validate pricing information obtained from third parties for reasonableness prior to use in the consolidated financial statements. When observable market prices are not readily available, we generally estimate the fair value using valuation techniques that rely on alternate market data or inputs that are generally less readily observable from objective sources and are estimated based on pertinent information available at the time of the applicable reporting periods. In certain cases, fair values are not subject to precise quantification or verification and may fluctuate as economic and market factors vary and our evaluation of those factors changes. Although we use our best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique. In these cases, a minor change in an assumption could result in a significant change in our estimate of fair value, thereby increasing or decreasing the amounts of our consolidated assets, liabilities, equity and net income.

Our financial instruments consist principally of cash and cash equivalents, restricted cash, restricted short-term investments, accounts and notes receivable, forward contract receivable, other receivables, prepayments and other current assets, capped call options, accounts and notes payable, other payables and accruals, forward contract payables, short-term borrowings, long-term borrowings and convertible senior notes. Except for long-term borrowing and convertible senior notes, the carrying values of these financial instruments approximated their fair values due to the short-term maturity of these instruments. The carrying amount of long-term borrowing approximates their fair value due to the fact that the related interest rates approximate rates currently offered by financial institutions for similar debt instruments of comparable maturities.

We classify the cash flows related to realized gain or loss on settlement of foreign exchange forward contracts as operating activities, which are based on the nature of the cash flows the derivative is economically hedging.

#### ***Available-for-sale investment***

On a recurring basis, we measure available-for-sale investment at fair value. Since the available-for-sale investment does not have quoted price in active markets, we have adopted Binomial Tree option pricing model to assess their fair value. Management is responsible for determining the fair value and assessing a number of factors. The valuation involves complex and subjective judgements as well as our best estimates on the valuation date.

Inputs related to the Binomial Tree option pricing model for the valuation of the fair value of available-for-sale investment are: spot price, conversion price, time to maturity, expected dividend yield, expected share volatility, risk free interest rate, and yield-to-maturity, of which spot price is most significant to valuation determination. The following methods were adopted for each input:

- a. Spot price: quoted closing price of listed shares of Kinexia SpA(KNX IM) as of each re-measurement date;
- b. Conversion price: according to the indenture of the subject available-for-sale investment;
- c. Time to maturity: time period from the respective re-measurement date to maturity date. Maturity date was referred from the indenture of the subject available-for-sale investment;
- d. Expected dividend yield: based on indicative dividend yield of the underlying company (i.e. KNX.IM) as of each re-measurement date;
- e. Expected share volatility: based on the implied volatility of the listed shares of Kinexia (i.e. KNX.IM) with a time period equal to the time to maturity as of each re-measurement date;
- f. Risk free interest rate: based on the yield of Italy Treasury Bonds with a maturity equal to the time to maturity as of each re-measurement date; and
- g. Yield-to-maturity: based on the average yield-to-maturity of comparable corporate bullet bonds with similar remaining maturity period and credit risk as of each re-measurement date.

In 2012 and 2013, we recognized gain from a change in fair value of available-for-sales investment of nil and RMB6.0 million, respectively. In 2014, we recognized loss from a change in fair value of available-for-sales of RMB5.8 million (US\$0.9 million).

The sensitivity analysis below has been determined based on the exposure to spot price at the end of the reporting period. A 10 percent increase or decrease represents management's assessment of the reasonably possible change in the input.

- If the spot price had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of available-for-sale investment would have increased by RMB63 thousand or 0.30%. If spot price had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the available-for-sale investment would have decreased by RMB36 thousand or 0.17%.
- If expected share volatility had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the available-for-sale investment would have increased by RMB58 thousand or 0.28%. If expected share volatility had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the available-for-sale investment would have decreased by RMB21 thousand or 0.10%.

#### ***Convertible Senior Notes and Capped Call Options***

The Company has adopted valuation models to assess the fair value for capped call options and the Notes, as the capped call options are not publicly traded and the trading of the Notes is considered inactive. Management is responsible for determining these fair values and assessing a number of factors. Both capped call options and the Notes are valued using the Binomial Tree option pricing model. The valuation involves complex and subjective judgments as well as the Company's best estimates on the valuation date. Inputs related to the Binomial models for convertible debt fair value are: spot price, conversion price, time to maturity, expected dividend yield, expected share volatility, risk free interest rate, yield-to-maturity and put option exercisable period, of which spot price and expected share volatility are most significant to valuation determination of convertible debt.

A summary of changes in fair value of capped call options for the year ended December 31, 2013 and 2014 were as follows:

|   | <b>For the year ended December 31,</b> |                     |
|---|--|---------------------|
|   | <b>2013</b>                            | <b>2014</b>         |
|   | RMB                                    | RMB                 |
| Balance at January 1,                       | 16,131,208                             | 107,223,601         |
| Foreign exchange gain/(loss)                | (1,203,512)                            | 563,725             |
| Change in fair value of capped call options | <u>92,295,905</u>                      | <u>(86,689,063)</u> |
| Balance at December 31,                     | <u>107,223,601</u>                     | <u>21,098,263</u>   |

A summary of the assumptions used in the valuation of convertible senior notes and Capped call options due 2016 was as follows:

|                         | <b>As of December 31,</b> |             |      |             |
|-------------------------|---------------------------|-------------|------|-------------|
|                         |                           | <b>2013</b> |      | <b>2014</b> |
| Fair value of ADS       | US\$                      | 29.30       | US\$ | 19.71       |
| Strike price            | US\$                      | 33.75       | US\$ | 33.75       |
| Risk free interest rate |                           | 0.53%       |      | 0.44%       |
| Dividend yield          |                           | -           |      | -           |
| Standard Volatility     |                           | 70.6%       |      | 64.31%      |

The sensitivity analysis below has been determined based on the exposure to spot price and expected share volatility of the underlying shares at the end of the reporting period. A 10 percent increase or decrease represents management's assessment of the reasonably possible change in these inputs.

- If the spot price had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the convertible senior notes would have increased by RMB16.82 million or 2.33% and the Company's net income for the year ended December 31, 2014 would have decreased by RMB16.82 million. If spot price had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the convertible debt would have decreased by RMB22.12 million or 3.07%, and the Company's net income for the year ended December 31, 2014 would have increased by RMB22.12 million.
- If expected share volatility had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the convertible senior notes would have increased by RMB10.64 million or 1.47% and the Company's net income for the year ended December 31, 2014 would have decreased by RMB10.64 million. If expected share volatility had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the convertible debt would have decreased by RMB18.05 million or 2.50% and the Company's net income for the year ended December 31, 2014 would have increased by RMB18.05 million.

The sensitivity analysis below has been determined based on the exposure to spot price and expected share volatility for capped call option at the end of the reporting period. A 10 percent increase or decrease represents management's assessment of the reasonably possible change in these inputs.

- If the spot price had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the capped call option would have increased by RMB7.07 million or 33.51% and the Company's net income for the year ended December 31, 2014 would have increased by RMB7.07 million. If spot price had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the capped call option would have decreased by RMB4.69 million or 22.23%, and the Company's net income for the year ended December 31, 2014 would have decreased by RMB4.69 million.
- If expected share volatility had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the capped call option would have increased by RMB1.71 million or 8.13% and the Company's net income for the year ended December 31, 2014 would have increased by RMB1.71 million. If expected share volatility had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the capped call option would have decreased by RMB1.54 million or 7.28% and the Company's net income for the year ended December 31, 2014 would have decreased by RMB1.54 million.

A summary of the assumptions used in the valuation of convertible senior notes due 2019 was as follows:

|                         | <u>As of December 31,</u> |             |
|-------------------------|---------------------------|-------------|
|                         | <u>2013</u>               | <u>2014</u> |
| Fair value of ADS       | -                         | US\$19.71   |
| Risk free interest rate | -                         | 1.51%       |
| Dividend yield          | -                         | -           |
| Standard Volatility     | -                         | 66.31%      |

The sensitivity analysis below has been determined based on the exposure to spot price and expected share volatility of the underlying shares at the end of the reporting period. A 10 percent increase or decrease represents management's assessment of the reasonably possible change in these inputs.

- If the spot price had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the convertible debt would have increased by RMB15.91 million or 1.94% and the Company's net income for the year ended December 31, 2014 would have decreased by RMB15.91 million. If spot price had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the convertible debt would have decreased by RMB29.86 million or 3.65%, and the Company's net income for the year ended December 31, 2014 would have increased by RMB29.86 million.

- If expected share volatility had been 10 percent higher and all other inputs were held constant as of December 31, 2014, the fair value of the convertible debt would have increased by RMB13.67 million or 1.67% and the Company's net income for the year ended December 31, 2014 would have decreased by RMB13.67 million. If expected share volatility had been 10 percent lower and all other inputs were held constant as of December 31, 2014, the fair value of the convertible debt would have decreased by RMB29.38 million or 3.59% and the Company's net income for the year ended December 31, 2014 would have increased by RMB29.38 million.

## Results of Operations

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations and each item expressed as a percentage of our total net revenues. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

|   | 2012          |        | 2013          |        | 2014          |               |        |
|---|---------------|--------|---------------|--------|---------------|---------------|--------|
|   | (RMB)         | (%)    | (RMB)         | (%)    | (RMB)         | (US\$)        | (%)    |
| (in thousands, except percentage)   |               |        |               |        |               |               |        |
| <b>Consolidated Statement of Operations Data:</b>                           |               |        |               |        |               |               |        |
| Revenues  | 4,794,768.4   | 100.0  | 7,078,838.5   | 100.0  | 9,978,528.6   | 1,608,246.9   | 100.0  |
| Sales of recovered silicon materials  | 270.4         | 0.0    | 14,559.7      | 0.2    | 11,272.6      | 1,816.8       | 0.1    |
| Sales of silicon ingots   | 1,885.6       | 0.0    | 1,189.7       | 0.0    | —             | —             | 0.0    |
| Sales of silicon wafers   | 328,428.6     | 6.8    | 70,637.0      | 1.0    | 286,585.0     | 46,189.1      | 2.9    |
| Sales of solar cells  | 138,686.4     | 2.9    | 184,203.1     | 2.6    | 200,643.6     | 32,337.9      | 2.0    |
| Sales of solar modules  | 3,897,288.0   | 81.3   | 6,660,317.5   | 94.1   | 9,155,396.0   | 1,475,582.0   | 91.8   |
| Solar system EPC  | 213,174.4     | 4.4    | 201.1         | 0.0    | 11,209.6      | 1,806.7       | 0.1    |
| Revenue from generated electricity  | 1,607.1       | 0.0    | 76,719.7      | 1.1    | 243,840.4     | 39,299.9      | 2.4    |
| Processing services   | 213,427.9     | 4.6    | 71,010.7      | 1.0    | 69,581.4      | 11,214.5      | 0.7    |
| Cost of revenues  | (4,562,531.3) | (95.2) | (5,641,487.1) | (79.7) | (7,738,488.5) | (1,247,217.9) | (77.6) |
| Gross profit  | 232,237.1     | 4.8    | 1,437,351.4   | 20.3   | 2,240,040.1   | 361,028.9     | 22.4   |
| Total operating expenses  | (1,465,724.3) | (30.6) | (791,806.0)   | (11.2) | (1,308,428.1) | (210,880.3)   | (13.1) |
| Income/(loss) from operations   | (1,233,487.2) | (25.7) | 645,545.4     | 9.1    | 931,612.0     | 150,148.6     | 9.3    |
| Interest expenses, net  | (221,719.8)   | (4.6)  | (223,376.9)   | (3.2)  | (287,667.7)   | (46,363.6)    | (2.9)  |
| Convertible senior notes issuance costs                                     | —             | —      | —             | —      | (26,052.9)    | (4,199.0)     | (0.3)  |
| Subsidy income  | 40,902.6      | 0.9    | 7,583.2       | 0.1    | 49,785.3      | 8,023.9       | 0.5    |
| Exchange loss   | (36,472.7)    | (0.8)  | (38,468.0)    | (0.5)  | (147,057.9)   | (23,701.4)    | (1.5)  |
| Other (expenses)/income, net  | 4,263.5       | 0.1    | 6,871.9       | 0.1    | (1,692.2)     | (272.7)       | 0.0    |
| Change in fair value of forward contracts                                   | (9,043.1)     | (0.2)  | 48,390.4      | 0.7    | (714.7)       | (115.2)       | 0.0    |
| Change in fair value of convertible senior notes and capped call options    | (97,160.7)    | (2.0)  | (212,906.6)   | (3.0)  | 64,101.6      | 10,331.3      | 0.6    |
| Income/(loss) before income taxes   | (1,552,717.4) | (32.4) | 233,639.4     | 3.3    | 582,313.6     | 93,851.9      | 5.8    |
| Income tax benefit/(expense)  | 8,917.6       | 0.2    | (18,532.4)    | (0.3)  | 134,334.0     | 21,650.7      | 1.3    |
| Equity in (loss)/income of affiliated companies                             | (16.3)        | (0.0)  | (25,615.0)    | (0.4)  | 9,549.3       | 1,539.1       | 0.1    |
| Net income/(loss)   | (1,543,816.1) | (32.2) | 189,492.0     | 2.6    | 726,196.9     | 117,041.7     | 7.3    |
| Less: Net (loss)/income attributable to the non-controlling interests       | (1,394.0)     | (0.0)  | 1,480.1       | 0.0    | 851.2         | 137.2         | 0.0    |
| Less: Accretion to redemption value of redeemable non-controlling interests | —             | —      | —             | —      | 52,320.7      | 8,432.6       | 0.5    |
| Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.              | (1,542,422.1) | (32.2) | 188,011.9     | 2.6    | 673,025.1     | 108,471.9     | 6.7    |

## Reportable Segments

We use the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by our chief operating decision maker for making operating decisions, allocating resources and assessing performance as the source for determining our reportable segments. Management has determined that we operate our business in two segments: (i) the manufacturing segment and (ii) the solar power projects segment. Our manufacturing segment comprises our vertically integrated solar power product manufacturing business, under which we manufacture silicon ingots, wafers, cells and solar modules. Our solar power projects segment comprises the downstream solar power generation, construction and operation business, including (i) power generation, (ii) engineering, procurement, and construction, or EPC, (iii) connecting solar power projects to the grid and operation and maintenance, or O&M, of the solar power projects. We expect that our solar power project segment will experience a high growth and will become increasingly important in our overall business operations.

We started our solar power projects business in December 2011. The following table sets forth the results of operations of our segments and the reconciliation with our consolidated results of operations for 2012, 2013 and 2014:

|                             | As of December 31, 2012 |                |                 |                 |
|-----------------------------|-------------------------|----------------|-----------------|-----------------|
|                             | RMB                     |                |                 |                 |
|                             | Manufacturing           | Solar projects | Elimination*    | Total           |
| Revenues—third parties      | 4,793,161,383           | 1,607,066      | -               | 4,794,768,449   |
| Revenues—intersegment       | 115,844,024             | -              | (115,844,024)   | -               |
| Gross profit— third parties | 236,223,914             | (3,986,799)    | -               | 232,237,115     |
| Gross profit—intersegment   | 1,098,425               | -              | (1,098,425)     | -               |
| Interest expense, net       | (221,719,806)           | -              | -               | (221,719,806)   |
| Income before income taxes  | (1,526,557,907)         | (25,061,043)   | (1,098,425)     | (1,552,717,375) |
| Total assets                | 7,719,329,082           | 798,992,874    | (146,001,635)   | 8,372,320,321   |
|                             | As of December 31, 2013 |                |                 |                 |
|                             | RMB                     |                |                 |                 |
|                             | Manufacturing           | Solar projects | Elimination*    | Total           |
| Revenues—third parties      | 7,045,771,578           | 33,066,937     | -               | 7,078,838,515   |
| Revenues—intersegment       | 323,522,112             | 43,652,800     | (367,174,912)   | -               |
| Gross profit— third parties | 1,417,204,215           | 20,147,192     | -               | 1,437,351,407   |
| Gross profit—intersegment   | 23,712,087              | 25,716,745     | (49,428,832)    | -               |
| Interest expense, net       | (209,340,372)           | (14,036,530)   | -               | (223,376,902)   |
| Income before income taxes  | 282,959,050             | 19,467,078     | (68,786,825)    | 233,639,303     |
| Total assets                | 10,309,643,591          | 2,218,556,658  | (1,916,975,178) | 10,611,225,071  |
|                             | As of December 31, 2014 |                |                 |                 |
|                             | RMB                     |                |                 |                 |
|                             | Manufacturing           | Solar projects | Elimination*    | Total           |
| Revenues—third parties      | 9,740,876,507           | 237,652,141    | -               | 9,978,528,648   |
| Revenues—intersegment       | 1,893,735,279           | -              | (1,893,735,279) | -               |
| Gross profit— third parties | 2,103,506,626           | 136,533,561    | -               | 2,240,040,187   |
| Gross profit—intersegment   | 153,331,546             | -              | (153,331,546)   | -               |
| Interest expense, net       | (220,206,531)           | (67,461,121)   | -               | (287,667,652)   |
| Income before income taxes  | 721,810,289             | 13,834,867     | (153,331,546)   | 582,313,610     |
| Total assets                | 15,790,325,086          | 6,958,477,388  | (3,661,166,040) | 19,087,636,434  |

\*Elimination refers to (1) the elimination of revenue and profit from the sale of solar modules from the manufacturing segment to the solar project segment; (2) the elimination of unsettled receivables of the manufacturing segment and unsettled payables of the solar projects segment resulting from the above sales of solar modules.

### **2014 compared with 2013**

*Revenues.* Our revenues increased by 41.0% from RMB7,078.8 million in 2013 to RMB9,978.5 million (US\$1,608.2 million) in 2014, primarily due to the increase in shipments of solar modules which was partially offset by the decline in average selling prices. The increase in electricity revenues generated from solar power projects was primarily due to the increase in the number and capacity of projects in the year 2014.

Our sales of solar modules increased by 37.5% from RMB6,660.3 million in 2013 to RMB9,155.4 million (US\$1,475.6 million) in 2014, primarily due to the significant increase in sales volume, partially offset by a decrease in average selling prices. The sales volume of our solar modules increased by 37.3% from 1,765.1 MW in 2013 to 2,423.1 MW in 2014. The average selling price of our solar modules decreased by 0.1% from RMB3.8 per watt in 2013 to RMB3.78 per watt (US\$0.61 per watt) in 2014, primarily due to over-supply of solar power products in the market which makes the market value of solar modules decrease.

Our sales of silicon wafers increased by 306% from RMB70.6 million in 2013 to RMB286.6 million (US\$46.2 million) in 2014. The sales volume of our silicon wafers increased by 319.0% from 54.8 MW in 2013 to 229.6 MW in 2014. The average selling price of our silicon wafers decreased by 3.2% from 2013 to in 2014.

Our sales of solar cells increased by 8.9% from RMB184.2 million in 2013 to RMB200.6 million (US\$32.3 million) in 2014. The sales volume of our solar cells increased by 18.6% from 113.2 MW in 2013 to 134.2 MW in 2014. The average selling price of our solar cells decreased by 8.1% from 2013 to 2014.

Our revenue generated from providing solar system integration services increased from RMB0.2 million in 2013 to RMB11.2 million (US\$1.8 million) in 2014. Our revenue generated from providing solar system integration services represents the collection of retainage for the EPC projects.

Our processing service fee decreased from RMB71.0 million in 2013 to RMB69.6 million (US\$11.2 million) in 2014.

Our revenue from the sale of electricity generated by our solar power projects increased significantly from RMB76.7 million in 2013 to RMB243.8 million (US\$39.3 million) in 2014, primarily due to an increase in our solar power projects in operation.

*Cost of Revenues.* Our cost of revenues increased by 37.2% from RMB5,641.5 million in 2013 to RMB7,738.5 million (US\$1,247.2 million) in 2014, primarily due to the significant increase in sales volume of our solar modules, and to a lesser extent, our silicon wafers, and solar cells.

*Gross Profit.* Our gross profit increased by 55.8% from RMB1,437.4 million in 2013 to RMB2,240.0 million (US\$361.0 million) in 2014. Our gross margin increased from 20.3% in 2013 to 22.4% in 2014, primarily due to improvements in the operating efficiency and higher gross margins from the electricity revenues of solar power projects, which were partially offset by the slight declines in average selling prices of solar modules.

*Operating Expenses.* Our operating expenses increased by 65.2% from RMB791.8 million in 2013 to RMB1,308.4 million (US\$210.9 million) in 2014, primarily as a result of a significant increase in our selling and marketing expenses and general and administrative expenses.

Our selling and marketing expenses increased by 56.1% from RMB492.6 million in 2013 to RMB769.0 million (US\$123.9 million) in 2014, primarily due to the increase in transportation expenses and warranty costs, which were in line with the increase in our sales.

Our general and administrative expenses increased by 84.2% from RMB230.1 million in 2013 to RMB423.9 million (US\$68.3 million) in 2014, primarily due to a significant net reversal of provision for bad debts of RMB187 million in 2013 as a result of the subsequent cash collection of long-aged accounts receivable, compared with a net provision for bad debts of RMB27 million in 2014, and increased stock-based compensation expenses in 2014.

Our research and development expenses increased by 62.8% from RMB65.5 million in 2013 to RMB106.6 million (US\$17.2 million) in 2014, primarily due to the investment in improving the conversion rate of solar modules.

*Income from Operations.* As a result of the foregoing, our income from operations increased by 44.3% from RMB645.5 million in 2013 to RMB931.6 million (US\$150.1 million) in 2014. Our operating profit margin was 9.1% in 2013 and 9.3% in 2014.

*Interest Expenses.* Our interest expenses increased by 28.8% from RMB223.4 million in 2013 to RMB287.7 million (US\$46.4 million) in 2014, primarily due to interest expenses associated with the issuing of the Company's convertible notes in January 2014 and additional bank borrowings for the downstream solar power projects in year 2014.

*Subsidy Income.* Our subsidy income increased significantly from RMB7.6 million in 2013 to RMB49.8 million (US\$8.0 million) in 2014, primarily due to more one-time nature of government subsidies that we received in 2014.

*Exchange Loss.* Our exchange loss increased significantly from RMB38.5 million in 2013 to RMB147.1 million (US\$23.7 million) in 2014, primarily due to the depreciation of the Euro and Japanese Yen against the RMB.

*Other Income/(Expense).* We had other expense of RMB1.7 million (US\$0.3 million) in 2014, compared with other income of RMB6.9 million in 2013, primarily due to a charity donation in 2014.

*Change in Fair Value of Forward Contracts.* We recognized a loss in fair value of foreign currency forward contracts of RMB0.7 million (US\$0.1 million) in 2014, compared with a gain of RMB48.4 million in 2013, primarily due to the fluctuation of the Euro against the Renminbi.

*Change in Fair Value of Convertible Senior Notes and Capped Call Options.* We recorded a gain of RMB64.1 million (US\$10.3 million) in 2014 in relation to a change in fair value of our convertible senior notes and capped call options, primarily due to changes in our stock price, compared with a loss of RMB212.9 million in 2013, in relation to a change in fair value of our convertible senior notes and capped call options, primarily as a result of the put options of convertible senior notes on May 15, 2014 close to their expiration date.

*Income Tax (Expense)/Benefit.* We recorded an income tax benefit of RMB134.3 million (US\$21.7 million) in 2014, compared with an income tax expense of RMB18.5 million in 2013. The effective tax rate was -23.1% in 2014, compared with 7.9% in 2013. We evaluate our deferred tax assets based on both positive and negative indications of the ability to realize the benefits of such tax assets. Based on the strong financial performance of certain subsidiaries, we determined that the future taxable income of certain subsidiaries would be sufficient to realize the benefits of such tax assets and reversed the valuation allowance of RMB222.2 million in 2014 resulting in a 38.2% decrease in effective tax rate in 2014.

*Net Income/(loss) attributable to JinkoSolar Holding Co., Ltd.* As a result of the foregoing, our net income attributable to JinkoSolar Holding Co., Ltd. increased from RMB188.0 million in 2013 to RMB673.0 million (US\$108.5 million) in 2014. Our net profit margin increased from 2.7% in 2013 to 7.3% in 2014.

### **2013 compared with 2012**

*Revenues.* Our revenues increased by 47.6% from RMB4,794.8 million in 2012 to RMB7,078.8 million in 2013, primarily due to the significant increase in sales volume of our solar modules, which was partially offset by a decrease in sales volume for our silicon wafers, solar system integration services, processing services and a decrease in average selling price.

Our sales of solar modules increased by 70.9% from RMB3,897.3 million in 2012 to RMB6,660.3 million in 2013, primarily due to the significant increase in sales volume, partially offset by a decrease in average selling prices. The sales volume of our solar modules increased by 93.4% from 912.4 MW in 2012 to 1,765.1 MW in 2013. The average selling price of our solar modules decreased by 11.7% from RMB4.3 per watt in 2012 to RMB3.8 per watt in 2013, primarily due to over-supply of solar power products in the market which makes the market value of solar modules decrease.



Our sales of silicon wafers decreased by 78.5% from RMB328.4 million in 2012 to RMB70.6 million in 2013. The sales volume of our silicon wafers decreased by 72.2% from 197.4 MW in 2012 to 54.8 MW in 2013. The average selling price of our silicon wafers decreased by 22.6% from 2012 to in 2013.

Our sales of solar cells increased by 32.8% from RMB138.7 million in 2012 to RMB184.2 million in 2013. The sales volume of our solar cells increased by 44.3% from 78.5 MW in 2012 to 113.2 MW in 2013. The average selling price of our solar cells decreased by 8.0% from 2012 to 2013.

Our revenue generated from providing solar system integration services decreased significantly from RMB213.2 million in 2012 to RMB0.2 million in 2013. Our revenue generated from providing solar system integration services decreased in 2013 was primarily due to the project was completed in 2012.

Our processing service fee decreased significantly from RMB213.4 million in 2012 to RMB71.0 million in 2013, primarily due to the full utilization of our production capacity in 2013, compared to partial utilization in 2012.

Our revenue from the sale of electricity generated by our solar power projects increased significantly from RMB1.6 million in 2012 to RMB76.7 million in 2013, primarily due to an increase in our solar power projects in operation.

*Cost of Revenues.* Our cost of revenues increased by 23.6% from RMB4,562.5 million in 2012 to RMB5,641.5 million in 2013, primarily due to the significant increase in sales volume of our solar modules, which was partially offset by a decrease in sales volume for our silicon wafers and solar cells and a decrease in the purchase price.

*Gross Profit.* Our gross profit significantly increased by 519.0% from RMB232.2 million in 2012 to RMB1,437.4 million in 2013. Our gross margin increased from 4.8% in 2012 to 20.3% in 2013, primarily due to, the decrease in purchase prices for our virgin polysilicon and reductions in non-silicon manufacturing cost per watt, which exceeded the decrease in the average selling prices of our solar modules, silicon wafers and solar cells.

*Operating Expenses.* Our operating expenses decreased by 46.0% from RMB1,465.7 million in 2012 to RMB791.8 million in 2013, primarily as a result of a significant decrease in our general and administrative expenses and a provision for advances to suppliers which we incurred in 2012 but not in 2013.

Our selling and marketing expenses increased by 43.5% from RMB343.4 million in 2012 to RMB492.6 million in 2013, primarily due to the increase in transportation expenses and warranty costs, which were in line with the increase in our sales.

Our general and administrative expenses significantly decreased by 69.8% from RMB760.8 million in 2012 to RMB230.1 million in 2013, primarily due to a reversal of provision for bad debts of RMB308.2 million mainly as a result of the collection of overdue balance of accounts receivables.

Our provision for advance to suppliers was nil in 2013, compared to RMB227.1 million in 2012. The reversal was primarily due to the improvement in our suppliers' operations in 2013.

Our research and development expenses decreased from RMB69.0 million in 2012 to RMB65.5 million in 2013.

*Loss from Operations.* As a result of the foregoing, we had income from operations RMB645.5 million in 2013 as compared to the loss from operations of RMB1,233.5 million in 2012. Our operating profit margin significantly improved from negative 25.7% in 2012 to positive 9.1% in 2013.

*Interest Expenses, Net.* Our net interest expenses increased by 0.7% from RMB221.7 million in 2012 to RMB223.4 million in 2013.

*Subsidy Income.* Our subsidy income decreased by 81.5% from RMB40.9 million in 2012 to RMB7.6 million in 2013, primarily due to the one-time nature of government subsidies that we received in 2012 and 2013, respectively.

*Exchange Loss.* Our exchange loss increased by 5.5% from RMB36.5 million in 2012 to RMB38.5 million in 2013, primarily due to the depreciation of the Euro and U.S. dollar against the RMB.

*Other Income/(Expense), Net.* We had other income, net of RMB6.9 million in 2013, compared with other income, net of RMB4.3 million in 2012.

*Change in Fair Value of Forward Contracts.* We recognized a gain in fair value of foreign currency forward contracts of RMB48.4 million in 2013, compared with a loss of RMB9.0 million in 2012.

*Change in Fair Value of Convertible Senior Notes and Capped Call Options.* We recorded a loss of RMB212.9 million in 2013 in relation to a change in fair value of our convertible senior notes and capped call options, primarily as a result of the put options of convertible senior notes on May 15, 2014 nearing their expiration date, compared with a loss of RMB97.2 million in 2012.

*Income Tax (Expense)/Benefit.* We recorded an income tax expense of RMB18.5 million in 2013, compared with an income tax benefit of RMB8.9 million in 2012, primarily as a result of the increase in profit in 2013 and the use of the carry forward income tax credits in 2012. Zhejiang Jinko individually recorded an income tax expense of RMB11.1 million in 2013. As a result, our effective tax rate increased from 0.6% to 8.9%. Valuation allowance decreased from RMB402.9 million in 2012 to RMB242.1 million in 2013 since certain subsidiaries generated sufficient taxable income to utilize the deferred tax assets.

*Net Income/(loss) attributable to JinkoSolar Holding Co., Ltd.* As a result of the foregoing, we had a net income attributable to JinkoSolar Holding Co., Ltd. of RMB188.0 million in 2013 as compared with a net loss of RMB1,542.4 million in 2012. Our net profit margin was positive 2.7% in 2013, compared with negative 32.2% in 2012.

## **B. Liquidity and Capital Resources**

We have financed our operations and capital expenditures primarily through equity contributions from our shareholders, the net proceeds of our equity and debt securities offerings, cash flow generated from operations, as well as short-term and long-term debt financing.

As of December 31, 2014, we had RMB1,777.0 million (US\$286.4 million) in cash and cash equivalents and RMB517.1 million (US\$83.3 million) in restricted cash. Our cash and cash equivalents represent cash on hand and demand deposits with original maturities of three months or less that are placed with banks and other financial institutions. Our restricted cash represents deposits legally held by banks which are not available for general use. These deposits are held as collateral for issuance of letters of credit and bank acceptable notes to vendors for purchase of machinery and equipment and raw materials.

As of December 31, 2014, we had entered into purchase agreements for purchasing additional manufacturing equipment. Our purchase capital commitments under these contracts amounted to approximately RMB475.0 million (US\$76.6 million) as of December 31, 2014, of which RMB456.6 million (US\$73.6 million) will be due within one year after December 31, 2014. We plan to use the remaining available cash for research and development and for working capital and other day-to-day operating purposes.

As of December 31, 2014, we had total bank credit facilities available of RMB5.8 billion (US\$0.9 billion) with various banks, of which RMB3.6 billion (US\$0.6 billion) were drawn down and RMB2.2 billion (US\$0.3 billion) were available.

As of December 31, 2014, we had short-term borrowings (including the portion of long-term borrowings due within one year) of RMB2,606.9 million (US\$420.2 million). As of December 31, 2014, we had short-term borrowings outstanding of RMB1,429.1 million (US\$230.3 million), RMB21.4 million (US\$3.5 million) and RMB1,156.4 million (US\$186.4 million), which were denominated in RMB, EUR and U.S. dollars, respectively, and bearing a weighted average interest rates of 5.8%, 3.6% and 3.6% per annum, respectively.

As of December 31, 2014, we pledged property, plant and equipment of a total net book value of RMB1,788.4 million (US\$288.2 million), land use rights of a total net book value of RMB255.9 million (US\$41.2 million), accounts receivable of a total net book value of RMB19.0 million (US\$3.1 million) and inventories of a total net book value of RMB200.4 million (US\$32.3 million) to secure repayment of our short-term borrowings of RMB1,212.1 million (US\$195.4 million). As of December 31, 2014, our outstanding short-term borrowings guaranteed by our founders were RMB495.0 million (US\$81.0 million). Although we have increased our level of short-term bank borrowings to meet our working capital, capital expenditures and other needs, we have not experienced any difficulties in repaying our borrowings.

We have long-term borrowings (excluding the portion of long-term borrowings due within one year) of RMB948.5 million (US\$152.9 million), which bore interest at an average annual rate of 6.68% as of December 31, 2014. In connection with most of our long-term borrowings, we have granted security interests over significant amounts of our assets. As of December 31, 2014, we pledged project assets of a total net book value of RMB1,153.9 million (US\$186.0 million) and accounts receivable of a net book value of RMB150.7 million (US\$24.3 million) to secure repayment of borrowings of RMB948.5 million (US\$152.9 million). As of December 31, 2014, long-term loans in the amount of RMB205.5 million (US\$33.1 million) will be due for repayment after one year, but within five years.

In addition, we have substantial repayment obligations under our convertible notes. On May 17, 2011, we issued convertible senior notes in the principal amount of US\$125.0 million due 2016, bearing an annual interest rate of 4.0%, with an option for holders to require us to repurchase their notes in May 2014 for the principal of the notes plus accrued and unpaid interest. Concurrent with our issuance of the convertible senior notes, we entered into a capped call option transaction with an affiliate of the initial purchaser of the notes. We paid a total premium for the capped call option of US\$18.0 million. On December 5, 2011, we repurchased the principal amount of US\$2 million. As of December 31, 2014, we had in the principle amount of US\$123.0 million of the convertible notes due 2016 outstanding.

On January 29, 2013, Jinko Solar Co., Ltd., our wholly owned operating subsidiary incorporated in the PRC, issued six-year bonds with a principal amount of RMB800.0 million, bearing a fixed annual interest rate of 8.99%. At the end of the third year in the life of the bonds, Jinko Solar Co., Ltd. has the option to raise the interest rate by up to 100 basis points, and the bondholders will have the right to require Jinko Solar Co., Ltd. to repurchase all or part of their bonds upon Jinko Solar Co., Ltd.'s announcement of whether or not we decide to raise the interest rate, and by how much, at such time. On March 19, 2013, we entered into loan facilities for an aggregate principal amount of RMB360.0 million with a term of 15 years with China Development Bank to develop PV projects, which we fully drew down on April 3, 2013. On January 6, 2014, we entered into another loan facility for an aggregate principal amount of RMB400.0 million (US\$66.1 million) also for a term of 15 years with China Development Bank for the development of three PV projects in Xinjiang Uyghur Autonomous Region and Qinghai province of the PRC with a total capacity of 50 MW, which we had fully drawn down as of the date of this annual report. On January 22, 2014, we issued convertible senior notes in the principal amount of US\$150.0 million due 2019, bearing an annual interest rate of 4.0% and with an option for holders to require us to repurchase their notes in February 2017 for the principal of the notes plus accrued and unpaid interest, to qualified institutional buyers under Rule 144A and in reliance upon Regulation S of the Securities Act.

On September 25, 2013, we completed a follow-on public offering of 4,370,000 ADSs, receiving aggregate net proceeds of approximately US\$67.8 million, after deducting discounts and commissions and offering expenses. On January 22, 2014, we completed a follow-on public offering of 3,750,000 ADSs representing 15,000,000 ordinary shares, receiving aggregate net proceeds of approximately US\$126.2 million after deducting discounts and commissions and offering expenses.

In July 2014, China Development Bank, the Macquarie Greater China Infrastructure Fund and New Horizon Capital agreed to invest a total of US\$225.0 million in JinkoSolar Power, our majority-owned subsidiary conducting our solar power generation business. The three investors together held approximately 45% of JinkoSolar Power's equity after their investment.

We had negative working capital as of December 31, 2014. Our management believes that our current cash position as of December 31, 2014, the cash expected to be generated from operations and funds available from borrowings under the bank credit facilities will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months from December 31, 2014. However, in light of the amount of bank borrowings and bonds are due in the near future; sufficient funds may not be available. Accordingly, we may need to reduce discretionary spending. Any additional equity financing may be dilutive to our shareholders and debt financing, if available, may involve covenants that would restrict us. Additional funds may not be available on terms commercially acceptable to us or at all. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives.

## Cash Flows and Working Capital

The following table sets forth a summary of our cash flows for the periods indicated:

|  | 2012           | 2013          | 2014          |             |
|--|----------------|---------------|---------------|-------------|
|  | (RMB)          | (RMB)         | (RMB)         | (US\$)      |
|  | (in thousands) |               |               |             |
| Net cash provided by/(used in) operating activities    | 716,250.9      | 625,089.1     | 187,067.6     | 30,149.8    |
| Net cash (used in) investing activities                | (500,772.2)    | (1,286,122.8) | (4,158,754.5) | (670,269.6) |
| Net cash provided by/(used in) financing activities    | (370,708.3)    | 841,080.3     | 5,303,692.9   | 854,800.1   |
| Net increase/(decrease) in cash and cash equivalents   | (154,721.0)    | 176,946.2     | 1,320,944.5   | 212,897.6   |
| Cash and cash equivalents at the beginning of the year | 433,851.0      | 279,130.0     | 456,076.2     | 73,506.1    |
| Cash and cash equivalents at the end of the year       | 279,130.0      | 456,076.2     | 1,777,020.7   | 286,403.7   |

### Operating Activities

Net cash provided by operating activities in 2014 was RMB187.1 million, consisting primarily of (i) an increase in accounts receivable and notes receivable of RMB1,293.4 million due to the increase of sales; (ii) an increase in inventory of RMB1,255.1 million due to an increase in purchase to meet the production demand and increase in stock for sales; (iii) an increase in accounts payable of RMB1,380.0 million due to an increase in purchase and credit terms; (iv) a change in fair value of convertible senior notes of 150.8 million; (v) deferred income tax of RMB170.8 million, which was recognized since 2014; (vi) depreciation of property, plant and equipment of RMB348.0 million; and (vii) exchange loss of RMB147.1 million due to the depreciation of EURO and Japanese Yen against RMB.

Net cash provided by operating activities in 2013 was RMB625.1 million, consisting primarily of (i) an increase in accounts payable of RMB413.0 million due to an increase in credit terms, (ii) a decrease in accounts receivable of RMB179.4 million, (iii) depreciation of property, plant and equipment of RMB328.3 million, (iv) a change in fair value of convertible senior notes of RMB305.2 million, and (v) an increase in other payables and accruals of RMB181.0 million, primarily due to an increase in subsidy payments for several power plants, partially offset by (i) an increase in notes receivable of RMB271.4 million, primarily due to the receipt of one customer's RMB62.8 million corporate acceptance notes; (ii) an increase in prepayments and other current assets of RMB168.3 million, primarily due to an increase in the balance of VAT recoverable of RMB254.1 million, as more raw materials were purchased, and (iii) the reversal of provision for allowance of doubtful accounts of RMB186.9 million, primarily due to settlement of long-aged accounts receivable which were previously provided for.

Net cash provided by operating activities in 2012 was RMB716.3 million, consisting primarily of (i) an increase in accounts payable of RMB991.3 million due to an increase in credit terms with our suppliers, (ii) provision for allowance of doubtful accounts of RMB493.9 million due to the increase of provisions for accounts receivable, (iii) a decrease in prepayments and other assets of RMB395.0 million representing a decrease in the balance of our VAT deductible, after we collected the tax from the relevant tax authority, (iv) an inventory provision of RMB332.3 million and (v) depreciation of property, plant and equipment of RMB323.2 million, partially offset by a net loss of RMB1,543.8 million, and (ii) an increase in accounts receivable of RMB898.0 million primarily due to increased sales on credit terms.

### Investing Activities

Net cash used in investing activities in 2014 was RMB4,158.8 million, consisting primarily of (i) cash paid for short-term investments and restricted short-term of RMB2,398.4 million, (ii) cash paid for construction of project assets of RMB2,511.7 million (iii) the purchase of property, plant and equipment of RMB490.0 million, and (iv) cash paid for acquisition of subsidiaries of RMB129.0 million, partially offset by cash collected from short-term investments of RMB1,421.2 million.

Net cash used in investing activities in 2013 was RMB1,286.1 million, consisting primarily of (i) cash paid for short-term investments of RMB1,739.2 million, (ii) cash paid for construction of project assets of RMB529.5 million and (iii) the purchase of property, plant and equipment of RMB463.2 million, partially offset by cash collected from short-term investments of RMB1,727.6 million.

Net cash used in investing activities in 2012 was RMB500.8 million, consisting primarily of (i) cash paid for short-term investments of RMB1,391.5 million consisting of time deposits with original maturities longer than three months and less than one year, (ii) cash paid for construction of project assets of RMB116.8 million and (iii) the purchase of property, plant and equipment of RMB121.3 million, partially offset by (i) cash collected from short-term investments of RMB1,163.2 million.

## **Financing Activities**

Net cash provided by financing activities in 2014 was RMB5,303.7 million, consisting primarily of (i) borrowings of RMB5,220.6 million, (ii) proceeds from issuance of convertible senior bonds of RMB914.9 million (iii) proceeds from issuance of ordinary shares in follow-on offerings of RMB770.2 million, and (iv) proceeds from preferred shares of RMB1,383.3 million, partially offset by repayment of borrowings to third parties of RMB3,984.4 million.

Net cash provided by financing activities in 2013 was RMB841.1 million, consisting primarily of (i) borrowings of RMB3,399.3 million, (ii) proceeds from issuance of bonds of RMB800.0 million and (iii) proceeds from issuance of ordinary shares in follow-on offerings of RMB413.0 million, partially offset by (i) repayment of borrowings to third parties of RMB3,469.1 million and (ii) repayment of bonds payable of RMB300.0 million.

Net cash used in financing activities in 2012 was RMB370.7 million, consisting primarily of (i) borrowings of RMB3,664.6 million, (ii) proceeds from issuance of bonds of RMB300.0 million and (iii) an increase in notes payables of RMB239.3 million due to an increase in credit terms with our suppliers, partially offset by (i) the repayment of borrowings to third parties of RMB3,600.6 million, (ii) repayment of bonds of RMB1,000.0 million upon maturity in 2012.

## **Restrictions on Cash Dividends**

For a discussion on the ability of our subsidiaries to transfer funds to our company and the impact this has on our ability to meet our cash obligations, see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—We rely principally on dividends and other distributions on equity paid by our principal operating subsidiaries, Jiangxi Jinko and Zhejiang Jinko, and limitations on their ability to pay dividends to us could have a material adverse effect on our business and results of operations,” and “Item 4. Information on the Company—B. Business Overview—Regulation—Dividend Distribution.”

## **Capital Expenditures**

We had capital expenditures, representing the payments that we had made, of RMB238.2 million, RMB1,005.1 million and RMB3,011.0 million (US\$485.3 million) in 2012, 2013 and 2014, respectively. Our capital expenditures were used primarily to construct our manufacturing facilities and purchase equipment for the production of silicon ingots and silicon wafers, solar cells and solar modules, acquire land use rights, and construction of project assets. We have been focusing on improving our efficiency to reduce our unit cost and have entered into purchase agreements for purchasing additional manufacturing equipment. Our purchase capital commitments under these contracts amounted to approximately RMB475.0 million (US\$76.6 million) as of December 31, 2014, of which RMB456.6 million (US\$73.6 million) will be due in 2015 and RMB18.4 million (US\$3.0 million) will be due after one year but within five years. We may terminate these equipment purchase agreements or revise their terms in line with our new plan and as a result, may be subject to cancellation and late charges. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—We rely on a limited number of third-party suppliers for supplying key manufacturing equipment and we may face termination and late charges and risks relating to the termination and amendment of certain equipment purchases contracts.”

## **Recent Accounting Pronouncements**

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 “Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity”. The new guidance changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization’s operations and financial results. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new guidance also requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. ASU 2014-08 is effective for the Company in the first quarter of fiscal 2015. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Group is in the process of evaluating the impact of the standard on its consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 (“ASU 2014-09”), “Revenue from Contracts with Customers (Topic 606)”. ASU 2014-09 will eliminate transaction-specific and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative effect adjustment as of the date of adoption. We are in the process of evaluating the impact of the standard on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements – Going Concern”. This standard requires management to evaluate for each annual and interim reporting period whether it is probable that the reporting entity will not be able to meet its obligations as they become due within one year after the date that the financial statements are issued. If the entity is in such a position, the standard provides for certain disclosures depending on whether or not the entity will be able to successfully mitigate its going concern status. This guidance is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. We are in the process of evaluating the impact of the standard on its consolidated financial statements.

**C. Research and Development, Patents and Licenses, Etc.**

**Research and Development**

We focus our research and development efforts on improving our manufacturing efficiency, the quality of our products and next generation PV technology. As of December 31, 2014, our research and development team consisted of 858 experienced researchers and engineers, of which, 617 experienced engineers were located in the Shangrao Economic Development Zone, and 241 experienced engineers were located in Zhejiang Haining. In July 2012, we were selected as a finalist for the “Solar power projects in North America” category of the Intersolar Award 2012, which is presented each year to award innovation in the international solar industry. In January 2013, we were honored as the most promising enterprise by China Energy News and the China Institute of Energy Economics Research.

In addition to our full time research and development team, we also involve employees from our manufacturing department to work on our research and development projects on a part-time basis. We plan to enhance our research and development capability by recruiting additional experienced engineers specialized in the solar power industry. Certain members of our senior management spearhead our research and development efforts and set strategic directions for the advancement of our products and manufacturing processes.

We have entered into a cooperative agreement with Nanchang University in Jiangxi Province, China and established a joint PV materials research center on the campus of Nanchang University. Under the terms of the agreement, the research center is staffed with faculty members and students in doctoral and master programs from the material science and engineering department of Nanchang University as well as our technical personnel. The research center focuses on the improvement of our manufacturing process, solution of technical problems in our silicon wafer and solar module production process and the research and development of new materials and technologies. The research center also provides on-site technical support to us and training for our employees. Under the agreement, any intellectual property developed by the research center will belong to us. The research center has assisted us in improving the quality of our silicon wafers, including the conversion efficiency of our silicon wafers, as well as our silicon wafer production process. We also engage other universities in our research and development efforts. For example, in December 2013, we announced that we will partner with Beijing University’s Solar Power Engineering Center to construct the university’s first experimental PV power plant on campus, which will be used for collecting and analyzing data the power generation capabilities of PV modules when exposed to various conditions.

We believe that the continual improvement of our research and development capability is vital to maintaining our long-term competitiveness. In 2012, 2013 and 2014, our research and development expenses were approximately RMB69.0 million, RMB65.5 million and RMB106.6 million (US\$17.2 million), respectively. We intend to continue to devote management and financial resources to research and development as well as to seek cooperative relationships with other academic institutions to further lower our overall production costs, increase the conversion efficiency rate of our solar power products and improve our product quality.

#### Intellectual Property

As of the date of this annual report, we have been granted 130 patents by the State Intellectual Property Office of the PRC, including 119 utility model patents, 4 invention patent and 7 design patents. We also have 156 pending patent applications. These patents and patent applications relate to the technologies utilized in our manufacturing processes. We intend to continue to assess appropriate opportunities for patent protection of critical aspects of our technologies. We also rely on a combination of trade secrets and employee and third-party confidentiality agreements to safeguard our intellectual property. Our research and development employees are required to enter into agreements that require them to assign to us all inventions, designs and technologies that they develop during the terms of their employment with us. We have not been a party to any intellectual property claims since our inception.

We filed trademark registration applications with the PRC Trademark Office, World Intellectual Property Organization, or WIPO and trademark authorities in other countries and regions. As of the date of this annual report, we have been granted 146 trademarks in the PRC, such as, “**Jinko**”, “**JKSOIAR**”, and “**JinkoSolar**”, and 2 trademarks in Hong Kong and Taiwan, including “**Jinko**”, and “**JinkoSolar**”. We also have 6 trademarks registered in WIPO. We have pending trademark applications of 2 trademarks in 9 countries and regions, including India, Thailand, and South Africa. In addition, we have registered 4 trademarks in the United States, 3 trademarks in Canada and 3 trademarks in Europe.

#### D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for 2014 that are reasonably likely to have a material effect on our net revenues, income, profitability, liquidity or capital resources, or that would cause reported consolidated financial information not necessarily to be indicative of future operating results or financial conditions.

#### E. Off-balance Sheet Arrangements

We have no other outstanding financial guarantees or other commitments to guarantee the payment obligations of our related parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us. We have not entered into nor do we expect to enter into any off-balance sheet arrangements.

#### F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2014:

| Contractual Obligations             | Payment due by period |                     |                  |                   |                      |
|-------------------------------------|-----------------------|---------------------|------------------|-------------------|----------------------|
|                                     | Total                 | less than<br>1 year | 2-3 years        | less<br>4-5 years | more than<br>5 years |
|                                     | (RMB in thousands)    |                     |                  |                   |                      |
| Short-term Debt Obligations*        | 2,670,557             | 2,670,557           | -                | -                 | -                    |
| Long-term Debt Obligations*         | 1,554,361             | 67,111              | 222,390          | 227,429           | 1,037,431            |
| Bonds Payable and Accrued Interests | 877,437               | 71,920              | 805,517          | -                 | -                    |
| Convertible Senior Notes*           | 1,813,577             | 67,754              | 1,745,823        | -                 | -                    |
| Operating Lease Obligations         | 178,703               | 40,382              | 59,235           | 28,923            | 50,163               |
| Capital Commitment                  | 475,026               | 456,640             | 18,386           | -                 | -                    |
| <b>Total</b>                        | <b>7,569,661</b>      | <b>3,374,364</b>    | <b>2,851,351</b> | <b>256,352</b>    | <b>1,087,594</b>     |

\*Includes accrued interests

## G. Safe Harbor

We make “forward-looking statements” throughout this annual report. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we “believe,” “expect” or “anticipate” will occur, what “will” or “could” happen, and other similar statements), you must remember that our expectations may not be correct, even though we believe that they are reasonable. We do not guarantee that the transactions and events described in this annual report will happen as described or that they will happen at all. You should read this annual report completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this annual report relate only to events as of the date on which the statements are made. We undertake no obligation, beyond that required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even though our situation will change in the future.

Whether actual results will conform to our expectations and predictions is subject to a number of risks and uncertainties, many of which are beyond our control, and reflect future business decisions that are subject to change. Some of the assumptions, future results and levels of performance expressed or implied in the forward-looking statements we make inevitably will not materialize, and unanticipated events may occur which will affect our results. “Item 3. Key Information—D. Risk Factors” describes the principal contingencies and uncertainties to which we believe we are subject. You should not place undue reliance on these forward-looking statements.

## ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers:

| <u>Name</u>          | <u>Age</u> | <u>Position</u>                      |
|----------------------|------------|--------------------------------------|
| Xiande Li            | 40         | Chairman of the board of directors   |
| Kangping Chen        | 42         | Director and chief executive officer |
| Xianhua Li           | 41         | Director and vice president          |
| Longgen Zhang        | 50         | Director and financial advisor       |
| Wing Keong Siew      | 63         | Independent director                 |
| Steven Markscheid    | 61         | Independent director                 |
| Yingqiu Liu          | 65         | Independent director                 |
| Haiyun (Charlie) Cao | 38         | Chief financial officer              |
| Arturo Herrero       | 43         | Chief marketing officer              |
| Musen Yu             | 66         | Vice president                       |
| Zhiqun Xu            | 48         | Vice president                       |

*Mr. Xiande Li* is a founder of our company, the chairman of our board of directors and the chairman of the board of directors of Jiangxi Jinko. Prior to founding our company, he served as the marketing manager at Zhejiang Yuhuan Solar Energy Source Co., Ltd. from 2003 to 2004, where his responsibilities included overseeing and optimizing day-to-day operations. From 2005 to 2006, he was the chief operations supervisor of ReneSola, a related company listed on the AIM market of the London Stock Exchange in 2006, then dual listed on the NYSE in 2008, where he was in charge of marketing and operation management. Mr. Li is a brother of Mr. Xianhua Li and the brother-in-law of Mr. Kangping Chen.

*Mr. Kangping Chen* is a founder, director and the chief executive officer of our company as well as the general manager of Jiangxi Jinko. Prior to founding our company, he was the chief financial officer of Zhejiang Supor Cookware Company Ltd., a company listed on the PRC A share market, from October 2003 to February 2008, where his major responsibilities included establishing and implementing its overall strategy and annual business plans. Mr. Chen is the brother-in-law of Mr. Xiande Li.

*Mr. Xianhua Li* is a founder, director and vice president of our company as well as deputy general manager of Jiangxi Jinko. Prior to founding our company, Mr. Li served as the chief engineer of Yuhuan Automobile Company, where his major responsibilities included conducting and managing technology research and development activities and supervising production activities, from 1995 to 2000. From 2000 to 2006, he was the factory director of Zhejiang Yuhuan Solar Energy Source Co., Ltd., where he was responsible for managing its research and development activities. Mr. Li is a brother of Mr. Xiande Li.



*Mr. Longgen Zhang* has been our director since May 2014 and our financial advisor since September 2014. He was our chief financial officer from September 2008 to September 2014. Prior to joining us, Mr. Zhang served as a director and the chief financial officer of Xinyuan Real Estate Co., Ltd., a company listed on the NYSE, from August 2006 to October 2008. Mr. Zhang served as the chief financial officer at Crystal Window and Door Systems, Ltd. in New York from 2002 to 2006. He has a master's degree in professional accounting and a master's degree in business administration from West Texas A&M University and a bachelor's degree in economic management from Nanjing University in China. Mr. Zhang is a U.S. certified public accountant.

*Mr. Wing Keong Siew* has been a director of our company since May 2008. Mr. Siew was appointed by Flagship Desun Shares Co., Limited, one of the holders of our series A redeemable convertible preferred shares. He founded Hupomone Capital Partners in 2003. Mr. Siew was the president of H&Q Asia Pacific China and Hong Kong from 1998 to 2003 and a general manager of Fairchild Systems for Asia, managing director of Mentor Graphics Asia Pacific and managing director of Compaq Computer Corporation from January 1988 to September 1988. In 1995, he formed a joint venture with UBS AG to raise a China Private Equity Fund. He worked as senior vice president of H&Q Singapore from 1989 to 1995. Mr. Siew received his bachelor's degree in electrical and electronics engineering from Singapore University in 1975 and his presidential/key executive MBA from Pepperdine University in 1999.

*Mr. Steven Markscheid* has been an independent director of our company since September 15, 2009. He has also been chief executive officer of Synergenz BioScience Inc. since 2007, and board member of Emerald Hill Capital Partners since 2006, CNinsure, Inc. since 2007, Pacific Alliance China Growth Fund since 2008, and China Energy Corporation since 2010. Mr. Markscheid was previously representative of US China Business Council from 1978 to 1983, vice president of Chase Manhattan Bank from 1984 to 1988, vice president of First Chicago Bank from 1988 to 1993, case leader of Boston Consulting Group from 1994 to 1997, director of business development of GE Capital (Asia Pacific) from 1998 to 2001, director of business development of GE Capital from 2001 to 2002, senior vice president of GE Healthcare Financial Services from 2003 to 2006, chief executive officer of HuaMei Capital Company, Inc. from 2006 to 2007. He received his bachelor's degree in East Asian studies from Princeton University in 1976, his master's degree in international affairs and economics from Johns Hopkins University in 1980 and an MBA degree from Columbia University in 1991.

*Mr. Yingqiu Liu* has been an independent director of our company since April 2015. Mr. Liu was previously a member of the China Federation of Industry and Commerce Committee, a Specially-Invited Vice President of the China Association of Small and Medium Enterprises, a Vice Director of China Research Society of Urban Development, a member of the Chinese Economic Social Development Council, a member of China International Culture Exchange Centre and the Director-General of the Center for Private Economic Studies in the Chinese Academy of Social Sciences ("CASS"). Prior to 2013, Mr. Liu was President, Professor, Doctoral supervisor of CASS's Graduate School. Mr. Liu graduated from Nankai University with a doctor degree in economics in April 1991. Mr. Liu was recognized as an expert who enjoys the life-time special allowance by the State Council.

*Mr. Haiyun (Charlie) Cao* has been our chief financial officer since September 2014. He was our financial controller from February 2012 to September 2014. Prior to joining us, Mr. Cao served as a senior audit manager at PricewaterhouseCoopers from 2002 to 2012. Mr. Cao holds various professional accounting qualifications, including AICPA, CICPA and CTA. He has a master's degree in management science and engineering from Shanghai University of Finance and Economics in 2002 and a bachelor's degree in accounting from Jiangxi University in 1999.

*Mr. Arturo Herrero* is chief marketing officer of our company. Mr. Herrero joined us as the Chief Strategy Officer in March 2010. Prior to that, Mr. Herrero served as vice president of sales and marketing of Trina Solar Limited, a company listed on the NYSE, from August 2007 to January 2010 and director of Trina Solar Limited from September 2006 to July 2007. From 2002 to 2006, Mr. Herrero was the global procurement manager for BP Solar, first as a global procurement manager for solar power systems and then as a global procurement manager for strategic raw materials. From 2000 to 2002, he was a marketing and sales manager at BP Oil. Before that, he was the logistics director advisor of Amcor Flexible, a company that is engaged in flexible packaging, from 1998 through 2000, and he was a planning manager at Nabisco from 1996 to 1998. Mr. Herrero received his degree in economics and business administration from the University of Pompeu Fabra in Spain in 1996, his degree in electrical engineering from Polytechnics University of Catalonia in Spain in 1996 and his master's degree in marketing in 2001 from Instituto Superior de Marketing in Spain.

*Mr. Musen Yu* is vice president of our company. Prior to joining us in 2007, he was head of the Coal and Gold Production Bureau of the Shangrao Municipality from 2002 to 2007 and the deputy head of the Coal and Gold Production Bureau of the Shangrao Municipality from 1992 to 2002. Mr. Yu was the party committee secretary and secretary of the Party Disciplinary Committee of the Mining Affairs Bureau of Le Municipality from 1986 to 1992 and the deputy secretary of the Party Committee of the Mining Affairs Bureau of Yinggang Ling from 1984 to 1986. Mr. Yu received his bachelor's degree in mining engineering from the China University of Mining and Technology in 1984.

*Mr. Zhiqun Xu* is vice president of production department of our company. Prior to joining us in December 2008, Mr. Xu served as a vice executive manager of Hareon Solar Technology Co., Ltd. from November 2007 to November 2008. From January 2005 to October 2007, Mr. Xu was a sales and marketing manager of Saint-Gobain Quartz (Jinzhou) Co., Ltd. Mr. Xu was a manager of silicon production and technology department from April 2002 to December 2004. In addition, he was a project manager and deputy production manager of Shanghai General Silicon Material Co., Ltd. from February 2000 to March 2002. Mr. Xu was a manager of production and technology department of MCL Electronics Material Co., Ltd. from April 1996 to January 2000. In 1990, he joined Luoyang Monocrystalline Silicon Factory as a monocrystalline growth processing engineer. Mr. Xu received a bachelor's degree in science from Jilin University in 1990.

The business address of our directors and executive officers is c/o JinkoSolar Holding Co., Ltd., 1 Jingke Road, Shangrao Economic Development Zone, Jiangxi Province, 334100, People's Republic of China.

#### **B. Compensation of Directors and Executive Officers**

All directors receive reimbursements from us for expenses necessarily and reasonably incurred by them for providing services to us or in the performance of their duties. Our directors who are also our employees receive compensation in the form of salaries in their capacity as our employees.

In 2014, we paid cash compensation in the aggregate amount of RMB22.8 million (US\$3.7 million) to our executive officers and directors. The total amount we set aside for the pension or retirement or other benefits of our executive officers and directors was approximately RMB0.5 million (US\$84,741) in 2014.

#### **Share Incentive Plan**

##### ***2009 Long Term Incentive Plan***

We adopted our 2009 Long Term Incentive Plan on July 10, 2009, which was subsequently amended and restated. Our 2009 Long Term Incentive Plan provides for the grant of incentive plan options, restricted shares, restricted share units, share appreciation rights and other share-based awards, referred to as the "Awards." The purpose of the 2009 Long Term Incentive Plan is to attract, retain and motivate key directors, officers and employees responsible for the success and growth of our company by providing them with appropriate incentives and rewards and enabling them to participate in the growth of our company. We have reserved 9,325,122 ordinary shares for issuance under our 2009 Long Term Incentive Plan.

*Plan Administration.* Our 2009 Long Term Incentive Plan is administered by a committee appointed by our board of directors or in the absence of a committee, our board of directors. In each case, our board of directors or the committee will determine the provisions and terms and conditions of each award grant, including, but not limited to, the exercise price, time at which each of the Awards will be granted, number of shares subject to each Award, vesting schedule, form of payment of exercise price and other applicable terms. The plan administrator may also grant Awards in substitution for options or other equity interests held by individuals who become employees of our company as a result of our acquisition or merger with the individual's employer. If necessary to conform the Awards to the interests for which they are substitutes, the plan administrator may grant substitute Awards under terms and conditions that vary from those that the 2009 Long Term Incentive Plan otherwise requires. Notwithstanding anything in the foregoing to the contrary, any Award to any participant who is a U.S. taxpayer will be adjusted appropriately to comply with Code Section 409A or 424, if applicable.

*Award Agreement.* Awards granted under our 2009 Long Term Incentive Plan are evidenced by an Award Agreement that sets forth the terms, conditions and limitations for each award grant, which includes, among other things, the vesting schedule, exercise price, type of option and expiration date of each award grant.

*Eligibility.* We may grant awards to an employee, director or consultant of our company, or any business, corporation, partnership, limited liability company or other entity in which our company holds a substantial ownership interest, directly or indirectly, but which is not a subsidiary and which in each case our board of directors designates as a related entity for purposes of the 2009 Long Term Incentive Plan.

*Option Term.* The term of each option granted under the 2009 Long Term Incentive Plan may not exceed ten years from the date of grant. If an incentive stock option is granted to an eligible participant who owns more than 10% of the voting power of all classes of our share capital, the term of such option shall not exceed five years from the date of grant.

*Exercise Price.* In the case of non-qualified stock option, the per share exercise price of shares purchasable under an option shall be determined by our board of directors and specified in the Award Agreement. In the case of incentive stock option, the per share exercise price of shares purchasable under an option shall not be less than 100% of the fair market value per share at the time of grant. However, if we grant an incentive stock option to an employee, who at the time of that grant owns shares representing more than 10% of the total combined voting power of all classes of our share capital, the exercise price is at least 110% of the fair market value of our ordinary shares on the date of that grant.

*Amendment and Termination.* Our board of directors may amend, suspend or terminate the 2009 Long Term Incentive Plan at any time and for any reason, provided that no amendment, suspension, or termination shall be made that would alter or impair any rights and obligations of a participant under any award theretofore granted without such participant's consent. Unless terminated earlier, our 2009 Long Term Incentive Plan shall continue in effect for a term of ten years from the effective date of the 2009 Long Term Incentive Plan.

### **2014 Equity Incentive Plan**

We adopted our 2014 Equity Incentive Plan in August 2014. Our 2014 Equity Incentive Plan provides for the grant of options, share appreciation rights and other share-based awards such as restricted shares, referred to as "Awards," to our directors, key employees or consultants up to 12,796,745 of our ordinary shares. The purpose of the plan is to aid us and our affiliates in recruiting and retaining key employees, directors or consultants of outstanding ability and to motivate such employees, directors or consultants to exert their best efforts on behalf of us and our affiliates by providing incentives through the granting of awards. Our board of directors expects that it will benefit from the added interest which such key employees, directors or consultants will have in our welfare as a result of their proprietary interest in our success. The following paragraphs summarize the terms of the 2014 Equity Incentive Plan.

*Types of Awards.* The 2014 Equity Incentive Plan permits the awards of options, share appreciation rights or other share-based awards.

*Administration.* Our 2014 Equity Incentive Plan is administered by our compensation committee. The compensation committee is authorized to interpret the plan, to establish, amend and rescind any rules and regulations relating to the plan, and to make any other determinations that it deems necessary or desirable for the administration of the plan. The compensation committee will determine the provisions, terms and conditions of each award consistent with the provisions of our 2014 Equity Incentive Plan, including, but not limited to, the exercise price for an option, vesting schedule of options and restricted shares, forfeiture provisions, form of payment of exercise price and other applicable terms.

*Option Exercise.* The term of options granted under the 2014 Equity Incentive Plan may not exceed ten years from the date of grant. The consideration to be paid for our ordinary shares upon exercise of an option or purchase of shares underlying the option may include cash, or its equivalent, ordinary shares of our company, or any combination of the foregoing methods of payment, or consideration received by us in a cashless exercise.

*Change in Control.* In the case of a change in control event, which is the sale or disposal of all, or substantially all of our assets, the acquisition by a third party of more than 50% of the voting power in our company by way of a merger, consolidation, tender or exchange offer or otherwise, the compensation committee may decide that all outstanding awards that are unexercisable or otherwise unvested or subject to lapse restrictions will automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such change in control event. The compensation committee may also decide to cancel such awards for fair value (as determined in its sole discretion), provide for the issuance of substitute awards that will substantially preserve the otherwise applicable terms of any affected awards previously granted, or provide that affected options will be exercisable for a period of at least 15 days prior to the change in control event but not thereafter.

*Amendment and Termination of Plan.* Our board of directors may at any time amend, alter or discontinue our 2014 Equity Incentive Plan. Amendments or alterations to our 2014 Equity Incentive Plan are subject to shareholder approval if they increase the total number of shares reserved for the purposes of the plan or change the maximum number of shares for which awards may be granted to any participant, provided in each case only to the extent such shareholder approval is required by stock exchange rules. Amendment, alteration or discontinuation of our 2014 Equity Incentive Plan cannot be made without the consent of a recipient of awards if such action would diminish the rights of that recipient under the awards, provided that the board may amend the plan as it deems necessary to permit the granting of awards to meet the requirements of applicable laws and stock exchange rules.

Unless terminated earlier, our 2014 Equity Incentive Plan shall continue in effect for a term of ten years from the date of adoption.

## Share Options

As of the date of this annual report, options to purchase 15,852,722 ordinary shares are outstanding. The following table summarizes the outstanding options that we granted to our directors and executive officers and to other individuals as a group under our share incentive plan as of the date of this annual report. We did not grant our directors and executive officers any outstanding options other than the individuals named below.

| Name                 | Number of Shares | Exercise Price (US\$) | Grant Date                              | Expiration Date                        |
|----------------------|------------------|-----------------------|---|--|
| Xiande Li            | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Kangping Chen        | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Haiyun (Charlie) Cao | *                | 1.42275               | December 21, 2012                       | January 31, 2019                       |
|                      | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Xianhua Li           | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Steven Markscheid    | *                | 2.08                  | September 15, 2009                      | September 15, 2016                     |
|                      | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Yinqiu Liu           | *                | 5.9275                | April 13, 2015                          | April 13, 2015                         |
| Wing Keong Siew      | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Zhiqun Xu            | *                | 2.08                  | August 28, 2009                         | August 28, 2016                        |
|                      | *                | 1.42275               | October 1, 2011                         | September 30, 2018                     |
|                      | *                | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Musen Yu             | *                | 2.08                  | August 28, 2009                         | August 28, 2016                        |
| Longgen Zhang        | 953,200**        | 2.08                  | August 28, 2009                         | October 1, 2015                        |
|                      | 1,120,000**      | 1.42                  | November 3, 2011                        | September 30, 2018                     |
|                      | 600,000**        | 4.38                  | October 1, 2013                         | September 30, 2016                     |
|                      | 160,000**        | 5.9275                | October 10, 2014                        | October 9, 2024                        |
| Arturo Herrero       | *                | 2.08                  | April 12, 2010                          | April 12, 2017                         |
|                      | *                | 5.9275                | March 1, 2015                           | February 28, 2025                      |
| Other Employees      | 11,262,326       | 1.42~6.50             | August 28, 2009 to<br>December 21, 2012 | August 28, 2016 to January<br>31, 2019 |
|                      |                  |                       | October 1, 2013                         | September 30, 2018                     |
|                      |                  |                       | October 1, 2013                         | September 30, 2020                     |
|                      |                  |                       | October 10, 2014                        | October 9, 2024                        |

\* Upon exercise of all share options, would beneficially own less than 1.0% of our then outstanding share capital.

\*\* The outstanding shares will be beneficially owned upon exercise of all options.

## C. Board Practices

### **Board of Directors**

Our board of directors currently consists of seven directors. The law of our home country, which is the Cayman Islands, does not require a majority of the board of directors of our company to be composed of independent directors, nor does the Cayman Islands law require that of a compensation committee or a nominating committee. We intend to follow our home country practice with regard to composition of the board of directors. A director is not required to hold any shares in the company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company must declare the nature of his interest at a meeting of the directors. Subject to the NYSE rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at the relevant board meeting at which such contract or transaction or proposed contract or transaction is considered. Our board of directors may exercise all of the powers of our company to borrow money, and to mortgage or charge our undertakings, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or pledged as security for any debt, liability or obligation of our company or of any third party.

### **Committees of the Board of Directors**

We have an audit committee, a compensation committee and a nominating committee under the board of directors or the three committees. We have adopted a charter for each of the three committees. Each committee's members and functions are described below.

#### *Audit Committee*

Our audit committee consists of Steven Markscheid, Yingqiu Liu and Wing Keong Siew, and is chaired by Steven Markscheid. All of the members of the audit committee satisfy the "independence" requirements of the NYSE Listed Company Manual, Section 303A, and meet the criteria for "independence" under Rule 10A-3 under the Exchange Act. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- reviewing and approving all proposed related-party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the full board of directors.

#### *Compensation Committee*

Our compensation committee consists of Xiande Li, Kangping Chen and Steven Markscheid, and is chaired by Xiande Li. Steven Markscheid satisfies the "independence" requirements of the NYSE Listed Company Manual, Section 303A, and meets the criteria for "independence" under Rule 10A-3 under the Exchange Act. Our home country practice differs from the NYSE rules that require the compensation committees of listed companies to be comprised solely of independent directors. There are, however, no specific requirements under Cayman Islands law on the composition of compensation committees. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. The compensation committee is responsible for, among other things:

- reviewing and approving the total compensation package for our three most senior executives;
- reviewing and recommending to the board the compensation of our directors;
- reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating the performance of our chief executive officer in light of those goals and objectives, and determining the compensation level of our chief executive officer based on this evaluation;
- reviewing periodically and making recommendations to the board regarding any long-term incentive compensation or equity plans, programs or similar arrangements, annual bonuses, employee pension and welfare benefit plans; and
- reporting regularly to the full board of directors.

#### ***Nominating Committee***

Our nominating and corporate governance committee consists of Yinqiu Liu, Xiande Li and Steven Markscheid, and is chaired by Xiande Li. Yinqiu Liu and Steven Markscheid satisfy the “independence” requirements of the NYSE Listed Company Manual, Section 303A, and meet the criteria for “independence” under Rule 10A-3 under the Exchange Act. Our home country practice differs from the NYSE rules that require the nominating committees of listed companies to be comprised solely of independent directors. There are, however, no specific requirements under Cayman Islands law on the composition of nominating committees. The nominating and corporate governance committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- identifying and recommending to the board nominees for election by the shareholders or appointment by the board, or for appointment to fill any vacancy;
- reviewing annually with the board the current composition of the board with regard to characteristics such as knowledge, skills, experience, expertise and diversity required for the board as a whole;
- identifying and recommending to the board the directors to serve as members of the board’s committees;
- developing and recommending to the board of directors a set of corporate governance guidelines and principles applicable to the company;
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance; and
- reporting regularly to the full board of directors.

#### **Duties of Directors**

Under Cayman Islands law, our directors owe to us fiduciary duties, including a duty of loyalty, a duty to act honestly and a duty to act in good faith and in what they consider to be our best interests. Our directors also have a duty to exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our Company has the right to seek damages if a duty owed by our directors is breached.

## Terms of Directors and Executive Officers

One-third of our directors for the time being (or, if the number of our directors is not a multiple of three, the number nearest to but not greater than one-third) will retire from office by rotation at each annual general meeting. However, the chairman of our board of directors will not be subject to retirement by rotation or be taken into account in determining the number of our directors to retire in each year. A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors, (ii) dies or is found by our company to be or becomes of unsound mind, (iii) resigns his office by notice in writing to the Company, (iv) without special leave of absence from our board of directors, is absent from meetings of our board of directors for six consecutive months and the board resolves that his office be vacated or (v) is removed from office pursuant to any other provision of our memorandum and articles of association.

Our officers are appointed by and serve at the discretion of the board of directors.

## Employment Agreements

We have entered into employment agreements with each of our executive officers. These employment agreements became effective on the signing date and will remain effective through to 2015. We may terminate an executive officer's employment for cause, at any time, without prior notice or remuneration, for certain acts of the officer, including, but not limited to, failure to satisfy our job requirements during the probation period, a material violation of our regulations, failure to perform agreed duties, embezzlement that causes material damage to us, or conviction of a crime. An executive officer may terminate his or her employment for cause at any time, including, but not limited to, our failure to pay remuneration and benefits or to provide a safe working environment pursuant to the employment agreement, or our engagement in deceptive or coercive conduct that causes him or her to sign the agreement. If an executive officer breaches any terms of the agreement, which leads to results, including, but not limited to, termination of the agreement, resignation without notice, or failure to complete resignation procedures within the stipulated period, he or she shall be responsible for our economic losses and shall compensate us for such losses. We may renew the employment agreements with our executive officers.

## D. Employees

As of December 31, 2012, 2013 and 2014, we had a total of 7,111, 8,829 and 10,268 employees, respectively. Substantially all of these employees are located in China with a small portion of employees based in the U.S., Europe and other countries and regions. The following table sets forth the number of our employees categorized by main category of activities and as a percentage of our workforce as of dates indicated:

|                               | As of December 31, |       |        |
|-------------------------------|--------------------|-------|--------|
|                               | 2012               | 2013  | 2014   |
| Manufacturing and engineering | 5,547              | 7,006 | 8,010  |
| General and administration    | 318                | 461   | 699    |
| Quality control               | 688                | 719   | 999    |
| Research and development      | 132                | 125   | 160    |
| Purchasing and logistics      | 309                | 232   | 174    |
| Marketing and sales           | 117                | 286   | 226    |
| Total                         | 7,111              | 8,829 | 10,268 |

We believe we maintain a good working relationship with our employees, and we have not experienced any labor disputes or any difficulty in recruiting staff for our operations. In October 2013 and 2014, we were named one of the Top 100 Best Employers in China in 2013 by the World Executive Journal in conjunction with the World HR Laboratory, Bossline and CEO-ZINE.

Our employees are not covered by any collective bargaining agreement. In line with the expansion of our operations, we plan to hire additional employees, including additional accounting, finance and sales, marketing personnel as well as manufacturing and engineering employees.

In line with local customary practices, we have made contributions to the social insurance funds which met the requirement of the local minimum wage standard, instead of the employees' actual salaries as required, and have not made full contribution to the housing funds. We estimate the aggregate amount of unpaid social security benefits and housing funds to be RMB154.8 million, RMB175.2 million and RMB210.3 million (US\$33.9 million), respectively, as of December 31, 2012, 2013 and 2014. See "Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Our failure to make statutory social welfare and housing funds to our employees could adversely and materially affect our financial condition and results of operations."

**E. Share Ownership**

The following table sets forth information with respect to the beneficial ownership of our shares as of the date of this annual report by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5.0% of our shares.

|   | <u>Ordinary Shares</u><br><u>Number</u> | <u>Beneficially Owned</u> <sup>(1)(2)(3)</sup><br><u>%</u> |
|---|---|--|
| <b>Directors and Executive Officers:</b>        |   |  |
| Xiande Li <sup>(4)</sup>                        | 20,172,750                              | 16.2%  |
| Kangping Chen <sup>(5)</sup>                    | 12,005,700                              | 9.7%   |
| Xianhua Li <sup>(6)</sup>                       | 6,057,100                               | 4.9%   |
| Longgen Zhang                                   | 2,032,840                               | 1.6%   |
| Wing Keong Siew                                 | —                                       | —  |
| Steven Markscheid                               | —                                       | —  |
| Yingqiu Liu                                     | —                                       | —  |
| Haiyun (Charlie) Cao                            | *                                       | *  |
| Arturo Herrero                                  | *                                       | *  |
| All Directors and Executive Officers as a group | 40,797,886                              | 32.8   |
| <b>Principal Shareholders:</b>                  |   |  |
| Brilliant Win Holdings Limited <sup>(4)</sup>   | 20,172,750                              | 16.2%  |
| Yale Pride Limited <sup>(5)</sup>               | 12,005,700                              | 9.7%   |
| Peaky Investments Limited <sup>(6)</sup>        | 6,057,100                               | 4.9%   |

\* Upon exercise of all share options, would beneficially own less than 1.0% of our then outstanding shares.

- (1) The outstanding shares will be beneficially owned upon exercise of all options.
- (2) Beneficial ownership is determined in accordance with Rule 13d-3 of the General Rules and Regulations under the Exchange Act, and includes voting or investment power with respect to the securities.
- (3) The percentage of beneficial ownership is calculated by dividing the number of shares beneficially owned by such person or group by 124,384,630 ordinary shares, being the number of shares outstanding as of the date of this annual report, and the number of ordinary shares underlying options exercisable by such person or group within 60 days of the date of this annual report.
- (4) Represents 20,172,750 ordinary shares held by Brilliant Win Holdings Limited, a British Virgin Islands company which is wholly owned by HSBC International Trustee Limited in its capacity as trustee of an irrevocable trust constituted under the laws of the Cayman Islands, with Xiande Li as the settlor and Yixuan Li, daughter of Xiande Li and Cypress Hope Limited, a British Virgin Islands company wholly owned by Xiande Li, as the beneficiaries. The trust was established for the purposes of Xiande Li's wealth management and family succession planning. HSBC International Trustee Limited as trustee of the irrevocable trust will indirectly hold the shares of Brilliant Win Holdings Limited which in turn holds our ordinary shares. HSBC International Trustee Limited is a professional trustee company wholly owned by HSBC Holdings plc, a public company and is ultimately controlled by the board of directors of HSBC Holdings plc which is answerable to the shareholders of HSBC Holdings plc. Xiande Li is the sole director of Brilliant Win Holdings Limited and as such has the power to vote and dispose of the ordinary shares held by Brilliant Win Holdings Limited, subject to the powers of HSBC International Trustee Limited as trustee. Therefore, Xiande Li is the beneficial owner of all our ordinary shares held by Brilliant Win Holdings Limited. The beneficiaries are also beneficial owners of our ordinary shares held by Brilliant Win Holdings Limited. The registered address of Brilliant Win Holdings Limited is Quastisky Building, PO Box 4389, Road Town, Tortola, British Virgin Islands. Mr. Li is a brother of Mr. Xianhua Li and the brother-in-law of Mr. Kangping Chen.
- (5) Represents 12,005,700 ordinary shares held by Yale Pride Limited, a British Virgin Islands company which is wholly owned by HSBC International Trustee Limited in its capacity as trustee of an irrevocable trust constituted under the laws of the Cayman Islands, with Kangping Chen as the settlor and Min Liang, Dong Chen, Xuanle Chen and Xiaoxuan Chen, all of whom are family members of Kangping Chen, and Charming Grade Limited, a British Virgin Islands company wholly owned by Kangping Chen, as the beneficiaries. The trust was established for the purposes of Kangping Chen's wealth management and family succession planning. HSBC International Trustee Limited as trustee of the irrevocable trust will indirectly hold the shares of Yale Pride Limited which in turn holds our ordinary shares. HSBC International Trustee Limited is a professional trustee company wholly owned by HSBC Holdings plc, a public company and is ultimately controlled by the board of directors of HSBC Holdings plc which is answerable to the shareholders of HSBC Holdings plc. Kangping Chen is the sole director of Yale Pride Limited and as such has the power to vote and dispose of the ordinary shares held by Yale Pride Limited, subject to the powers of HSBC International Trustee Limited as trustee. Therefore, Kangping Chen is the beneficial owner of all our ordinary shares held by Yale Pride Limited. The beneficiaries are also beneficial owners of our ordinary shares held by Yale Pride Limited. The registered address of Yale Pride Limited is Quastisky Building, PO Box 4389, Road Town, Tortola, British Virgin Islands. Mr. Chen is the brother-in-law of Mr. Xiande Li.



- (6) Represents 6,057,100 ordinary shares held by Peaky Investments Limited, a British Virgin Islands company which is wholly owned by HSBC International Trustee Limited in its capacity as trustee of an irrevocable trust constituted under the laws of the Cayman Islands, with Xianhua Li as the settlor and Jianfen Sheng, Sheng Li and Muxin Li, all of whom are family members of Xianhua Li, and Talent Galaxy Limited, a British Virgin Islands company wholly owned by Xianhua Li, as the beneficiaries. The trust was established for the purposes of Xianhua Li's wealth management and family succession planning. HSBC International Trustee Limited as trustee of the irrevocable trust will indirectly hold the shares of Peaky Investments Limited which in turn holds our ordinary shares. HSBC International Trustee Limited is a professional trustee company wholly owned by HSBC Holdings plc, a public company and is ultimately controlled by the board of directors of HSBC Holdings plc which is answerable to the shareholders of HSBC Holdings plc. Xianhua Li is the sole director of Peaky Investments Limited and as such has the power to vote and dispose of the ordinary shares held by Peaky Investments Limited, subject to the powers of HSBC International Trustee Limited as trustee. Therefore, Xianhua Li is the beneficial owner of all our ordinary shares held by Peaky Investments Limited. The beneficiaries are also beneficial owners of our ordinary shares held by Peaky Investments Limited. The registered address of Peaky Investments Limited is Quastisky Building, PO Box 4389, Road Town, Tortola, and British Virgin Islands. Mr. Li is a brother of Mr. Xiande Li.

Our ADSs are traded on the NYSE and brokers or other nominees may hold ADSs in "street name" for customers who are the beneficial owners of the ADSs. As a result, we may not be aware of each person or group of affiliated persons who beneficially own more than 5.0% of our ordinary shares.

As of the date of this annual report, 124,384,630 ordinary shares are issued and outstanding (excluding 488,055 ADSs representing 1,952,220 ordinary shares reserved for future grants under our long-term incentive plan and 1,723,200 ordinary shares as treasury stock). As of the date of this annual report, we have one record shareholder in the United States, our depository. We cannot ascertain the exact number of beneficial shareholders with addresses in the United States.

None of our shareholders has different voting rights from other shareholders as of the date of this annual report. We are currently not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **A. Major Shareholders**

Please refer to "Item 6. Directors, Senior Management and Employees—E. Share Ownership."

## B. Related Party Transactions

### *Related party balances*

The following table sets forth the outstanding amounts due from/to related parties as of December 31, 2013 and 2014:

|   | As of December 31, |                    |
|---|--------------------|--------------------|
|   | 2013               | 2014               |
|   | (RMB)              |                    |
| <b>Accounts receivable from related parties:</b>  |                    |                    |
| Accounts receivable from subsidiaries of ReneSola Ltd. (“ReneSola”, controlled by an immediate family member of the principal shareholders and directors of the Company, who are the executive officers of the Company) | 17,631,474         | -                  |
| Accounts receivable due from Gansu Jintai Electronic Power Company Ltd. (“Gansu Jintai”, our non-controlling interest company with 28% shares)  | 266,510,538        | 174,533,796        |
| <b>Advances to related parties:</b>   |                    |                    |
| Advances to subsidiaries of ReneSola Ltd.   | -                  | 1,183,768          |
| <b>Notes receivable from related parties:</b>   |                    |                    |
| Notes receivable due from Gansu Jintai  | 42,900,000         | -                  |
| <b>Other receivables from related parties:</b>  |                    |                    |
| Advances of travel and other business expenses to executive directors who are also shareholders   | 216,255            | 163,499            |
| Total   | <u>327,258,267</u> | <u>175,881,063</u> |
| <b>Accounts payable due to a related party:</b>   |                    |                    |
| Accounts payable due to a subsidiary of ReneSola  | 2,468,361          | 12,544             |
| Accounts payable due to Jiangxi Desun Energy Co., Ltd.  | -                  | 1,465,985          |
| <b>Other payables due to a related party:</b>   |                    |                    |
| Other payables to Jiangxi Desun for leasing of land and buildings   | 3,261,649          | 7,577,316          |
| Total   | <u>5,730,010</u>   | <u>9,055,845</u>   |
| <b>Borrowings due to subsidiaries of China Development Bank* (Note 20)</b>  | 358,000,000        | 1,356,140,000      |
| <b>Accrued interest due to subsidiaries of China Development Bank</b>   | 788,908            | 2,696,440          |

\* In connection with the issuance of preferred shares by JinkoSolar Power in July 2014, China Development Bank, through its subsidiary, holds 21% equity interests of JinkoSolar Power on an as-if-converted basis. The above borrowings represent borrowings from subsidiaries of China Development Bank.

- (1) Advances of travelling and other business expenses to executive directors who are also shareholders represent the amounts the Company advanced to them for expected expenses, charges and incidentals relating to their business development activities.
- (2) Balances due to related parties are interest-free, not collateralized, and have no definitive repayment terms.

### *Related party transactions*

For the years ended December 31, 2012, 2013 and 2014, revenues from sales of products and provision of processing services to subsidiaries of ReneSola amounted to RMB201.4 million, RMB33.9 million and RMB0.6 million (US\$0.1 million), respectively.

For the transaction with ReneSola during 2014, we entered into sales agreements with subsidiaries of ReneSola, and revenue related to sales was recognized.

For the transaction with ReneSola during 2013, we entered into processing services agreements with subsidiaries of ReneSola, and revenue related to provision of processing services was recognized when such services had been performed.

For the transactions with ReneSola during 2012, these sales and purchases transactions were conducted simultaneously and there was direct linkage between any one or group of buy transactions with any one or group of sell transactions. There was also a correlation between the value of raw materials received and the value of finished goods delivered pursuant to the contractual arrangement. These buy and sell transactions with the same counterparty were recognized on a net basis and were presented separately as sales in our consolidated financial statements.

For the years ended December 31, 2012, 2013 and 2014, raw materials purchased from a subsidiary of ReneSola amounted to nil, RMB4.0 million and RMB23.0 million (US\$3.7 million), respectively.

On January 1, 2008, Desun and Jiangxi Jinko entered into an operating lease agreement pursuant to which Desun leased its buildings and land use rights to Jiangxi Jinko for a ten-year period from January 1, 2008 to December 31, 2017. Desun was deconsolidated from the Company on July 28, 2008 and became our related party. For the years ended December 31, 2012, 2013 and 2014, Desun charged Jiangxi Jinko RMB1.1 million, RMB1.1 million and RMB1.1 million (US\$0.2 million) in rent, respectively.

On December 20, 2012, we signed a strategic cooperation agreement with Jinchuan Group Co., Ltd. (“Jinchuan Group”), a PRC state-owned enterprise, to jointly invest and establish a Company (“Gansu Jintai” or the “investee”), to develop solar power plant with a capacity of 200 MW in Jinchang, Gansu Province, China. For 2013 and 2014, our sales of solar module to Jinchuan Group amounted to RMB758.1 million and nil.

During the years ended December 31, 2012, 2013 and 2014, our founders, including Xiande Li, our chairman, Kangping Chen, our chief executive officer, and Xianhua Li, our vice president, provided guarantees for several of our short-term and long-term bank borrowings. As of December 31, 2012, 2013 and 2014, the balances of short-term borrowings guaranteed by the founders were RMB508.3 million, RMB605.0 million and RMB495.0 million (US\$79.8 million), respectively, and the balances of long-term borrowings guaranteed by the founders were nil, nil and RMB141.4 million (US\$22.8 million) respectively.

For the years ended December 31, 2012, 2013 and 2014, borrowings from subsidiaries of China Development Bank amounted to nil, RMB360,000,000 and RMB1,002,140,000, respectively. Repayment of borrowings to subsidiaries of China Development Bank amounted to nil, RMB2,000,000 and RMB4,000,000, respectively. Interest charges in connection with the borrowings from China Development Bank amounted to nil, RMB20,114,758 and RMB52,883,293, respectively.

#### **Employment Agreements**

See “Item 6. Directors, Senior Management and Employees—C. Board Practices” for details regarding employment agreements with our senior executive officers.

#### **Share Incentives**

See “Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers” for a description of share options and stock purchase rights we have granted to our directors, officers and other individuals as a group.

#### **C. Interests of Experts and Counsel**

Not applicable.

### **ITEM 8. FINANCIAL INFORMATION**

#### **A. Consolidated Statements and Other Financial Information**

We have appended consolidated financial statements filed as part of this annual report.

#### **Legal and Administrative Proceedings**

In 2011, solar panel manufacturing companies in the United States led by SolarWorld Industries America Inc., filed a broad trade case with the United States Department of Commerce (the “U.S. Department of Commerce”) and the United States International Trade Commission (the “U.S. International Trade Commission”) against the Chinese solar industry, accusing Chinese producers of crystalline silicon photovoltaic cells, whether or not assembled into modules, of selling their products (i.e., CSPV cells or modules incorporating these cells) in United States at less than fair value, and of receiving financial assistance from the Chinese government that benefited the production, manufacture, or exportation of such products. JinkoSolar is on the list of the solar companies subject to such investigations by the U.S. Department of Commerce. On November 9, 2011, the U.S. Department of Commerce announced that it launched the anti-dumping duty and countervailing duty investigation into the accusations (the “Investigation”). We filed our response to the Investigation with the U.S. Department of Commerce on November 29, 2011. Subsequently, we duly filed the separate rate application with U.S. Department of Commerce on January 19, 2012. In December 7, 2012, following the affirmative injury determination made by the U.S. International Trade Commission, the U.S. Department of Commerce issued the antidumping duty order and countervailing duty order. As a result, the cash deposits are required to pay on import into US of the crystalline silicon photovoltaic cells, whether or not assembled into modules from China. The announced cash deposit rates applicable to us are 13.94% (for dumping margin) and 15.24% (for subsidy rate). The actual antidumping duty and countervailing duty rates at which entries of covered merchandise will be finally assessed may differ from the announced deposit rates because they are subject to the following administrative reviews by U.S. Department of Commerce.

On December 31, 2013, the solar panel manufacturing companies in U.S. filed a new trade action with the U.S. Department of Commerce and the U.S. International Trade Commission against the Chinese solar industry, accusing Chinese producers of certain CSPV cells and modules of dumping their products into the United States and of receiving financial assistance from the Chinese government. This trade action also accuses Taiwanese producers of certain CSPV products of dumping their products in the United States. On January 23, 2014, the U.S. Department of Commerce announced that it launched the new anti-dumping duty and countervailing duty investigation into these new accusations (the “New Investigation”). On June 3, 2014 and July 25, 2014, the U.S. Department of Commerce respectively announced its affirmative preliminary determination in the New Investigations, in accordance with which the following subject merchandise is subject to the New Investigations:

The modules, laminates and/or panels assembled in China consisting of crystalline silicon photovoltaic cells that are completed or partially manufactured within a customs territory other than China, using ingots that are manufactured in China, wafers that are manufactured in China, or cells where the manufacturing process begins in China and is completed outside China.

The above subject merchandise was adjusted in the final determination made by the U.S. Department of Commerce. According to the final determination, the final subject merchandise should be as follows:

The modules, laminates and/or panels assembled in China consisting of crystalline silicon photovoltaic cells produced in a customs territory other than China.

In February 18, 2015, following the affirmative injury determination made by U.S. International Trade Commission, the U.S. Department of Commerce issued the antidumping duty order and countervailing duty order. As a result, the final cash deposits are required to pay on import into US of above subject merchandise. The announced cash deposit rates applicable to us are 65.36% (for dumping margin) and 38.43% (for subsidy rate). The actual antidumping duty and countervailing duty rates at which entries of covered merchandise will be finally assessed may differ from the announced deposit rates because they are subject to the following administrative reviews by the U.S. Department of Commerce.

As a result of these investigations, we may face new anti-dumping and countervailing duties in 2015 if the U.S. Department of Commerce decides to impose such duties. Our sales in the U.S. may be adversely affected by these anti-dumping and countervailing duties, which may in turn materially adversely affect our business, financial condition and results of operations. We have made provision of RMB12.9 million (US\$2.1 million) for preliminary U.S. countervailing and anti-dumping duties in 2014.

On October 11, 2011, JinkoSolar, along with our directors and officers at the time of our initial public offering, or the Individual Defendants, and the underwriters of our initial public offering were named as defendants in a putative shareholder class action lawsuit filed in the United States District Court for the Southern District of New York captioned *Marco Peters v. JinkoSolar Holding Co., Ltd., et al.*, Case No. 11-CV-7133 (S.D.N.Y.). In an amended complaint filed on June 1, 2012, the plaintiff, representing a class of all purchasers and acquirers of ADSs of JinkoSolar between May 13, 2010 and September 22, 2011, inclusive, alleged that the defendants violated Sections 11 and 12(a)(2) of the Securities Act and Section 10(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, by making material misstatements or failing to disclose material information regarding, among other things, JinkoSolar's compliance with environmental regulations at its Haining facility. The amended complaint also asserted claims against the Individual Defendants for control person liability under Section 15 of the Securities Act and Section 20(a) of the Exchange Act. On January 22, 2013, the District Court issued a Memorandum and Order dismissing the amended complaint as against all defendants. The plaintiff appealed the District Court's Order to the United States Court of Appeals for the Second Circuit, which issued an order on July 31, 2014 vacating the District Court's Order and remanding the case to the District Court for further proceedings. Defendants filed a further motion to dismiss the amended complaint, which remains pending before the District court. We are unable to reliably estimate the probability of prevailing in the case and the scope of any liabilities.

In July 2008, we entered into a long-term supply agreement with Wuxi Zhongcai, a producer of virgin polysilicon materials. We provided a prepayment of RMB95.6 million pursuant to such contract. Wuxi Zhongcai subsequently halted production as a result of the adverse changes in the polysilicon market. In February 2013, we sued Wuxi Zhongcai in Shangrao City Intermediate People's Court for the refund of the outstanding balance of our prepayment of RMB93.2 million after deducting delivery made to us by an affiliate of Wuxi Zhongcai. In January 2013, we notified Wuxi Zhongcai to terminate our long-term supply agreement. In February 2013, Wuxi Zhongcai sued us in Shanghai Pudong New Area People's Court for approximately RMB2.7 million for breaching the contract by failing to make allegedly required payments. We considered the recovery of the RMB93.2 million unlikely as a result of the polysilicon market conditions, the mutually alleged claims and the adverse developments in the operations of Wuxi Zhongcai and recorded provisions of RMB93.2 million for the balance of our prepayment to Wuxi Zhongcai. As of the date of this report, these suits are still pending. We are unable to reliably estimate the probability of prevailing in the case and the scope of any liabilities.

Other than as disclosed above, we are currently not a party to any other material legal or administrative proceedings, and we are not aware of any other material legal or administrative proceedings threatened against us. We may from time to time become a party to various legal or administrative proceedings arising in the ordinary course of our business.

### **Dividend Policy and Dividend Distribution**

We have never declared or paid dividends, nor do we have any present plan to pay any cash dividends on our ordinary shares or ADSs in the foreseeable future. We currently intend to retain our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends paid to us by our wholly-owned operating subsidiaries in China, Jiangxi Jinko and Zhejiang Jinko, to fund the payment of dividends, if any, to our shareholders. PRC regulations currently permit our PRC subsidiaries to pay dividends only out of their retained profits, if any, as determined in accordance with PRC accounting standards and regulations. In addition, our PRC subsidiaries are required to set aside a certain amount of their retained profits each year, if any, to fund certain statutory reserves. These reserves may not be distributed as cash dividends. Furthermore, when Jiangxi Jinko, Zhejiang Jinko or JinkoSolar Technology incurs debt on its own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Subject to our memorandum and articles of association and applicable laws, our board of directors has complete discretion on whether to pay dividends. 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 condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, we will pay our ADS holders to the same extent as holders of our ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our ADSs, if any, will be paid in U.S. dollars.

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

- Wholly Foreign Owned Enterprise Law (1986), as amended; and
- Wholly Foreign Owned Enterprise Law Implementation Rules (1990), as amended.

Under these regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign owned enterprise in China is required to set aside at least 10.0% of their 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. A foreign invested enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds and expansion funds, which may not be distributed to equity owners.

### **B. Significant Changes**

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

## **ITEM 9. THE OFFER AND LISTING**

### **A. Offering and Listing Details**

Our ADSs, each representing four ordinary shares, have been listed on the NYSE since May 14, 2010. Our ADSs trade under the symbol “JKS.” For the period from May 14, 2010 to December 31, 2014, the trading price of our ADSs on the NYSE has ranged from US\$2.00 to US\$41.75 per ADS. The following table provides the high and low market prices for our ADSs on the NYSE.

|  | Price per ADS |       |
|--|---------------|-------|
|  | High          | Low   |
|  | (US\$)        |       |
| <b>Annual highs and lows</b>                 |               |       |
| 2010 (from May 14, 2010)                     | 41.75         | 8.23  |
| 2011   | 32.21         | 4.55  |
| 2012   | 10.07         | 2.01  |
| 2013   | 34.88         | 3.96  |
| 2014   | 37.98         | 16.83 |
| <b>Quarterly highs and lows</b>              |               |       |
| First Quarter 2013                           | 10.07         | 4.57  |
| Second Quarter 2013                          | 10.44         | 3.96  |
| Third Quarter 2013                           | 23.40         | 9.00  |
| Fourth Quarter 2013                          | 34.88         | 19.06 |
| First Quarter 2014                           | 37.98         | 25.45 |
| Second Quarter 2014                          | 32.92         | 22.03 |
| Third Quarter 2014                           | 34.77         | 23.04 |
| Fourth Quarter 2014                          | 27.88         | 16.83 |
| First Quarter 2015                           | 27.57         | 16.10 |
| Second Quarter 2015 (through April 10, 2015) | 28.46         | 25.35 |
| <b>Monthly highs and lows</b>                |               |       |
| October 2014                                 | 27.88         | 19.42 |
| November 2014                                | 25.57         | 20.50 |
| December 2014                                | 23.57         | 16.83 |
| January 2015                                 | 20.16         | 16.10 |
| February 2015                                | 22.97         | 18.08 |
| March 2015                                   | 27.57         | 20.65 |
| April 2015 (through April 10, 2015)          | 28.46         | 25.35 |

**B. Plan of Distribution**

Not Applicable.

**C. Markets**

Our ADSs, each representing four ordinary shares, have been listed on the NYSE since May 14, 2010 under the symbol “JKS.”

**D. Selling Shareholders**

Not Applicable.

**E. Dilution**

Not Applicable.

**F. Expenses of the Issue**

Not Applicable.

**ITEM 10. ADDITIONAL INFORMATION**

**A. Share Capital**

Not Applicable.

**B. Memorandum and Articles of Association**

We incorporate by reference into this annual report the description of our amended and restated memorandum and articles of association contained in our F-1 registration statement (File No. 333-164432), as amended, initially filed with the Commission on February 9, 2010. Our shareholders adopted our amended and restated memorandum and articles of association on January 8, 2010 and effective upon completion of our initial public offering of common shares represented by our ADSs.

C. Material Contracts

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” or elsewhere in this annual report.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Foreign Currency Exchange” and “—Dividend Distribution.”

E. Taxation

The following summary of the material Cayman Islands, Hong Kong, the PRC and United States federal income tax consequences of an investment in our ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or ordinary shares, such as the tax consequences under United States state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, Hong Kong, the PRC and the United States.

**Cayman Islands Taxation**

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. No Cayman Islands stamp duty will be payable unless an instrument is executed in, or after execution, brought within the jurisdiction of the Cayman Islands, or produced before a court of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

**Hong Kong Taxation**

The following is a summary of the material Hong Kong tax consequences of the ownership of the ADSs by an investor that either holds the ADSs (or recognizes gains on a mark-to-market basis for accounting purposes) or resells the ADSs. This summary does not purport to address all possible tax consequences of the ownership of the ADSs, and does not take into account the specific circumstances of any particular investors (such as tax-exempt entities, certain insurance companies, broker-dealers etc.), some of which may be subject to special rules. Accordingly, holders or prospective purchasers (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult their own tax advisers regarding the tax consequences of purchasing, holding or selling our ADSs. This summary is based on the tax laws of Hong Kong as in effect on the date of this annual report and is subject to changes and does not constitute legal or tax advice to you.

Under the current laws of Hong Kong:

- No profits tax is imposed in Hong Kong in respect of capital gains from the sale of the ADSs.

However, revenue gains from the sale of ADSs by persons carrying on a trade, profession or business in Hong Kong where the gains are derived from or arise in Hong Kong from the trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 16.5% on corporations and at the rate of 15% on individuals and unincorporated businesses. Certain categories of taxpayers whose trade, profession or business consists of buying and selling shares are likely to be regarded as deriving revenue gains rather than capital gains (for example, financial institutions, insurance companies and securities dealers) unless these taxpayers can prove that the investment securities are held as capital assets. Subject to the above, gains arising from the sale of ADSs, where the purchases and sales of ADSs are effected outside of Hong Kong (*e.g.*, on the New York Stock Exchange), should not be subject to Hong Kong profits tax.

- According to the current tax practice of the Hong Kong Inland Revenue Department, dividends paid by us on ADSs would not be subject to any Hong Kong tax, even if received by investors in Hong Kong.
- No Hong Kong stamp duty is payable on the purchase and sale of the ADSs.

## People's Republic of China Taxation

See “Item 4. Information on the Company—B. Business Overview—Regulation—Tax.”

## U.S. Federal Income Taxation

### *Introduction*

The following discussion describes the material U.S. federal income tax consequences of the purchase, ownership and disposition of the ordinary shares or ADSs (evidenced by ADRs) by U.S. Holders (as defined below). This discussion applies only to U.S. Holders that hold the ordinary shares or ADSs as capital assets. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect, or to different interpretation. This discussion is also based in part on representations by the depositary and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms. This discussion does not address all of the tax considerations that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, other financial institutions, insurance companies, tax-exempt entities, retirement plans, regulated investment companies, partnerships, dealers in securities, brokers, U.S. expatriates, persons who have acquired the shares or ADSs as part of a straddle, hedge, conversion transaction or other integrated investment, persons that have a “functional currency” other than the U.S. dollar or persons that own (or are deemed to own) 10% or more (by voting power) of our stock). If a partnership holds ordinary shares or ADSs, the consequences to a partner will generally depend upon the status of the partner and upon the activities of the partnership. A partner of a partnership holding ordinary shares or ADSs should consult its own tax advisor regarding the U.S. tax consequences of its investment in the ordinary shares or ADSs through the partnership. This discussion does not address any U.S. state or local or non-U.S. tax considerations or any U.S. federal estate, gift or alternative minimum tax considerations.

As used in this discussion, the term “U.S. Holder” means a beneficial owner of the ordinary shares or ADSs, for U.S. federal income tax purposes, that is (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or of any state thereof, or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source thereof, or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS APPLICABLE TO THEM RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE ORDINARY SHARES OR AMERICAN DEPOSITARY SHARES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE AND LOCAL TAX LAWS OR NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

### *ADSs*

In general, for U.S. federal income tax purposes, a U.S. Holder of an ADS will be treated as the owner of the ordinary shares represented by the ADSs and exchanges of ordinary shares for ADSs, and ADSs for ordinary shares, will not be subject to U.S. federal income tax.

The U.S. Treasury Department has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security, and the claiming of foreign tax credits, by the holder of the ADS (which may include, for example, pre-releasing ADSs to persons that do not have the beneficial ownership of the securities underlying the ADSs). These actions also may be inconsistent with the claiming of the reduced rate of tax applicable to certain dividends received by non-corporate U.S. Holders of ADSs, including individual U.S. Holders. Accordingly, among other things, the availability of foreign tax credits or the reduced tax rate for dividends received by non-corporate U.S. Holders, each discussed below, could be affected by actions taken by intermediaries in the chain of ownership between the holder of an ADS and our company if, as a result of such actions, the holders of ADSs are not properly treated as beneficial owners of ordinary shares.



## **Dividends**

Subject to the discussion below under “—Passive Foreign Investment Company,” the gross amount of any distribution made by us on the ordinary shares or ADSs generally will be treated as a dividend includible in the gross income of a U.S. Holder as ordinary income to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, when received by the U.S. Holder, in the case of ordinary shares, or when actually or constructively received by the Depositary, in the case of ADSs. To the extent the amount of such distribution exceeds our current and accumulated earnings and profits as so computed, it will be treated first as a non-taxable return of capital to the extent of such U.S. Holder’s adjusted tax basis in such ordinary shares or ADSs and, to the extent the amount of such distribution exceeds such adjusted tax basis, will be treated as gain from the sale of such ordinary shares or ADSs. We, however, may not calculate earnings and profits in accordance with U.S. tax principles. In this case, all distributions by us to U.S. Holders will generally be treated as dividends.

Certain dividends received by non-corporate U.S. Holders, including individuals, generally will be subject to reduced rates of taxation. This reduced income tax rate is applicable to dividends paid by “qualified foreign corporations” and only with respect to ordinary shares or ADSs held for a minimum holding period of at least 61 days during a specified 121-day period, and if certain other conditions are met. A non-U.S. corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. We should be a qualified foreign corporation because our ADSs are listed on the NYSE. Accordingly, subject to the conditions described above and the discussions below under “—Passive Foreign Investment Company,” dividends paid by us on shares represented by ADSs generally will be eligible for the reduced income tax rate. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of an income tax treaty with the United States, so long as the Secretary of the United States Treasury has determined such treaty is satisfactory for purposes of the reduced rate and such treaty includes an exchange of information program. The Secretary of the United States Treasury has determined that the U.S. income tax treaty with China satisfies these requirements. Accordingly, in the event that we are deemed to be a PRC tax resident enterprise under the CIT Law and if we are eligible for the benefits of the income tax treaty between the United States and China, dividends we pay on the ordinary shares, regardless of whether such shares are represented by ADSs, would be subject to the reduced rates of taxation described above (subject to the general conditions for the reduced tax rate on dividends described above and the Medicare tax described below). Dividends paid by us will not be eligible for the “dividends received” deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations.

Dividends paid by us will constitute income from sources outside the United States for U.S. foreign tax credit limitation purposes and will be categorized as “passive category income” or, in the case of certain U.S. Holders, as “general category income” for U.S. foreign tax credit purposes. In the event that we are deemed to be a PRC tax resident enterprise under the CIT Law, PRC withholding taxes may be imposed on dividends paid with respect to the ordinary shares or ADSs, and, subject to certain conditions and limitations, such PRC withholding taxes may be treated as foreign taxes eligible for credit against your U.S. federal income tax liability. In certain circumstances, however, if U.S. Holders have held the ordinary shares or ADSs for less than a specified minimum period during which such U.S. Holders are not protected from risk of loss, or are obligated to make payments related to the dividends, such U.S. Holders will not be allowed a U.S. foreign tax credit for any PRC withholding taxes imposed on dividends paid on the ordinary shares or ADSs. The rules relating to the U.S. foreign tax credit are complex. U.S. Holders should consult their own tax advisors regarding the availability of a foreign tax credit in their particular circumstance.

A distribution of additional ordinary shares or ADSs to U.S. Holders with respect to their ordinary shares or ADSs that is made as part of a pro rata distribution to all shareholders generally will not be subject to U.S. federal income tax.

### ***Sale or Other Disposition of Ordinary Shares or ADSs***

Subject to the discussion below under “—Passive Foreign Investment Company,” a U.S. Holder generally will recognize gain or loss for U.S. federal income tax purposes upon a sale or other disposition of the ordinary shares or ADSs in an amount equal to the difference between the amount realized from such sale or disposition and the U.S. Holder’s adjusted tax basis in such ordinary shares or ADSs. Such gain or loss generally will be a capital gain or loss and will be long-term capital gain (taxable at a reduced rate for non-corporate U.S. Holders, including individuals) or loss if, on the date of sale or disposition, such ordinary shares or ADSs were held by such U.S. Holder for more than one year. The deductibility of capital losses is subject to significant limitations. Any gain or loss on the sale or disposition will be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes. However, in the event that we are deemed to be a PRC tax resident enterprise under the CIT Law, a U.S. Holder may be eligible for the benefits of the income tax treaty between the United States and the PRC. Under that treaty, if any PRC tax was to be imposed on any gain from the disposition of the ordinary shares or ADSs, the gain may be treated as PRC-source income. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign withholding tax is imposed on a disposition of the ordinary shares or ADSs, including the availability of the foreign tax credit under their particular circumstances.

### ***Passive Foreign Investment Company***

Based on the composition of our assets and income, we believe that we were not a PFIC for U.S. federal income tax purposes with respect to our 2014 taxable year, and we do not currently intend or anticipate becoming a PFIC for our 2015 taxable year or any future taxable year. The determination of PFIC status is a factual determination that must be made annually at the close of each taxable year. Changes in the nature of our income or assets, the manner and rate at which we spend cash that we hold, or a decrease in the trading price of the ordinary shares or ADSs may cause us to be considered a PFIC in the current or any subsequent year. However, as noted above, there can be no certainty in this regard until the close of each taxable year.

In general, a non-U.S. corporation will be treated as a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) at least 75% of its gross income is “passive income” or (ii) on average at least 50% of the value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions. Passive income does not include rents and royalties derived from the active conduct of a trade or business. If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation’s assets and receiving our proportionate share of the other corporation’s income.

If we are a PFIC in any year during which a U.S. Holder owns the ordinary shares or ADSs, such U.S. Holder may experience certain adverse tax consequences. Such U.S. Holder could be liable for additional taxes and interest charges upon (i) distributions received by the U.S. Holder on our ordinary shares or ADSs during the year, but only to the extent that the aggregate of the distributions for the taxable year exceeds 125% of the average amount of distributions received by the U.S. Holder during the shorter of the preceding three years or the U.S. Holder’s holding period for the ordinary shares or ADSs, or (ii) upon a sale or other disposition of the ordinary shares or ADSs at a gain, whether or not we continue to be a PFIC (each an “excess distribution”). The tax will be determined by allocating the excess distribution ratably to each day of the U.S. Holder’s holding period. The amount allocated to the current taxable year and any taxable year with respect to which we were not a PFIC will be taxed as ordinary income (rather than capital gain) earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates applicable to ordinary income for such taxable years and, in addition, an interest charge will be imposed on the amount of such taxes.

These adverse tax consequences may be avoided if the U.S. Holder is eligible to and does elect to annually mark-to-market the ordinary shares or ADSs. If a U.S. Holder makes a mark-to-market election, such holder will generally include as ordinary income the excess, if any, of the fair market value of the ordinary shares or ADSs at the end of each taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the ordinary shares or ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). Any gain recognized on the sale or other disposition of the ordinary shares or ADSs will be treated as ordinary income. The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded in other than *de minimis* quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable Treasury regulations. We expect the ADSs to be “marketable stock” because our ADSs are listed on the NYSE, but it is unclear whether our ordinary shares would be so treated.

A U.S. Holder’s adjusted tax basis in the ordinary shares or ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If a U.S. Holder makes a mark-to-market election it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ordinary shares or ADSs are no longer regularly traded on a qualified exchange or the Internal Revenue Service consents to the revocation of the election. U.S. Holders are urged to consult their tax advisors about the availability of the mark-to-market election, and whether making the election would be advisable in their particular circumstances.

The above results may also be eliminated if a U.S. Holder is eligible for and makes a valid qualified electing fund election, or QEF election. If a QEF election is made, such U.S. Holder generally will be required to include in income on a current basis its pro rata share of its ordinary income and its net capital gains. We do not intend to prepare or provide the information that would entitle U.S. Holders to make a QEF election.

If we are a PFIC for any taxable year during which you hold our ordinary shares or ADSs, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold the ordinary shares or ADSs, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ordinary shares or ADSs, as applicable. If such election is made, you will be deemed to have sold the ordinary shares or ADSs you hold at their fair market value on the last day of the last taxable year for which we were a PFIC and any gain from such deemed sale would be subject to the excess distribution rules described above. After the deemed sale election, your ordinary shares or ADSs with respect to which such election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we are regarded as a PFIC, a U.S. Holder of ordinary shares or ADSs must make an annual return containing such information as the Secretary of the United States Treasury may require. Additionally, the reduced tax rate for dividend income, as discussed above under “—Dividends” is not applicable to a dividend paid by us if we are a PFIC for either the year the dividend is paid or the preceding year.

Prospective investors should consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in a PFIC.

#### ***Backup Withholding Tax and Information Reporting Requirements***

Dividend payments made to U.S. Holders and proceeds paid from the sale or other disposition of their ordinary shares or ADSs may be subject to information reporting to the Internal Revenue Service and, possibly, to U.S. federal backup withholding. Certain exempt recipients are not subject to these information reporting requirements. Backup withholding will not apply to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification, or who is otherwise exempt from backup withholding. U.S. Holders who are required to establish their exempt status generally must provide Internal Revenue Service Form W-9 (Request for Taxpayer Identification Number and Certification).

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder’s U.S. federal income tax liability. A U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service in a timely manner and furnishing any required information.

Prospective investors should consult their own tax advisors as to their qualification for an exemption from backup withholding and the procedure for obtaining this exemption.

#### ***Information with Respect to Foreign Financial Assets***

Certain U.S. Holders who are individuals (and under proposed regulations, certain entities) are required to report information relating to an interest in our ordinary shares or ADSs, subject to certain exceptions (including an exception for ordinary shares or ADSs held in accounts maintained by certain financial institutions). U.S. Holders are urged to consult their tax advisors regarding these reporting requirements.

#### ***Medicare Tax***

Certain U.S. Holders who are individuals, estates, or trusts are subject to an additional 3.8% tax on, among other things, dividends and gains from the sale or other disposition of ordinary shares or ADSs. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of this tax on their ownership and disposition of ordinary shares or ADSs.

#### **F. Dividends and Paying Agents**

Not applicable.

**G.** Statement by Experts

Not applicable.

**H.** Documents on Display

We have filed with the SEC registration statements on Form F-1 (File Number 333-164432 and File Number 333-170146). We also filed with the SEC a related registration statement on Form F-6 (File Number 333-164523) with respect to the ADSs. We have also filed with the SEC registration statements on Form F-3 (File Number 333-190273 and File Number 333-193379). With respect to our securities to be issued under our 2009 Long Term Incentive Plan, we have filed with the SEC registration statements on one Form S-8 (File Number 333-170693 and 333-180787).

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a web site at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish JPMorgan Chase Bank, N.A., the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

**I.** Subsidiary Information

Not applicable.

**ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

**Inflation**

Since our inception, inflation in China has not materially impacted our results of operations. According to the National Bureau of Statistics of China, inflation as measured by the consumer price index in China was 2.6%, 2.6% and 2.1% in 2012, 2013 and 2014, respectively.

**Foreign Exchange Risk**

Our sales in China are denominated in Renminbi and our costs and capital expenditures are also largely denominated in Renminbi. Our export sales are generally denominated in U.S. dollars, Euros, AUD, and Japanese Yen and we also incur expenses in foreign currencies, including U.S. dollars, Japanese Yen and Euros, in relation to the procurement of silicon materials, equipment and consumables such as crucibles. In addition, we have outstanding debt obligations, and may continue to incur debts from time to time, denominated and repayable in foreign currencies. Accordingly, any significant fluctuations between the Renminbi and the U.S. dollar and other foreign currencies including Japanese Yen and Euro could expose us to foreign-exchange risk. In addition, as we expand our sales to major export markets, we expect our foreign-exchange exposures will increase.

We have entered into foreign exchange forward contracts with certain local banks to reduce volatility in our economic value caused by foreign currency fluctuations. These contracts are not designated as hedges and are marked to market at each reporting date, with changes in fair value recognized in the consolidated statements of operations. As of December 31, 2014, our foreign exchange forward contracts had a total notional value of US\$174.2 million, EUR88.5 million, and JPY4,940 million. These contracts mature within 12 months. To determine fair value of these contracts, we use a discounted cash-flow methodology to measure fair value, which requires inputs such as interest yield curves and foreign exchange rates. We had a loss relating to change in fair value of foreign exchange forward contracts recognized in earnings of RMB16.3 million (US\$2.6 million) in 2014. However, we cannot predict the impact of future exchange rate fluctuations on our results of operations and may incur net foreign currency losses in the future in relation to unhedged foreign currency exposure or loss on our hedging instruments.

We provide credit to our overseas customers. We incurred foreign-exchange loss of RMB131.1 million (US\$21.1 million) due to the depreciation of the Euro and Japanese Yen against the RMB. In addition, we make advance payments in U.S. dollars to overseas silicon raw material suppliers, and from time to time, we may incur foreign-exchange losses if we request our suppliers to return such advance payments due to changes in our business plans. We incurred foreign-exchange loss of RMB1.4 million (US\$0.2 million) in 2014. We incurred foreign-exchange loss of RMB38.5 million in 2013 due to the depreciation of the Euro against the RMB. We incurred foreign-exchange loss of RMB36.5 million in 2012, primarily due to the depreciation of the Euro against the RMB.

The value of your investment in our ADSs will be primarily affected by the foreign-exchange rate between U.S. dollars and Renminbi. To the extent we hold assets denominated in U.S. dollars any appreciation of the Renminbi against the U.S. dollar could result in a change to our statement of operations and a reduction in the value of our U.S. dollar denominated assets. On the other hand, a decline in the value of the Renminbi against the U.S. dollar could reduce the U.S. dollar equivalent amounts of our financial results, the value of your investment in our company and the dividends we may pay in the future, if any, all of which may have a material adverse effect on the prices of ADSs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business and Industry—Fluctuations in exchange rates could adversely affect our results of operations.”

### **Interest Rate Risk**

Our exposure to interest rate risks relates to interest expenses incurred in connection with our short-term and long-term borrowings, and interest income generated by excess cash invested in demand deposits and liquid investments with original maturities of three months or less.

As of December 31 2014, our total outstanding RMB-denominated short-term borrowings were RMB1,429.1 million (US\$230.3 million) with a weighted average interest rate of 5.8% per annum and RMB-denominated long-term borrowing were RMB948.5 million (US\$152.9 million) with a weighted average interest rate of 6.68%. In addition, as of December 31, 2014, we had outstanding short-term loans of RMB21.4 million denominated and payable in Euro with a weighted average interest rate of 3.6% per annum, and outstanding short-term loans of RMB1,156.4 million denominated and payable in U.S. dollars with a weighted average interest rate of 3.6% per annum.

On May 17, 2011, we issued convertible senior notes in the principal amount of US\$125.0 million due 2016, bearing an annual interest rate of 4.0%, with an option for holders to require us to repurchase their notes in May 2014 for the principal of the notes plus accrued and unpaid interest, to qualified institutional buyers under Rule 144A of the Securities Act. As of December 31, 2014, US\$123.0 million of our May 2014 notes remained outstanding. On January 29, 2013, Jiangxi Jinko issued six-year bonds with a principal amount of RMB800.0 million, bearing a fixed annual interest rate of 8.99%. At the end of the third year in the life of the bonds, Jiangxi Jinko has the option to raise the interest rate by up to 100 basis points, and the bondholders will have the right to require Jiangxi Jinko to repurchase all or part of their bonds upon Jiangxi Jinko’s announcement of whether or not it decides to raise the interest rate, and by how much, at such time. On March 19, 2013, we entered into loan facilities for an aggregate principal amount of RMB360.0 million with a term of 15 years with China Development Bank to develop PV projects, which we fully drew down on April 3, 2013.

On January 6, 2014, we entered into another loan facility for an aggregate principal amount of RMB400.0 million (US\$66.1 million) also for a term of 15 years with China Development Bank for the development of three PV projects in Xinjiang Uyghur Autonomous Region and Qinghai province of the PRC with a total capacity of 50 MW, which we had fully drawn down as of the date of this annual report. On January 22, 2014, we issued convertible senior notes in the principal amount of US\$150.0 million due 2019, bearing an annual interest rate of 4.0% and with an option for holders to require us to repurchase their notes in February 2017 for the principal of the notes plus accrued and unpaid interest, to qualified institutional buyers under Rule 144A and in reliance of Regulation S of the Securities Act. In light of the amount of bank borrowings and bonds due in the near term future, sufficient funds may not be available to meet our payment obligations.

We have not used any derivative financial instruments to manage our interest rate risk exposure due to lack of such financial instruments in China. Historically, we have not been exposed to material risks due to changes in interest rates; however, our future interest income may decrease or interest expenses on our borrowings may increase due to changes in market interest rates. We are currently not engaged in any interest rate hedging activities.

## ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. Debt Securities

Not applicable.

### B. Warrants and Rights

Not applicable.

### C. Other Securities

Not applicable.

### D. American Depositary Shares

#### Fees and Charges Our ADS Holders May Have to Pay

Our American depositary shares, each of which represents four ordinary shares, are listed on the NYSE. JPMorgan Chase Bank, N.A. is the depository of our ADS program and its principal executive office is situated at 1 Chase Manhattan Plaza, Floor 58, New York, NY 10005-1401. The depository collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may collect its annual fee for depository services by deductions from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depository may generally refuse to provide fee-attracting services until its fees for those services are paid.

#### Persons depositing or withdrawing shares must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.05 (or less) per ADS (or portion of each ADS)

\$1.50 per ADR or ADRs

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$.05 per ADSs per calendar year (or portion of each ADS)

Registration or transfer fees

Expenses of the depository

Taxes and other governmental charges the depository or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depository or its agents for servicing the deposited securities

#### For:

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property
- Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
- Any cash distribution to ADS registered holders
- Transfer of ADRs
- Distribution or sale of securities to holders of deposited securities that are distributed by the depository to ADS registered holders
- Depository services
- Transfer and registration of shares on our share register to or from the name of the depository or its agent when you deposit or withdraw shares
- Cable, telex and facsimile transmissions and deliveries (at the request of persons depositing or ADS registered holders delivering shares, ADRs and deposited securities)
- Converting foreign currency to U.S. dollars
- As necessary
- As necessary



## **Fees and Other Payments Made by the Depositary to Us**

The depositary has agreed to reimburse us for expenses we incur that are related to the administration and maintenance of our ADS facility including, but not limited to, investor relations expenses, the annual NYSE listing fees, ADS offering expenses or any other program related expenses. There are limits on the amount of expenses for which the depositary will reimburse us, but the amount of reimbursement available to us is not related to the amounts of fees the depositary collects from investors. The annual reimbursement is also conditioned on certain requirements and criteria and will be adjusted proportionately to the extent such requirements or criteria are not met. For 2014, the depositary paid us an annual reimbursement of approximately US\$120,000 for legal and investor relations expenses.

## **PART II**

### **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

None.

### **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

#### **A.-D. Material Modifications to the Rights of Security Holders**

None.

#### **E. Use of Proceeds**

Not applicable.

### **ITEM 15. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our chief executive officer and our chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our chief executive officer and chief financial officer concluded that, as of December 31, 2014, our disclosure controls and procedures were effective.



## **Management's Annual Report on Internal Control Over Financial Reporting.**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended, for our company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company's assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company's receipts and expenditures are being made only in accordance with authorizations of a company's management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules promulgated by the Securities and Exchange Commission, our management assessed the effectiveness of internal control over financial reporting as of December 31, 2014 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission (known as COSO). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2014.

## **Attestation Report of the Independent Registered Public Accounting Firm**

PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, audited the effectiveness of internal control over financial reporting as of December 31, 2014, as stated in its report, which appears on page F-2 of this Form 20-F.

## **Changes in Internal Control over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 16.**

### **ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT**

Our board of directors has determined that Mr. Steven Markscheid, an independent director, is our audit committee financial expert. Mr. Steven Markscheid satisfies the independent requirements of Section 303A of the Corporate Governance Roles of the NYSE and Rule 60A-3 under the Exchange Act.

### **ITEM 16B. CODE OF ETHICS**

Our board of directors has adopted a code of ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer, chief operating officer, chief technology officer, vice presidents and any other persons who perform similar functions for us. We have filed our code of business conduct and ethics as an exhibit to Exhibit 99.1 of our registration statement on Form F-1/A (file No. 333-164432) filed with the Securities and Exchange Commission on February 4, 2010 and posted the code on our website at the following link: <http://ir.jinkosolar.com/zhen/upload/201002031011121299.pdf>. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

**ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by PricewaterhouseCoopers Zhong Tian LLP, our independent registered public accounting firm, for the periods indicated. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

|                    | 2013         | 2014           |              |
|--------------------|--------------|----------------|--------------|
|                    | (RMB)        | (RMB)          | (US\$)       |
|                    |              | (in thousands) |              |
| Audit fees         | 6,944        | 6,955          | 1,121        |
| Audit-related fees | 1,803        | 750            | 121          |
| Tax fees           | 357          | 658            | 106          |
| <b>Total</b>       | <b>9,104</b> | <b>8,363</b>   | <b>1,348</b> |

- (1) "Audit-related fees" represents the aggregate fees billed for professional services rendered by our independent registered public accounting firm in connection with our F-3 filing, additional offering in 2013 and concurrent offerings of additional shares and convertible senior notes in January 2014.
- (2) "Tax fees" represents the aggregated fees billed for professional services rendered by our independent registered public accounting firm for tax advice.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm, including audit services, audit-related services, tax services and other services as described above, other than those for *de minimis* services that are approved by the Audit Committee prior to the completion of the audit. All fees listed above were pre-approved by our audit committee.

**ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

Not applicable.

**ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

On May 6, 2011, our directors approved a stock repurchase program, under which JinkoSolar is authorized to repurchase up to US\$30 million of its ordinary shares represented by ADSs, from time to time, in open-market transactions within the 12 months following May 6, 2011.

The following table sets forth information about our purchases of outstanding ADSs since the inception of the program. We did not repurchase any ADSs under this program in 2014.

| Period                     | (a) Total<br>Number of<br>ADSs<br>Purchased | (b) Average<br>Price Paid Per<br>ADSs | (c) Total<br>Number of<br>ADSs<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | (d) Maximum<br>Approximate<br>Dollar Value<br>of ADSs That<br>May Yet Be<br>Purchased<br>Under the<br>Plans or<br>Program<br>(US\$ in<br>thousands) |
|----------------------------|---|---------------------------------------|--|---|
| May 6 through May 31, 2011 | —   | —                                     | —  | 30,000  |
| June 2011                  | —   | —                                     | —  | 30,000  |
| July 2011                  | —   | —                                     | —  | 30,000  |
| August 2011                | —   | —                                     | —  | 30,000  |
| September 2011             | 655,500                                     | 7.32                                  | 655,500  | 25,202  |

| Period                              | (a) Total<br>Number of<br>ADSs<br>Purchased | (b) Average<br>Price Paid Per<br>ADSs | (c) Total<br>Number of<br>ADSs<br>Purchased as<br>Part of<br>Publicly<br>Announced<br>Plans or<br>Programs | (d) Maximum<br>Approximate<br>Dollar Value<br>of ADSs That<br>May Yet Be<br>Purchased<br>Under the<br>Plans or<br>Program<br>(US\$ in<br>thousands) |
|-------------------------------------|---|---------------------------------------|--|---|
| October 2011                        | 567,100                                     | 4.85                                  | 567,100  | 22,451  |
| November 2011                       | —   | —                                     | —  | 22,451  |
| December 2011                       | 257,230                                     | 5.08                                  | 257,230  | 21,145  |
| January 2012                        | 173,570                                     | 4.99                                  | 173,570  | 20,278  |
| February 2012                       | —   | —                                     | —  | 20,278  |
| March 2012                          | —   | —                                     | —  | 20,278  |
| April 2012 (through April 18, 2012) | —   | —                                     | —  | 20,278  |
| <b>Total</b>                        | <b>1,653,400</b>                            | <b>5.88</b>                           | <b>1,653,400</b>   | <b>20,278</b>   |

In addition, on December 5, 2011, we repurchased an aggregate principal amount of US\$2.0 million of our 4.0% convertible senior notes due 2016 for a total consideration of RMB5.2 million (US\$0.8 million). As of the date of this annual report, our convertible senior notes due 2016 with principal amount of US\$123.0 million are outstanding.

**ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

**(a) Termination of PwC and Appointment of EY as Our Independent Registered Public Accounting Firm for the Year Ended December 31, 2012**

- (1) On May 10, 2012, we announced the dismissal of our previous independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian CPAs Limited (“PwC”). The decision to change auditors was unanimously approved by all of our directors, including all members of our Audit Committee, on April 29, 2012. The dismissal of PwC became effective on April 29, 2012.

The reports of PwC on our consolidated financial statements for the fiscal years ended December 31, 2010 and 2011 did not contain an adverse opinion or a disclaimer of an opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2010 and 2011 and through April 29, 2012, there were no disagreements with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PwC, would have caused PwC to make reference to the subject matter of the disagreements in its reports on the consolidated financial statements for such fiscal years then ended. During the fiscal years ended December 31, 2010 and 2011 and through April 29, 2012, there were also no “reportable events” requiring disclosure pursuant to Item 16F(a)(1)(v) of Form 20-F, except that as of December 31, 2010 we did not maintain effective internal control over financial reporting due to the material weaknesses identified, including: (1) the lack of resources with appropriate accounting knowledge and experience to prepare and review financial statements and related disclosures in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and (2) inadequate review procedures, including appropriate levels of review in the design of period end reporting process that are consistently applied across our entities, to identify inappropriate accounting treatment of transactions. As of December 31, 2011, our management determined that applicable controls were effectively designed and operated so as to enable our management to conclude that the previously identified material weaknesses had been remediated and our internal control over financial reporting was effective.

We provided PwC with a copy of the disclosures under Item 16F(a)(1) as included herein and requested that PwC furnish us with a letter addressed to the SEC stating whether or not PwC agrees with the statements in response to this Item 16F(a)(1). A copy of the letter dated April 30, 2013, furnished by PwC in response to that request was furnished as Exhibit 15.1 to our Form 20-F for the year ended December 31, 2012 filed with the SEC on April 30, 2013.

- (2) On May 10, 2012, we announced the appointment of Ernst & Young Hua Ming LLP (“EY”) as our independent registered public accounting firm for the year ended December 31, 2012. The appointment was effective on May 30, 2012. During the fiscal years ended December 31, 2010 and 2011 and through April 29, 2012, neither we nor anyone on our behalf consulted EY with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that EY concluded was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement with PwC (as that term is used in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F) or a reportable event (as described in Item 16F(a)(1)(v) of Form 20-F).

**(b) Resignation of EY at Our Request and Reappointment of PwC as Our Independent Registered Public Accounting Firm for the Year Ended December 31, 2012**

- (1) On February 1, 2013, we announced that we had requested the resignation of EY as our independent registered public accounting firm and had received EY’s resignation. Pursuant to our articles of association, the decision to change auditors was unanimously approved by all of our directors, including all members of our Audit Committee, on February 1, 2013. The resignation of EY became effective on February 1, 2013.

During EY’s term of engagement from May 30, 2012 to February 1, 2013, EY did not issue any reports on the Company’s consolidated financial statements.

During EY’s term of engagement from May 30, 2012 to February 1, 2013, there were no disagreements with EY on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of EY, would have caused EY to make reference to the subject matter of the disagreements in connection with its report.

Upon its resignation, EY advised the Company of a matter that it believed constituted a reportable event, as defined in Item 16F of Form 20-F. In July 2012, the Company received a subpoena captioned “*In the Matter of Riemann Investment Holdings Ltd.*” from the Division of Enforcement (the “**Division**”) of the U.S. Securities and Exchange Commission (“SEC”) requesting documents from the Company as part of an investigation conducted by the Division. The letter from the SEC to JinkoSolar states that “[t]he investigation and subpoena do not mean that we have concluded that you or anyone else has broken the law. Also, the investigation does not mean that we have a negative opinion of any person, entity or security.” In response to the subpoena, the Company produced documents to the Division in December 2012. As of the date of EY’s resignation, the Division had not completed its investigation. The Company authorized EY to respond fully to the inquiries of PwC concerning the reportable event.

JinkoSolar never had any business relationship with Riemann Investment Holdings Ltd., which is believed to have had, at some point in time, a business relationship with an outside investor of JinkoSolar.

We provided EY with a copy of the disclosures under Item 16F(a) as included herein and requested that EY furnish us with a letter addressed to the SEC stating whether or not EY agrees with the statements in response to this Item 16F(a). A copy of the letter dated April 30, 2013, furnished by EY in response to that request was furnished as Exhibit 15.2 to our Form 20-F for the year ended December 31, 2012 filed with the SEC on April 30, 2013.

- (2) On February 1, 2013, we reappointed PwC as our independent registered public accounting firm for the fiscal year ended December 31, 2012. The reappointment became effective on February 1, 2013. During the years ended December 31, 2010 and 2011 and through April 29, 2012, PwC was our independent registered public accounting firm, and it performed audit work and issued audit reports on our consolidated financial statements for the years ended December 31, 2010 and 2011. The reports of PwC on our consolidated financial statements for the fiscal years ended December 31, 2010 and 2011 did not contain an adverse opinion or a disclaimer of an opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the period from April 29, 2012 through February 1, 2013, neither we nor anyone on our behalf consulted PwC with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on our consolidated financial statements, and neither a written report nor oral advice was provided to us that PwC concluded was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement with EY (as that term is used in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F) or a reportable event (as described in Item 16F(a)(1)(v) of Form 20-F).

## ITEM 16G. CORPORATE GOVERNANCE

We are incorporated under the laws of Cayman Islands. Many of the corporate governance rules in the New York Stock Exchange Listed Company Manual, or the NYSE Standards, do not apply to us as a “foreign private issuer” and we are permitted to follow the corporate governance practices in the Cayman Islands in lieu of most corporate governance standards contained in the NYSE Standards. Section 303A.11 of the NYSE Standards requires foreign private issuers listed on the New York Stock Exchange to describe the significant differences between their corporate governance practices and the corporate governance standards applicable to U.S. domestic companies listed on the New York Stock Exchange, or the U.S. domestic issuers. The following table sets forth a summary of such significant differences:

|                           | <b>NYSE Listed Company Manual<br/>Requirements on Corporate<br/>Governance</b>   | <b>Our Practice</b>   |
|---------------------------|--|---|
| <b>Board of Directors</b> | NYSE Standards require U.S. domestic issuers to schedule an executive session at least once a year to be attended by only independent directors. We are not subject to such requirement.   | Our directors may attend all of our board meetings.         |
|                           | NYSE Standards require U.S. domestic issuers to disclose a method for interested parties to communicate directly with the presiding director or with non-management directors as a group. We are not subject to such requirement.  | We have not adopted any such method.                        |
| <b>Audit Committee</b>    | If an audit committee member simultaneously serves on the audit committees of more than three public companies, and the listed company does not limit the number of audit committees on which its audit committee members serve to three or less, then in each case, the boards of directors of U.S. domestic issuers are required to determine that such simultaneous service would not impair the ability of such member to effectively serve on its audit committee and disclose such determination in its annual proxy statement or annual report. We are not subject to such requirement. | Our board of directors has not made any such determination. |

**NYSE Listed Company Manual  
Requirements on Corporate  
Governance**

**Our Practice**

**Compensation Committee**

NYSE Standards require U.S. domestic issuers to have a compensation committee composed entirely of independent directors. We are not subject to such requirement.

We have a compensation committee that consists of one independent director and two executive directors.

NYSE Standards require compensation committees of U.S. domestic issuers to produce a compensation committee report annually and include such report in their annual proxy statements or annual reports on Form 10-K. We are not subject to such requirement.

Our compensation committee has not produced any such report.

**Nominating Committee**

While NYSE Standards require U.S. domestic issuers to have only independent directors on their nominating committees, we are not subject to such requirement.

Our corporate governance and nominating committee consists of two independent directors and one executive director.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**PART III**

**ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

**ITEM 18. FINANCIAL STATEMENTS**

See pages beginning on page F-1 in this annual report.

**ITEM 19. EXHIBITS**

| <b>Exhibit Number</b> | <b>Description of Document</b>   |
|-----------------------|--|
| 1.1                   | Third Amended and Restated Memorandum and Articles of Association, as currently in effect (incorporated by reference to Exhibit 3.2 of our Registration Statement on Form F-1 (File No. 333-164432) filed with the Securities and Exchange Commission on February 9, 2010)                 |
| 2.1                   | Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)  |
| 2.2                   | Registrant's Specimen Certificate for Shares (incorporated by reference to Exhibit 4.2 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010)  |
| 2.3                   | Form of Deposit Agreement among the Registrant, the depository and holder of the American Depositary Receipts (incorporated by reference to Exhibit 4.3 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on May 12, 2010) |
| 4.1                   | 2009 Long Term Incentive Plan, amended and restated as of September 28, 2011 (incorporated by reference to Exhibit 4.1 to the Registrant's annual report on Form 20-F (file No. 001-34615) filed with the Securities and Exchange Commission on April 18, 2012)                            |

| Exhibit Number | Description of Document   |
|----------------|---|
| 4.2            | Form of Indemnification Agreement between the directors and the Registrant (incorporated by reference to Exhibit 10.29 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010)   |
| 4.3            | Form of Executive Service Agreement of Chief Financial Officer (incorporated by reference to Exhibit 10.27 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010)   |
| 4.4            | English translation of Form of Employment Agreement (incorporated by reference to Exhibit 10.28 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010)  |
| 4.5            | English translation of Plant Lease Agreement between Jinko Solar Co., Ltd. and Jiangxi Desun Energy Co., Ltd. dated January 1, 2008 (incorporated by reference to Exhibit 10.2 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010) |
| 4.6            | English translation of Form of Maximum Amount Guarantee Contract between the directors and Bank of China (incorporated by reference to Exhibit 10.21 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010)                           |
| 4.7            | English translation of Maximum Amount Guarantee Agreement between the directors and Agricultural Bank of China (incorporated by reference to Exhibit 10.39 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on January 20, 2010)                     |
| 4.8            | Form of Executive Employment Agreement of Chief Strategy Officer (currently titled Chief Marketing Officer) (incorporated by reference to Exhibit 10.60 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on April 23, 2010)                          |
| 4.9*           | 2014 Equity Incentive Plan  |
| 4.10*          | Subscription Agreement Schedule and Amended and Restated Subscription Agreement among JinkoSolar WWG Investment Co., Ltd., JinkoSolar Power Engineering Group Limited, JinkoSolar Holding Co., Ltd., Jiangxi Jinko Solar Engineering Co., Ltd., Jinko Power Co., Ltd. and MEGCIF Investments 6 Limited                |
| 8.1*           | Subsidiaries of the registrant  |
| 11.1           | Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 of our Registration Statement on Form F-1 (file No. 333-164432) filed with the Securities and Exchange Commission on February 4, 2010)   |
| 12.1*          | CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |
| 12.2*          | CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002   |
| 13.1**         | CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |
| 13.2**         | CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002   |

| Exhibit Number | Description of Document  |
|----------------|--|
| 15.1           | Letter of PricewaterhouseCoopers Zhong Tian CPAs Limited Company, dated April 30, 2013, regarding change in independent registered public accounting firm (incorporated by reference to Exhibit 15.1 of our annual report on Form 20-F (file No. 001-34615) filed with the Securities and Exchange Commission on April 30, 2013) |
| 15.2           | Letter of Ernst & Young Hua Ming LLP, dated April 30, 2013, regarding change in independent registered public accounting firm (incorporated by reference to Exhibit 15.1 of our annual report on Form 20-F (file No. 001-34615) filed with the Securities and Exchange Commission on April 30, 2013)                             |
| 15.3*          | Consent of Independent Registered Accounting Firm  |
| 101.INS*       | XBRL Instance Document   |
| 101.SCH*       | XBRL Taxonomy Extension Schema Document  |
| 101.CAL*       | XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF*       | XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB*       | XBRL Taxonomy Extension Labels Linkbase Document   |
| 101.PRE*       | XBRL Taxonomy Extension Presentation Linkbase Document   |

\* Filed with this annual report on Form 20-F

\*\* Furnished with this annual report on Form 20-F



**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on this Form 20-F on its behalf.

**JinkoSolar Holding Co., Ltd.**

By: /s/ Kangping Chen  
Name: Kangping Chen  
Title: Director and Chief Executive Officer

Date: April 16, 2015

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of JinkoSolar Holding Co., Ltd.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income/(loss), of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of JinkoSolar Holding Co., Ltd. ("the Company") and its subsidiaries at December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing in Item 15 of this Form 20-F. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our audits (which were integrated audits in 2013 and 2014). We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China  
April 16, 2015

**JINKOSOLAR HOLDING CO., LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014**

|   | For the year ended December 31 |                      |                        |                      |
|---|--------------------------------|----------------------|------------------------|----------------------|
|   | 2012                           | 2013                 | 2014                   |                      |
|   | RMB                            | RMB                  | RMB                    | USD<br>(Note 2 (a))  |
| Revenues from third parties   | 4,593,412,818                  | 6,286,827,429        | 9,977,971,551          | 1,608,157,101        |
| Revenues from related parties   | 201,355,631                    | 792,011,086          | 557,097                | 89,788               |
| <b>Total revenue</b>  | <b>4,794,768,449</b>           | <b>7,078,838,515</b> | <b>9,978,528,648</b>   | <b>1,608,246,889</b> |
| Cost of revenues  | (4,562,531,334)                | (5,641,487,108)      | (7,738,488,461)        | (1,247,217,945)      |
| Gross profit  | 232,237,115                    | 1,437,351,407        | 2,240,040,187          | 361,028,944          |
| Selling and marketing   | (343,407,116)                  | (492,625,584)        | (769,011,055)          | (123,942,084)        |
| General and administrative  | (760,807,250)                  | (230,125,455)        | (423,877,983)          | (68,316,730)         |
| Provision for advance to suppliers  | (227,073,440)                  | -                    | (2,694,857)            | (434,332)            |
| Impairment of long-lived assets   | (65,476,299)                   | (3,573,248)          | (6,217,151)            | (1,002,023)          |
| Research and development  | (68,960,214)                   | (65,481,728)         | (106,627,106)          | (17,185,170)         |
| <b>Total operating expenses</b>   | <b>(1,465,724,319)</b>         | <b>(791,806,015)</b> | <b>(1,308,428,152)</b> | <b>(210,880,339)</b> |
| Income/(Loss) from operations   | (1,233,487,204)                | 645,545,392          | 931,612,035            | 150,148,605          |
| Interest expenses, net  | (221,719,806)                  | (223,376,902)        | (287,667,652)          | (46,363,610)         |
| Convertible senior notes issuance costs   | -                              | -                    | (26,052,881)           | (4,198,962)          |
| Subsidy income  | 40,902,610                     | 7,583,102            | 49,785,321             | 8,023,937            |
| Exchange loss   | (36,472,691)                   | (38,468,031)         | (147,057,916)          | (23,701,434)         |
| Other income/(loss), net  | 4,263,521                      | 6,871,869            | (1,692,199)            | (272,733)            |
| Change in fair value of forward contracts   | (9,043,079)                    | 48,390,446           | (714,742)              | (115,195)            |
| Change in fair value of convertible senior notes and capped call options                                  | (97,160,726)                   | (212,906,573)        | 64,101,644             | 10,331,310           |
| Income/(Loss) before income taxes   | (1,552,717,375)                | 233,639,303          | 582,313,610            | 93,851,918           |
| Income tax benefit/(expenses)   | 8,917,648                      | (18,532,376)         | 134,334,023            | 21,650,714           |
| Equity in (loss)/ income of affiliated companies  | (16,291)                       | (25,614,963)         | 9,549,289              | 1,539,066            |
| <b>Net (loss)/income</b>  | <b>(1,543,816,018)</b>         | <b>189,491,964</b>   | <b>726,196,922</b>     | <b>117,041,698</b>   |
| Less: Net (loss)/income attributable to the non-controlling interests                                     | (1,393,950)                    | 1,480,139            | 851,167                | 137,183              |
| Less: Accretion to redemption value of redeemable non-controlling interests                               | -                              | -                    | 52,320,700             | 8,432,566            |
| <b>Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders</b>             | <b>(1,542,422,068)</b>         | <b>188,011,825</b>   | <b>673,025,055</b>     | <b>108,471,949</b>   |
| <b>Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders per share -</b> |                                |                      |                        |                      |
| Basic   | (17.38)                        | 2.00                 | 5.47                   | 0.88                 |
| Diluted   | (17.38)                        | 1.96                 | 3.86                   | 0.62                 |
| <b>Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders per ADS -</b>   |                                |                      |                        |                      |
| Basic   | (69.52)                        | 8.00                 | 21.88                  | 3.52                 |
| Diluted   | (69.52)                        | 7.84                 | 15.44                  | 2.48                 |
| <b>Weighted average ordinary shares outstanding -</b>   |                                |                      |                        |                      |
| Basic   | 88,752,706                     | 94,018,394           | 122,980,870            | 122,980,870          |
| Diluted   | 88,752,706                     | 96,035,985           | 153,786,531            | 153,786,531          |

Each ADS represents four ordinary shares.

The accompanying notes are an integral part of these consolidated financial statements.

**JINKOSOLAR HOLDING CO., LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014**

|  | <b>For the year ended December 31,</b> |             |             |                     |
|--|--|-------------|-------------|---------------------|
|  | <b>2012</b>                            | <b>2013</b> | <b>2014</b> |                     |
|  | <b>RMB</b>                             | <b>RMB</b>  | <b>RMB</b>  | <b>USD</b>          |
|  |  |             |             | <b>(Note 2 (a))</b> |
| Net income/(loss)  | (1,543,816,018)                        | 189,491,964 | 726,196,922 | 117,041,698         |
| Other comprehensive (loss)/income:   |  |             |             |                     |
| -Unrealized gain/(loss) on available-for-sale securities   | -                                      | 6,042,434   | (5,629,905) | (907,376)           |
| -Foreign currency translation adjustments  | 371,006                                | 6,590,629   | 4,634,500   | 746,946             |
| Comprehensive income/(loss)  | (1,543,445,012)                        | 202,125,027 | 725,201,517 | 116,881,268         |
| Less: comprehensive (loss)/income attributable to non-controlling interests                      | (1,393,950)                            | 1,480,139   | 851,167     | 137,183             |
| Comprehensive income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders | (1,542,051,062)                        | 200,644,888 | 724,350,350 | 116,744,085         |

The accompanying notes are an integral part of these consolidated financial statements.

**JINKOSOLAR HOLDING CO., LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2013 AND 2014**

|  | <u>December 31, 2013</u>     | <u>December, 2014</u>        |                             |
|--|------------------------------|------------------------------|-----------------------------|
|  | RMB                          | RMB                          | USD<br>(Note 2 (a1))        |
| <b>ASSETS</b>                              |                              |                              |                             |
| <b>Current assets:</b>                     |                              |                              |                             |
| Cash and cash equivalents                  | 456,076,191                  | 1,777,020,667                | 286,403,744                 |
| Restricted cash                            | 398,499,713                  | 517,055,372                  | 83,334,199                  |
| Restricted short-term investments          | 734,093,262                  | 1,599,301,870                | 257,760,673                 |
| Short-term Investment                      | -                            | 112,000,000                  | 18,051,123                  |
| Accounts receivable, net - related parties | 284,142,012                  | 174,533,796                  | 28,129,742                  |
| Accounts receivable, net - third parties   | 1,648,747,962                | 3,118,303,420                | 502,579,283                 |
| Notes receivable - related parties         | 42,900,000                   | -                            | -                           |
| Notes receivable, net - third parties      | 254,773,792                  | 72,880,619                   | 11,746,224                  |
| Advances to suppliers - related parties    | -                            | 1,183,768                    | 190,789                     |
| Advances to suppliers - third parties      | 70,017,190                   | 80,922,345                   | 13,042,315                  |
| Inventories, net                           | 712,029,215                  | 1,891,148,051                | 304,797,739                 |
| Forward contract receivables               | 42,149,460                   | 47,712,744                   | 7,689,898                   |
| Available-for-sale investment - current    | -                            | 20,875,725                   | 3,364,556                   |
| Other receivables - related parties        | 216,255                      | 163,499                      | 26,351                      |
| Capped call options                        | 107,223,601                  | -                            | -                           |
| Deferred tax assets- current               | -                            | 77,562,041                   | 12,500,732                  |
| Prepayments and other current assets       | 591,853,975                  | 916,655,644                  | 147,738,072                 |
| <b>Total current assets</b>                | <u>5,342,722,628</u>         | <u>10,407,319,561</u>        | <u>1,677,355,440</u>        |
| <b>Non-current assets:</b>                 |                              |                              |                             |
| Restricted cash                            | 87,386,678                   | 142,737,230                  | 23,005,066                  |
| Available-for-sale investment              | 30,117,797                   | -                            | -                           |
| Project assets, net                        | 1,358,944,492                | 4,353,070,389                | 701,587,595                 |
| Investments in affiliates                  | 93,568,742                   | 103,118,031                  | 16,619,610                  |
| Property, plant and equipment, net         | 3,186,997,950                | 3,101,795,172                | 499,918,636                 |
| Land use rights, net                       | 359,084,943                  | 371,932,150                  | 59,944,581                  |
| Intangible assets, net                     | 6,463,587                    | 9,964,048                    | 1,605,913                   |
| Deferred tax assets- non-current           | -                            | 102,123,906                  | 16,459,386                  |
| Forward contract receivables-non-current   | 1,010,633                    | -                            | -                           |
| Capped call options                        | -                            | 21,098,263                   | 3,400,423                   |
| Other assets                               | 144,927,621                  | 474,477,684                  | 76,471,921                  |
| <b>Total assets</b>                        | <u><b>10,611,225,071</b></u> | <u><b>19,087,636,434</b></u> | <u><b>3,076,368,571</b></u> |

**JINKOSOLAR HOLDING CO., LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2013 AND 2014**

|  | <u>December 31, 2013</u> | <u>December, 2014</u> |                      |
|--|--------------------------|-----------------------|----------------------|
|  | RMB                      | RMB                   | USD<br>(Note 2 (a1)) |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                          |                       |                      |
| <b>Current liabilities:</b>  |                          |                       |                      |
| Accounts payable - related parties   | 2,468,361                | 1,478,529             | 238,296              |
| Accounts payable - third parties   | 1,765,268,321            | 3,147,731,807         | 507,322,278          |
| Notes payable - third parties  | 1,411,994,112            | 2,452,443,808         | 395,262,194          |
| Accrued payroll and welfare expenses   | 238,654,518              | 312,431,376           | 50,354,797           |
| Advances from third party customers  | 147,583,274              | 423,088,515           | 68,189,491           |
| Income tax payables  | 15,624,500               | 75,789,187            | 12,215,000           |
| Other payables and accruals  | 830,373,565              | 1,392,143,677         | 224,372,833          |
| Other payables due to a related party  | 3,261,649                | 7,577,316             | 1,221,242            |
| Forward contract payables  | 10,080,395               | 30,901,012            | 4,980,339            |
| Convertible senior notes - current   | 770,485,897              | -                     | -                    |
| Deferred tax liabilities - current   | -                        | 6,187,087             | 997,177              |
| Accrued interests on bond  | 66,725,778               | 66,725,778            | 10,754,243           |
| Short-term borrowings, including current portion of long-term bank borrowings  | 1,974,593,927            | 2,606,866,459         | 420,150,607          |
| <b>Total current liabilities</b>   | <b>7,237,114,297</b>     | <b>10,523,364,551</b> | <b>1,696,058,497</b> |
| <b>Non-current liabilities:</b>  |                          |                       |                      |
| Long-term borrowings   | 362,000,000              | 956,500,000           | 154,159,817          |
| Long-term payables   | 32,395,842               | 66,906,667            | 10,783,397           |
| Bonds payable  | 800,000,000              | 800,000,000           | 128,936,595          |
| Accrued warranty costs - non-current   | 159,101,344              | 229,489,242           | 36,986,952           |
| Convertible senior notes   | -                        | 1,540,398,645         | 248,267,196          |
| Deferred tax liabilities - non-current   | -                        | 2,572,785             | 414,658              |
| <b>Total non-current liabilities</b>   | <b>1,353,497,186</b>     | <b>3,595,867,339</b>  | <b>579,548,615</b>   |
| <b>Total liabilities</b>   | <b>8,590,611,483</b>     | <b>14,119,231,890</b> | <b>2,275,607,112</b> |
| Commitment and contingencies   | -                        | -                     | -                    |
| Redeemable non-controlling interests   | -                        | 1,435,585,290         | 231,374,350          |
| <b>Shareholders' equity:</b>   |                          |                       |                      |
| Ordinary shares (US\$0.00002 par value, 500,000,000 shares authorized, 108,051,630 and 124,292,030 shares issued and outstanding as of December 31, 2013 and 2014, respectively) | 15,574                   | 17,560                | 2,830                |
| Additional paid-in capital   | 1,968,702,066            | 2,794,024,929         | 450,315,077          |
| Statutory reserves   | 184,929,183              | 251,905,070           | 40,599,728           |
| Accumulated other comprehensive income   | 12,869,458               | 11,874,053            | 1,913,750            |
| Treasury stock, at cost: 1,723,200 shares of ordinary shares as of December 31, 2013 and 2014, respectively  | (13,875,553)             | (13,875,553)          | (2,236,333)          |
| (Accumulated losses)/Retained earnings   | (142,897,904)            | 463,151,264           | 74,646,434           |
| <b>Total JinkoSolar Holding Co., Ltd. shareholders' equity</b>   | <b>2,009,742,824</b>     | <b>3,507,097,323</b>  | <b>565,241,486</b>   |
| Non-controlling interests  | 10,870,764               | 25,721,931            | 4,145,623            |
| <b>Total shareholders' equity</b>  | <b>2,020,613,588</b>     | <b>3,532,819,254</b>  | <b>569,387,109</b>   |
| <b>Total liabilities and shareholders' equity</b>  | <b>10,611,225,071</b>    | <b>19,087,636,434</b> | <b>3,076,368,571</b> |

The accompanying notes are an integral part of these consolidated financial statements.

**JINKOSOLAR HOLDING CO., LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014**

|   | Ordinary shares    |                  |                                   | JinkoSolar Holding Co., shareholders' equity |  |                       |   |                                  | Total shareholders' equity<br>RMB |
|---|--------------------|------------------|-----------------------------------|--|--|-----------------------|---|----------------------------------|-----------------------------------|
|   | Number of shares   | Par value<br>RMB | Additional paid-in capital<br>RMB | Statutory reserves<br>RMB                    | Accumulated other comprehensive (loss)/income<br>RMB | Treasury Stock<br>RMB | Retained earnings (Accumulated losses)<br>RMB | Non-controlling interests<br>RMB |                                   |
| <b>Balance as of January 1, 2012</b>                                  | <b>89,435,058</b>  | <b>13,200</b>    | <b>1,507,224,827</b>              | <b>178,984,364</b>                           | <b>(134,611)</b>                                     | <b>(8,354,423)</b>    | <b>1,217,457,158</b>                          | <b>9,983,063</b>                 | <b>2,905,173,578</b>              |
| Capital contribution from non-controlling interests holders           | -                  | -                | -                                 | -  | -  | -                     | -   | 100,000                          | 100,000                           |
| Share-based compensation  | -                  | -                | 17,343,110                        | -  | -  | -                     | -   | -                                | 17,343,110                        |
| Repurchase of shares of the Company                                   | (694,280)          | -                | -                                 | -  | -  | (5,521,130)           | -   | -                                | (5,521,130)                       |
| Foreign currency translation adjustment                               | -                  | -                | -                                 | -  | 371,006  | -                     | -   | -                                | 371,006                           |
| Exercise of share options   | 18,000             | 2                | 160,859                           | -  | -  | -                     | -   | -                                | 160,861                           |
| Appropriation to statutory reserves                                   | -                  | -                | -                                 | 56,894                                       | -  | -                     | (56,894)                                      | -                                | -                                 |
| Net loss  | -                  | -                | -                                 | -  | -  | -                     | (1,542,422,068)                               | (1,393,950)                      | (1,543,816,018)                   |
| <b>Balance as of December 31, 2012</b>                                | <b>88,758,778</b>  | <b>13,202</b>    | <b>1,524,728,796</b>              | <b>179,041,258</b>                           | <b>236,395</b>                                       | <b>(13,875,553)</b>   | <b>(325,021,804)</b>                          | <b>8,689,113</b>                 | <b>1,373,811,407</b>              |
| Disposition of non-controlling interests                              | -                  | -                | -                                 | -  | -  | -                     | -   | 799,637                          | 799,637                           |
| Acquisition of non-controlling interests                              | -                  | -                | (4,404,391)                       | -  | -  | -                     | -   | (98,125)                         | (4,502,516)                       |
| Issuance of shares  | 17,480,000         | 2,149            | 411,728,568                       | -  | -  | -                     | -   | -                                | 411,730,717                       |
| Share-based compensation charge                                       | -                  | -                | 17,992,206                        | -  | -  | -                     | -   | -                                | 17,992,206                        |
| Foreign currency translation adjustment                               | -                  | -                | -                                 | -  | 6,590,629  | -                     | -   | -                                | 6,590,629                         |
| Unrealized gain on available-for-sale investment                      | -                  | -                | -                                 | -  | 6,042,434  | -                     | -   | -                                | 6,042,434                         |
| Exercise of share options   | 1,812,852          | 223              | 18,656,887                        | -  | -  | -                     | -   | -                                | 18,657,110                        |
| Appropriation to statutory reserves                                   | -                  | -                | -                                 | 5,887,925                                    | -  | -                     | (5,887,925)                                   | -                                | -                                 |
| Net income  | -                  | -                | -                                 | -  | -  | -                     | 188,011,825                                   | 1,480,139                        | 189,491,964                       |
| <b>Balance as of December 31, 2013</b>                                | <b>108,051,630</b> | <b>15,574</b>    | <b>1,968,702,066</b>              | <b>184,929,183</b>                           | <b>12,869,458</b>                                    | <b>(13,875,553)</b>   | <b>(142,897,904)</b>                          | <b>10,870,764</b>                | <b>2,020,613,588</b>              |
| Acquisition of non-controlling interests                              | -                  | -                | -                                 | -  | -  | -                     | -   | 14,000,000                       | 14,000,000                        |
| Issuance of shares  | 15,000,000         | 1,834            | 769,144,459                       | -  | -  | -                     | -   | -                                | 769,146,293                       |
| Share-based compensation charge                                       | -                  | -                | 42,689,995                        | -  | -  | -                     | -   | -                                | 42,689,995                        |
| Foreign currency translation adjustment                               | -                  | -                | -                                 | -  | 4,634,500  | -                     | -   | -                                | 4,634,500                         |
| Unrealized gain on available-for-sale investment                      | -                  | -                | -                                 | -  | (5,629,905)  | -                     | -   | -                                | (5,629,905)                       |
| Exercise of share options   | 1,240,400          | 152              | 13,488,409                        | -  | -  | -                     | -   | -                                | 13,488,561                        |
| Appropriation to statutory reserves                                   | -                  | -                | -                                 | 66,975,887                                   | -  | -                     | (66,975,887)                                  | -                                | -                                 |
| Accretion to redemption value of redeemable non-controlling interests | -                  | -                | -                                 | -  | -  | -                     | (52,320,700)                                  | -                                | (52,320,700)                      |
| Net income  | -                  | -                | -                                 | -  | -  | -                     | 725,345,755                                   | 851,167                          | 726,196,922                       |
| <b>Balance as of December 31, 2014</b>                                | <b>124,292,030</b> | <b>17,560</b>    | <b>2,794,024,929</b>              | <b>251,905,070</b>                           | <b>11,874,053</b>                                    | <b>(13,875,553)</b>   | <b>463,151,264</b>                            | <b>25,721,931</b>                | <b>3,532,819,254</b>              |
| <b>Balance as of December 31, 2014 US\$ (Notes 2(a1))</b>             | <b>124,292,030</b> | <b>2,830</b>     | <b>450,315,077</b>                | <b>40,599,728</b>                            | <b>1,913,750</b>                                     | <b>(2,236,333)</b>    | <b>74,646,434</b>                             | <b>4,145,623</b>                 | <b>569,387,109</b>                |

The accompanying notes are an integral part of these consolidated financial statements.



**JINKOSOLAR HOLDING CO., LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014**

|   | For the year ended December 31, |                    |                    |                      |
|---|---------------------------------|--------------------|--------------------|----------------------|
|   | 2012                            | 2013               | 2014               |                      |
|   | RMB                             | RMB                | RMB                | USD<br>(Note 2 (a1)) |
| <b>Cash flows from operating activities:</b>  |                                 |                    |                    |                      |
| Net income/(loss)   | (1,543,816,018)                 | 189,491,964        | 726,196,922        | 117,041,698          |
| Adjustments to reconcile net income to net cash provided by/(used in) operating activities: |                                 |                    |                    |                      |
| Change in fair value of forward contracts   | 51,990,656                      | (25,640,169)       | 16,267,966         | 2,621,920            |
| Change in fair value of convertible senior notes  | 96,851,674                      | 305,202,478        | (150,790,707)      | (24,303,050)         |
| Change in fair value of capped call options   | 309,052                         | (92,295,905)       | 86,689,063         | 13,971,741           |
| Share-based compensation charge   | 17,343,110                      | 17,992,206         | 42,689,995         | 6,880,378            |
| Deferred income taxes   | (518,086)                       | 910,065            | (170,760,020)      | (27,521,520)         |
| Depreciation of property, plant and equipment   | 323,152,636                     | 328,311,127        | 348,022,445        | 56,091,036           |
| Depreciation of project assets  | 5,141,460                       | 27,309,105         | 85,693,840         | 13,811,340           |
| Amortization of land use rights   | 6,546,151                       | 6,664,272          | 6,882,863          | 1,109,316            |
| Amortization of intangible assets   | 764,312                         | 953,290            | 1,136,953          | 183,244              |
| Inventories provision   | 332,337,477                     | 163,728,489        | 75,935,281         | 12,238,546           |
| Provision(reversal of provision) for allowance of doubtful accounts                         | 493,925,280                     | (186,895,819)      | 27,151,987         | 4,376,106            |
| Provision for notes receivable  | -                               | 18,000,000         | -                  | -                    |
| Provision for advance to suppliers  | 227,073,440                     | -                  | 2,694,857          | 434,332              |
| Loss on disposal of property, plant and equipment   | 5,061,124                       | 10,139,836         | 19,008,054         | 3,063,542            |
| Write off of prepayment for property, plant and equipment                                   | 44,193,769                      | -                  | -                  | -                    |
| Gain on disposal of investment in a subsidiary  | -                               | (1,200,363)        | -                  | -                    |
| Property, plant and equipment impairment  | 65,476,299                      | 3,573,248          | 6,217,151          | 1,002,023            |
| Convertible senior notes issuance cost  | -                               | -                  | 26,052,881         | 4,198,962            |
| Equity in losses/(gain) of affiliated companies   | 16,291                          | 25,614,963         | (9,549,289)        | (1,539,066)          |
| Amortization of deferred financing cost   | 250,000                         | -                  | -                  | -                    |
| Exchange loss   | 36,472,691                      | 38,468,031         | 147,057,916        | 23,701,434           |
| <b>Changes in operating assets and liabilities:</b>   |                                 |                    |                    |                      |
| (Increase)/Decrease in accounts receivable – third parties                                  | (897,969,098)                   | 179,373,854        | (1,627,833,342)    | (262,359,111)        |
| (Increase)/Decrease in accounts receivable - related parties                                | -                               | (178,610,644)      | 109,608,216        | 17,665,638           |
| (Increase)/Decrease in notes receivable – third parties                                     | 15,855,857                      | (271,350,019)      | 181,893,173        | 29,315,858           |
| (Increase)/Decrease in notes receivable - related parties                                   | -                               | (42,900,000)       | 42,900,000         | 6,914,225            |
| Decrease/(Increase) in advances to suppliers – third parties                                | 122,844,275                     | (6,547,082)        | (13,375,361)       | (2,155,717)          |
| Increase in advances to suppliers - related party   | -                               | -                  | (1,183,768)        | (190,789)            |
| Increase in inventories   | (62,224,526)                    | (347,795,326)      | (1,255,054,117)    | (202,278,006)        |
| (Increase)/Decrease in other receivables - related parties                                  | (5,149,138)                     | 5,624,125          | 52,756             | 8,503                |
| (Increase)/Decrease in prepayments and other current assets                                 | 395,021,362                     | (168,266,310)      | (309,737,240)      | (49,920,581)         |
| Increase in other assets  | (57,573,276)                    | (15,582,225)       | (261,751,916)      | (42,186,752)         |
| Increase in accounts payable – third parties  | 991,337,723                     | 412,963,858        | 1,381,021,677      | 222,580,292          |
| Decrease in accounts payable - related parties  | -                               | (27,576,884)       | (989,832)          | (159,532)            |
| Increase in accrued payroll and welfare expenses  | 29,738,283                      | 32,242,439         | 73,776,858         | 11,890,671           |
| (Decrease)/Increase in advances from – third party customers                                | (9,826,997)                     | 26,552,112         | 275,721,519        | 44,438,242           |
| (Decrease)/Increase in income tax payables  | (32,880,865)                    | 15,621,225         | 60,164,687         | 9,696,787            |
| Increase in other payables and accruals – third parties                                     | 64,829,196                      | 180,022,355        | 240,940,423        | 38,832,547           |
| Increase in other payables and accruals – related parties                                   | 1,176,829                       | 990,773            | 4,315,667          | 695,559              |
| Decrease in guarantee liabilities   | (1,500,000)                     | -                  | -                  | -                    |
| <b>Net cash provided by operating activities</b>  | <b>716,250,943</b>              | <b>625,089,069</b> | <b>187,067,558</b> | <b>30,149,816</b>    |

|  |                      |                        |                        |                      |
|--|----------------------|------------------------|------------------------|----------------------|
| <b>Cash flows from investing activities:</b>   |                      |                        |                        |                      |
| Maturity of restricted short-term investment   | 1,163,205,621        | 1,727,611,910          | 1,288,659,345          | 207,694,186          |
| Maturity of short-term investments   | -                    | -                      | 132,500,000            | 21,355,124           |
| Cash received from third party for disposal of investment in subsidiaries                | -                    | 2,000,000              | -                      | -                    |
| Proceeds from disposal of property, plant and equipment                                  | 45,166,512           | 1,581,644              | 16,162,935             | 2,604,992            |
| Proceeds from disposal of intangible assets  | -                    | 391,541                | -                      | -                    |
| Deferred government grants related to assets   | 119,820,411          | 63,331,500             | 92,440,000             | 14,898,624           |
| Decrease/(Increase) in restricted cash   | (35,248,372)         | (246,791,432)          | (135,427,099)          | (21,826,886)         |
| Purchase of property, plant and equipment  | (241,145,388)        | (463,242,173)          | (489,978,748)          | (78,970,239)         |
| Cash paid for project assets   | (116,845,750)        | (529,519,126)          | (2,511,677,528)        | (404,808,937)        |
| Payment of deposit for acquisition of subsidiaries                                       | -                    | -                      | (10,000,000)           | (1,611,707)          |
| Cash paid for land use rights  | (7,200)              | (12,305,449)           | (9,380,139)            | (1,511,804)          |
| Purchase of intangible assets  | (3,481,518)          | (1,434,820)            | (4,637,414)            | (747,415)            |
| Purchase of restricted short-term investments  | (1,391,451,906)      | (1,739,243,853)        | (2,153,867,953)        | (347,140,501)        |
| Purchase of short-term investments   | -                    | -                      | (244,500,000)          | (39,406,247)         |
| Cash paid for investments in affiliates  | (35,200,000)         | (84,000,000)           | -                      | -                    |
| Cash paid for acquisition of subsidiaries, net of cash acquired                          | (5,584,599)          | (4,502,516)            | (129,047,885)          | (20,798,744)         |
| <b>Net cash used in investing activities</b>   | <b>(500,772,189)</b> | <b>(1,286,122,774)</b> | <b>(4,158,754,486)</b> | <b>(670,269,554)</b> |
| <b>Cash flows from financing activities:</b>   |                      |                        |                        |                      |
| Proceeds from redeemable preferred shares issuance by subsidiary                         | -                    | -                      | 1,383,264,590          | 222,941,784          |
| Proceeds from exercise of share options  | -                    | 17,551,472             | 14,528,109             | 2,341,506            |
| Proceeds from issuance of ordinary shares  | -                    | 413,004,026            | 770,201,158            | 124,133,894          |
| Proceeds from issuance of convertible senior notes                                       | -                    | -                      | 914,850,000            | 147,447,055          |
| Issuance cost paid for issuance of convertible senior notes                              | -                    | -                      | (26,052,881)           | (4,198,962)          |
| Proceeds from issuance of bonds  | 300,000,000          | 800,000,000            | -                      | -                    |
| Capital contributions by non-controlling interests holders                               | 100,000              | -                      | 8,800,000              | 1,418,303            |
| Proceeds from borrowings   | 3,664,587,785        | 3,399,340,045          | 5,220,563,513          | 841,402,107          |
| Increase in notes payable  | 239,305,886          | 63,857,600             | 1,040,449,696          | 167,690,052          |
| Repayment of borrowings  | (3,600,565,060)      | (3,469,138,668)        | (3,984,432,151)        | (642,173,895)        |
| Repayment of bonds payable   | (1,000,000,000)      | (300,000,000)          | -                      | -                    |
| Change in cash restricted for notes payable  | 25,863,067           | (83,534,197)           | (38,479,112)           | (6,201,707)          |
| <b>Net cash provided by/(used in) financing activities</b>                               | <b>(370,708,322)</b> | <b>841,080,278</b>     | <b>5,303,692,922</b>   | <b>854,800,137</b>   |
| Effect of foreign exchange rate changes on cash and cash equivalents                     | 508,622              | (3,100,397)            | (11,061,518)           | (1,782,794)          |
| Net (decrease)/increase in cash and cash equivalents                                     | (154,720,946)        | 176,946,176            | 1,320,944,476          | 212,897,605          |
| Cash and cash equivalents, beginning of year   | 433,850,961          | 279,130,015            | 456,076,191            | 73,506,139           |
| Cash and cash equivalents, end of year   | 279,130,015          | 456,076,191            | 1,777,020,667          | 286,403,744          |
| <b>Supplemental disclosure of cash flow information</b>                                  |                      |                        |                        |                      |
| Cash paid for income tax   | 26,447,159           | 1,600,684              | 35,014,405             | 5,643,298            |
| Cash paid for interest expenses (net of amounts capitalized)                             | 223,163,459          | 145,665,079            | 201,206,133            | 32,428,542           |
| <b>Supplemental disclosure of non-cash investing and financing cash flow information</b> |                      |                        |                        |                      |
| Purchases of property, plant and equipment included in other payables                    | 253,431,693          | 209,168,858            | 94,041,991             | 15,156,818           |
| Purchases of project assets included in other payables                                   | 184,623,149          | 282,999,774            | 711,359,860            | 114,650,398          |
| Settlement of accounts receivable through receipt of convertible notes                   | -                    | 24,823,040             | -                      | -                    |
| Utilization of prepayment for share repurchase made in prior year                        | 5,521,130            | -                      | -                      | -                    |
| Proceeds from exercise of share options received in subsequent period                    | 160,861              | 1,266,499              | 226,952                | 36,578               |
| Payment of issuance cost for follow-on offering in subsequent period                     | -                    | 1,273,309              | 2,328,174              | 375,234              |
| Non cash contribution from non-controlling shareholders                                  | -                    | -                      | 5,200,000              | 838,088              |

**JINKOSOLAR HOLDING CO., LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012, 2013 AND 2014**

**1. ORGANIZATION AND NATURE OF OPERATIONS**

JinkoSolar Holding Co., Ltd. (the "Company") was incorporated in the Cayman Islands on August 3, 2007. On May 14, 2010, the Company became listed on the New York Stock Exchange ("NYSE") in the United States. The Company and its subsidiaries (collectively the "Group") are principally engaged in the design, development, production and marketing of photovoltaic products and provision of solar system integration services as well as developing commercial solar power projects.

JinkoSolar Technology Limited ("Paker", formally known as Paker Technology Limited) was incorporated in Hong Kong as a limited liability company on November 10, 2006 by a Hong Kong citizen and a citizen of People's Republic of China ("the PRC"), who held the investment on behalf of three PRC shareholders (the "Shareholders") via a series of entrustment agreements. On December 16, 2008, all of the then existing shareholders of Paker exchanged their respective shares of Paker for equivalent classes of shares of the Company (the "Share Exchange"). As a result, Paker became a wholly-owned subsidiary of the Company. On December 13, 2006, Paker established Jinko Solar Co., Ltd. ("Jiangxi Jinko") as a wholly foreign owned enterprise in Shangrao, Jiangxi province, the PRC.

The following table sets forth information concerning the Company's major subsidiaries as of December 31, 2014:

| <b>Subsidiaries</b>   | <b>Date of Incorporation /Acquisition</b> | <b>Place of Incorporation</b> | <b>Percentage of ownership</b> |
|---|---|-------------------------------|--------------------------------|
| JinkoSolar Technology Limited (“Paker”)                             | November 10, 2006                         | Hong Kong                     | 100%                           |
| Jinko Solar Co., Ltd. (“Jiangxi Jinko”)                             | December 13, 2006                         | PRC                           | 100%                           |
| Zhejiang Jinko Solar Co., Ltd.(“Zhejiang Jinko”)                    | June 30, 2009                             | PRC                           | 100%                           |
| JinkoSolar International Limited (“JinkoSolar International”)       | November 25, 2009                         | Hong Kong                     | 100%                           |
| Jinko Solar Import and Export Co., Ltd. (“Jinko Import and Export”) | December 24, 2009                         | PRC                           | 100%                           |
| JinkoSolar GmbH (“Jinko GmbH”)                                      | April 1, 2010                             | Germany                       | 100%                           |
| Zhejiang Jinko Trading Co., Ltd.(“Zhejiang Trading”)                | June 13, 2010                             | PRC                           | 100%                           |
| JinkoSolar (U.S.) Inc. (“Jinko US”)                                 | August 19, 2010                           | USA                           | 100%                           |
| Jiangxi Photovoltaic Materials Co., Ltd (“Jiangxi Materials”)       | December 1, 2010                          | PRC                           | 100%                           |
| JinkoSolar (Switzerland) AG(“Jinko Switzerland”)                    | May 3, 2011                               | Switzerland                   | 100%                           |
| JinkoSolar (US) Holdings Inc.(“Jinko US Holding”)                   | June 7, 2011                              | USA                           | 100%                           |
| JinkoSolar Italy S.R.L. (“Jinko Italy”)                             | July 8, 2011                              | Italy                         | 100%                           |
| JinkoSolar SAS (“Jinko France”)                                     | September 12, 2011                        | France                        | 100%                           |
| Jinko Solar Canada Co., Ltd (“Jinko Canada”)                        | November 18, 2011                         | Canada                        | 100%                           |
| Jinko Solar Australia Holdings Co. Pty Ltd (“Jinko Australia”)      | December 7, 2011                          | Australia                     | 100%                           |
| Jinko Solar Pty Ltd. (“JinkoSolar South Africa”)                    | April 13, 2012                            | South Africa                  | 100%                           |
| Jinko Solar Japan K.K. (“JinkoSolar Japan”)                         | May 21, 2012                              | Japan                         | 100%                           |
| JinkoSolar Power Engineering Group Limited (“JinkoSolar Power”)*    | November 12, 2013                         | Cayman                        | 100%                           |
| JinkoSolar WWG Investment Co., Ltd (“WWG Investment”)               | April 8, 2014                             | Cayman                        | 100%                           |
| JinkoSolar Comércio do Brazil Ltda (“JinkoSolar Brazil”)            | January 14, 2014                          | Brazil                        | 100%                           |
| Projinko Solar Portugal Unipessoal LDA.                             | February 20, 2014                         | Portugal                      | 100%                           |
| JinkoSolar Mexico S.DE R.L. DE C.V. (“JinkoSolar Mexico”)           | February 25, 2014                         | Mexico                        | 100%                           |
| Jiangxi Jinko Domestic Photovoltaics Technology Co., Ltd            | October 8, 2014                           | PRC                           | 100%                           |
| Zhejiang Jinko Financial Leasing Co., Ltd                           | October 10, 2014                          | PRC                           | 100%                           |
| Zhejiang Jinko Domestic Photovoltaics Technology Co., Ltd           | October 15, 2014                          | PRC                           | 100%                           |
| Shanghai Jinko Photovoltaics Technology Co., Ltd                    | November 6, 2014                          | PRC                           | 100%                           |
| Shanghai Jinko Financial Information Service Co., Ltd               | November 7, 2014                          | PRC                           | 100%                           |
| JinkoSolar Household PV Technology Holding Co., Ltd                 | December 30, 2014                         | Hong Kong                     | 100%                           |

\* JinkoSolar Power, a 55% owned subsidiary of WWG Investment, is the holding company of the Group’s solar project business. The following table sets forth information concerning the JinkoSolar Power’s major subsidiaries as of December 31, 2014:

| <b>Subsidiaries</b>  | <b>Date of Incorporation</b> | <b>Place of Incorporation</b> | <b>Percentage of ownership</b> |
|--|------------------------------|-------------------------------|--------------------------------|
| Canton Best Limited (“Canton Best BVI”) **   | September 16, 2013           | BVI                           | 100%                           |
| Wide Wealth Group Holding Limited (“Wide Wealth Hong Kong”)**  | June 11, 2012                | Hong Kong                     | 100%                           |
| Jiangxi JinkoSolar Engineering Co. Ltd. (“Jinko Engineering”) (Originally named as Shangrao Jinko PV Technology Engineering Co., Ltd.) | July 28, 2011                | PRC                           | 100%                           |

|   |                    |     |      |
|---|--------------------|-----|------|
| Jinko Power Co., Ltd. (Zhejiang) (formerly Haining JinkoSolar Investment Co.,Ltd) | September 14, 2012 | PRC | 100% |
|---|--------------------|-----|------|

\*\*Canton Best BVI is a wholly owned subsidiary of JinkoSolar Power, and Wide Wealth Hong Kong is a wholly owned subsidiary of Canton Best BVI. Wide Wealth Hong Kong holds 100% equity interests in Jinko Engineering which further holds 100% equity interests in Jinko Power Co., Ltd. (Zhejiang). Jinko Power Co., Ltd. (Zhejiang) holds 43 solar power project entities in the PRC.

## **2. PRINCIPAL ACCOUNTING POLICIES**

### ***a. Basis of presentation and use of estimates***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Group bases its estimates on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Significant accounting estimates reflected in the Company's consolidated financial statements include allowance for doubtful receivables, provision for inventories and advances to suppliers, impairment of long-lived assets, the economic useful lives of property, plant and equipment, project assets and intangible assets, certain accrued liabilities including accruals for warranty costs, accounting for share-based compensation, fair value measurements of share-based compensation and financial instruments, legal contingencies, income taxes and related deferred tax valuation allowance.

### ***b. Consolidation***

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All significant transactions and balances among the Company and its subsidiaries have been eliminated upon consolidation.

For the Group's majority-owned subsidiaries, non-controlling interests is recognized to reflect the portion of their equity interests which are not attributable, directly or indirectly, to the Group. Consolidated net income on the consolidated statement of operation includes the net income attributable to noncontrolling interests. The cumulative results of operations attributable to noncontrolling interests are recorded as noncontrolling interests in the Group's consolidated balance sheets. Cash flows related to transactions with noncontrolling interests are presented under financing activities in the consolidated statements of cash flows.

### ***c. Foreign currency translation***

The Group's reporting currency is the Renminbi ("RMB"), the official currency in the PRC. The Company and certain subsidiaries use RMB as their functional currency. Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates quoted by the People's Bank of China (the "PBOC") prevailing at the dates of the transactions. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of operations. Monetary assets and liabilities denominated in foreign currencies are translated into RMB using the applicable exchange rates quoted by the PBOC at the applicable balance sheet dates. All such exchange gains or losses are included in exchange loss in the consolidated statements of operations.

For consolidation purpose, the financial statements of the Company's subsidiaries whose functional currencies are other than the RMB are translated into RMB using exchange rates quoted by PBOC. Assets and liabilities are translated at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses and gains and losses are translated using the average exchange rates for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of in accumulated other comprehensive income in the consolidated statement of comprehensive income/ (loss).

The RMB is not a freely convertible currency. The PRC State Administration for Foreign Exchange, under the authority of PBOC, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in China's foreign exchange trading system market. The Company's aggregate amount of cash, cash equivalents and restricted cash denominated in RMB amounted to RMB602.7 million and RMB1,264.4 million as of December 31, 2013 and 2014, respectively.

### ***d. Cash and cash equivalents***

Cash and cash equivalents represent cash on hand and demand deposits placed with banks or other financial institutions, which have original maturities of three months or less.

### ***e. Restricted cash***

Restricted cash represents deposits legally held by banks which are not available for the Group's general use. These deposits are held as collateral for issuance of letters of credit or guarantee, bank acceptance notes to vendors for purchase of machinery and inventories and forward contracts.

### ***f. Restricted short-term investments***

Restricted short-term investments represent the time deposits legally hold by banks with original maturities longer than three months and less than one year, which are held as collateral for issuance of letters of credit, guarantee, bank acceptance notes or deposits for short-term borrowings.

### ***g. Available-for-sale investment***

Investments in debt and equity securities are, on initial recognition, classified into the three categories: held-to-maturity securities, trading securities and available-for-sale securities. Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity securities and reported at amortized cost. Debt and equity securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses included in earnings. Debt and equity securities not classified as either held-to-maturity securities or trading securities are classified as available-for-sale investments and are reported at fair value, with unrealized gains and losses recognized in accumulated other comprehensive income.



Subsequent to initial recognition, available-for-sale investment is measured at fair value with changes in fair value recognized in accumulated other comprehensive income included in shareholders' equity. When there is objective evidence that the investment is impaired, the cumulative losses from the declines in fair value that had been recognized directly in accumulated other comprehensive income are removed from equity and recognized in the statement of operations. When the available-for-sale investment is sold, the cumulative fair value adjustments previously recognized in accumulated other comprehensive income are recognized in the statement of operations. The Group evaluates the investments periodically for possible other-than temporary impairment. When other-than-temporary impairment has occurred for an available-for-sale debt security and the Group intends to sell the security or more likely than not will be required to sell the security before recovery of its amortized cost basis less any current-period credit loss, an impairment loss is recognized in earnings equal to the difference between the investment's amortized cost basis and its fair value at the balance sheet date. The new cost basis will not be changed for subsequent recoveries in fair value. To determine whether a loss is other-than-temporary, the Group reviews the cause and duration of the impairment, the extent to which fair value is less than cost, the financial condition and near-term prospects of the issuer, and the Group's intent and ability to hold the security for a period of time sufficient to allow for any anticipated recovery of its cost.

On September 20, 2013, the parent company ("Issuer") of one of the Company's customers issued convertible bond ("Bond") to the Company in order to settle the outstanding receivables owed by that customer of EUR 2,948,489. The Bond matures on December 31, 2015. Each Bond is convertible into one share at 1:1 ratio during September 1, 2014 to December 31, 2014, or June 1, 2015 to December 31, 2015. The Bond bears a simple interest of 5% per annum and is payable every six months in arrears on June 30 and December 31 of each year from 2013 to 2015. The Issuer, at any time, may redeem all the Bond outstanding by paying a sum of money at an amount equal to the greater of (1) the total nominal value of the Bond plus outstanding interest and (2) the counter-value. Upon maturity, the outstanding Bond will be reimbursed at the nominal value together with the accrued and unpaid interests.

The Company recorded such Bond as available-for-sale instruments as its intent is to convert the Bond into common shares when the common share price appreciates over its nominal value during the two convertible periods, and recorded the fair value change in the Bond in accumulated other comprehensive income.

#### ***h. Notes receivable and payable***

Notes receivable represents bank or commercial drafts that have been arranged with third-party financial institutions by certain customers to settle their purchases from the Group. The carrying amount of notes receivable approximate their fair values due to the short-term maturity of the notes receivables. The allowance against notes receivable was RMB18,000,000 and nil as of December 31, 2013 and 2014, respectively. Allowance amount of RMB 18,000,000 as of December 31, 2013 was reversed in 2014 upon subsequent collection.

The Group also issues bank acceptance notes to its suppliers in China in the normal course of business. The Group classifies the changes in notes payable and the restricted cash held as collateral for issuance of bank acceptance notes as financing activities.

Notes receivable and payable are typically non-interest bearing and have maturities of less than six months.

#### ***i. Accounts receivable***

Specific provisions are made against accounts receivable for estimated losses resulting from the inability of the Group's customers to make payments. The Group periodically assesses accounts receivable balances to determine whether an allowance for doubtful accounts should be made based upon historical bad debts, specific customer creditworthiness and current economic trends. Accounts receivable in the balance sheets are stated net of such provision, if any. Before approving sales to each customer, the Group conducts a credit assessment for each customer to evaluate the collectability of such sales. The assessment usually takes into consideration the credit worthiness of such customer and its guarantor, if any, the Group's historical payment experience with such customer, industry-wide trends with respect to credit terms, including the terms offered by competitors, and the macro-economic conditions of the region to which sales will be made. The Group will execute a sales order with a customer and arrange for shipment only if its credit assessment concludes that the collectability with such customer is reasonably assured. The Group may also from time to time require security deposits from certain customers to minimize its credit risk. After the sales are made, the Group closely monitors the credit situation of each customer on an on-going basis for any subsequent change in its financial position, business development and credit rating, and evaluates whether any of such adverse change warrants further action to be taken by the Group, including asserting claims and/or initiating legal proceedings against the customer and/or its guarantor, as well as making provisions. It is also the Group's general practice to suspend further sales to any customer with significant overdue balances. The receivable from insurance is only recorded when insurance claim has been submitted to the insurance company and been accepted and acknowledged by the carrier and recovery is considered reasonably assured. Upon recording the recovery, the bad debt expense is reduced.

#### ***j. Short-term and long-term advances to suppliers***

The Group provides short-term and long-term advances to secure its raw material needs, which are then offset against future purchases. The Group continually assesses the credit quality of its suppliers and the factors that affect the credit risk. If there is deterioration in the creditworthiness of its suppliers, the Group will seek to recover its advances to suppliers and provide for losses on advances which are akin to receivables in operating expenses because of suppliers' inability to return its advances. Recoveries of the allowance for advances to supplier are recognized when they are received. The Company classified short-term and long-term advances to suppliers based on management's best estimate of the expected purchase in the next twelve-months as of the balance sheet date and the Group's ability to make requisite purchases under existing supply contracts. The balances expected to be utilized outside of the 12 months are recorded in advances to suppliers to be utilized beyond one year. A provision of advance to suppliers of RMB 227,073,440, nil and RMB2,694,857 was recorded for the years ended December 31, 2012, 2013 and 2014, respectively.



#### ***k. Inventories***

Inventories are stated at the lower of cost or market. Cost is determined using the weighted average method. Provisions are made for excessive, slow moving and obsolete inventories as well as for inventories with carrying values in excess of market. Certain factors could impact the realizable value of inventory, so the Group continually evaluates the recoverability based on assumptions about customer demand and market conditions. The evaluation may take into consideration historical usage, expected demand, anticipated sales price, new product development schedules, the effect new products might have on the sale of existing products, product obsolescence, customer concentrations, and other factors. The reserve or write-down is equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual market conditions are less favorable than those projected by management, additional inventory reserves or write-downs may be required that could negatively impact the Group's gross margin and operating results. If actual market conditions are more favorable, the Group may have higher gross margin when products that have been previously reserved or written down are eventually sold. The sale of previously reserved inventory did not have a material impact on our gross margin percentage for any of the years presented.

In addition, the Group analyzes its firm purchase commitments, if any, at each period end. Provision is made in the current period if the net realizable value after considering estimated costs to convert polysilicon into saleable finished goods is higher than market selling price of finished goods as of the end of a reporting period. There was no loss provision recorded related to these long-term contracts for each of the three years ended December 31, 2012, 2013 and 2014.

#### ***l. Property, plant and equipment, net***

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes the prices paid to acquire or construct the assets, interest capitalized during the construction period and any expenditure that substantially extends the useful life of an existing asset. Depreciation is computed using the straight-line method over the following estimated useful lives:

|   |           |
|---|-----------|
| Buildings                               | 20 years  |
| Machinery and equipment                 | 10 years  |
| Furniture, fixture and office equipment | 3-5 years |
| Motor vehicles                          | 4-5 years |

Construction in progress primarily represents the construction of new production line and buildings. Costs incurred in the construction are capitalized and transferred to property, plant and equipment upon completion, at which time depreciation commences.

Expenditures for repairs and maintenance are expensed as incurred. The gain or loss on disposal of property, plant and equipment, if any, is the difference between the net sales proceeds and the carrying amount of the disposed assets, and is recognized in the consolidated statement of operations upon disposal.

#### ***m. Project Assets, net***

Project assets represented the costs of solar power plants held for generation of electricity revenue and solar power plants under construction. Project assets are stated in the consolidated balance sheets at cost less accumulated depreciation and impairment provision, if any.

Costs of project assets consist primarily of costs relating to construction of solar power plants at various stages of development. These costs include costs for procurement of solar module and other equipment (including intercompany purchases), cost of land on which solar power plants are developed and other direct costs for developing and constructing solar power plants, such as costs for obtaining permits required for solar power plants and costs for designing, engineering, interest costs capitalized and installation in the course of construction. Such costs are capitalized starting from the point when it is determined that development of the solar power plant is probable. For a solar power project asset acquired from third parties, the initial cost is the acquisition cost which includes the consideration transferred and certain direct acquisition costs.

Costs capitalized in the construction of solar power plants under development will be transferred to completed solar power plants upon completion and when they are ready for intended use, which is at the point of time when the solar power plant is connected to grids and begins to generate electricity. Depreciation of the completed solar power plant commences once the solar power plant is ready for intended use. Depreciation is computed using the straight-line method over the expected life of 20 years.

#### ***n. Interest Capitalization***

The interest cost associated with major development and construction projects is capitalized and included in the cost of the property, plant and equipment or project assets. Interest capitalization ceases once a project is substantially completed or no longer undergoing construction activities to prepare it for its intended use. When no debt is specifically identified as being incurred in connection with a construction project, the Group capitalizes interest on amounts expended on the project at the Group's weighted average cost of borrowings. Interest expense capitalized for the years ended December 31, 2012, 2013 and 2014 were RMB7,507,649, RMB7,086,641, and RMB4,103,426, respectively.

***o. Land use rights and land lease***

**a. Land use rights**

Land use rights represent acquisition costs to purchase land use rights from the PRC government, which are evidenced by property certificates. The periods of these purchased land use rights are either 50 years or 70 years. The Company classifies land use rights as long term assets on the balance sheet and cash outflows related to acquisition of land use right as investing activities.

Land use rights are carried at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the straight-line method over the term specified in the land use right certificate for 50 years or 70 years, as applicable.

**b. Land lease**

For certain of the Group's solar power project, the Group enters into land lease contracts with the owners of the land use rights. Under such lease arrangements, the owners retain the property right of the land use rights. While the Group can only set up the solar panels on these leased lands but does not have the right to sell, lease or dispose the land use rights. Accordingly, land leases are classified as operating leases, with the lease payments being recognised over the lease periods of 20 years to 50 years as operating expenses. Such land lease payments are classified as operating cash outflows.

***p. Intangible assets***

Intangible assets include purchased software and fees paid to register trademarks and are amortized on a straight-line basis over their estimated useful lives, which are 5 or 10 years, respectively.

***q. Business combination and assets acquisition***

The Group accounts for business combinations using the acquisition method of accounting. This method requires that the acquisition consideration to be allocated to the assets, including separately identifiable intangible assets, and the liabilities that the Company acquires based on their estimated fair values. The Group makes estimates and judgments in determining the fair value of the acquired assets and liabilities based on its experience with similar assets and liabilities in similar industries. If different judgments or assumptions were used, the amounts assigned to the individual acquired assets or liabilities could be materially different.

Goodwill represents the excess of (i) the aggregate of (a) the consideration transferred measured in accordance with ASC 805, which generally requires acquisition-date fair value; (b) the fair value of any noncontrolling interests in the acquiree; and (c) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over (ii) the fair value of the identifiable net assets of the acquiree. If the consideration transferred is less than the fair value of the net assets acquired, the difference is recognized as a gain directly in the consolidated statement of operations. In a business combination, any acquired intangible assets that do not meet separate recognition criteria as specified in ASC 805 are recognized as goodwill.

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. In December of each year, the Company tests impairment of goodwill at the reporting unit level and recognizes impairment in the event that the carrying value exceeds the fair value of each reporting unit. The Company performs a two-step goodwill impairment test. The first step, identifying potential impairment, compares the fair values of each reporting unit to its carrying amount, including goodwill. If the carrying value of the reporting unit exceeds its fair value, the second step would need to be conducted; otherwise, no further steps are necessary as no potential impairment exists. The second step, measuring the impairment loss, compares the implied fair value of the reporting unit goodwill with the carrying amount of that goodwill. Any excess of the reporting unit goodwill carrying value over the respective implied value is recognized as an impairment loss. As of December 31, 2012, 2013 and 2014, the Company had no goodwill. The Company's goodwill of RMB 45,645,832 resulted from the acquisition of Zhejiang Jinko in 2009 is fully impaired based on goodwill impairment test performed in 2011.

The Group acquires permits and solar power plants under construction through acquisition of equity interest in those solar power project companies. The Group evaluates whether the transfer of equity interests of a project company holding solar power plant under construction constitutes a business acquisition or an asset acquisition in accordance with ASC 805-10, which defines business consists of inputs and processes applied to those inputs that have the ability to create outputs. Although businesses usually have outputs, outputs are not required for an integrated set to qualify as a business. The Group considers that during initial development and before construction is completed and the solar power plant is connected to the grid, a project company only holds permits, modules, land use rights or land lease contract and other elements for construction, and does not have necessary input (the solar power plants itself), output (generation of electricity) and processes to operate as a business or have revenue-producing activities, therefore a solar power plant under construction does not meet the definition of a business until it begins operations. Accordingly the acquisition of equity interest of the project companies holding solar power plant under construction is not considered as business acquisition and is accounted for as assets acquisition. (Note 7)

#### ***r. Investments in affiliates***

The Group holds equity investments in affiliates in which it does not have a controlling financial interest, but has the ability to exercise significant influence over the operating and financial policies of the investee. These investments are accounted for under equity method of accounting wherein the Group records its' proportionate share of the investees' income or loss in its consolidated financial statements. Cost method is used for investments over which the Company does not have the ability to exercise significant influence.

Investments are evaluated for impairment when facts or circumstances indicate that the fair value of the investment is less than its carrying value. An impairment is recognized when a decline in fair value is determined to be other-than-temporary. The Group reviews several factors to determine whether a loss is other-than-temporary. These factors include, but are not limited to, the: (1) nature of the investment; (2) cause and duration of the impairment; (3) extent to which fair value is less than cost; (4) financial conditions and near term prospects of the issuers; and (5) ability to hold the security for a period of time sufficient to allow for any anticipated recovery in fair value.

#### ***s. Impairment of long-lived assets***

The Group's long-lived assets include property, plant and equipment, project assets, land use rights and intangible assets with finite lives. The Group's business requires heavy investment in manufacturing equipment that is technologically advanced, but can quickly become significantly under-utilized or rendered obsolete by rapid changes in demand for solar power products produced with those equipment.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amount of an asset may not be recoverable. Factors considered important that could result in an impairment review include significant underperformance relative to expected historical or projected future operating results, significant changes in the manner of use of acquired assets and significant negative industry or economic trends. The Group may recognize impairment of long-lived assets in the event the net book value of such assets exceeds the future undiscounted cash flows attributable to these assets. If the total of the expected undiscounted future net cash flows is less than the carrying amount of the asset, a loss, if any, is recognized for the difference between the fair value of the asset and its carrying value. Fair value is generally measured based on either quoted market prices, if available, or discounted cash flow analyses. .

#### ***t. Leases***

Leases are classified as capital or operating leases. A lease that transfers to the lessee substantially all the benefits and risks incidental to ownership is classified as a capital lease. At inception, a capital lease is recorded at the present value of minimum lease payments or the fair value of the asset, whichever is less. Assets under capital leases are amortized on a basis consistent with that of similar fixed assets or the lease term, whichever is less. Operating lease costs are recognized on a straight-line basis over the lease term.

#### ***u. Revenue recognition***

The Group recognizes revenue for product sales when persuasive evidence of an arrangement exists, delivery of the product has occurred and title and risk of loss has passed to the customer, the sales price is fixed or determinable and the collectability of the resulting receivable is reasonably assured. For all sales, the Group requires a contract or purchase order which quantifies pricing, quantity and product specifications.

For sales of photovoltaic products from PRC to foreign customers, delivery of the products generally occurs at the point in time the product is delivered to the named port of shipment, which is when the risks and rewards of ownership are transferred to the customer. For sales of PV products to domestic customers in PRC or by foreign subsidiaries, delivery of the product occurs generally at the point in time the product is received by the customer, which is when the risks and rewards of ownership have been transferred. In the case of sales that are contingent upon customer acceptance, revenue is not recognized until the deliveries are formally accepted by the customers.

The Group enters into certain sales contracts with retainage terms during 2012, under which customers were allowed to withhold payment of 5% to 10% of the full contract price as retainage after a specified period which generally range from one year to two years (the "Retainage Period"). Given the limited experience the Group has with respect to the collectability of the retainage, the Group defers recognition of the retainage as revenue until the customers pay it after the Retainage Period expires. The total amounts of retainage that were not recognized as revenue were RMB169,630,559 and RMB194,243,162 as of December 31, 2013 and 2014, respectively.

Advance payments received from customers for the future sale of products are recognized as advances from third party customers in the consolidated balance sheets. Advances from customers are recognized as revenues when the conditions for revenue recognition described above have been satisfied. Advances from customers have been recognized as a current liability because the amount at each balance sheet date is expected to be recognized as revenue within twelve months.

The Group provides solar power product processing services to customers and the revenue of processing services is recognized upon completion which is generally evidenced by delivery of processed products to the customers.

The Group recognizes electricity generation revenue when persuasive evidence of an power purchase arrangement with the power grid company exists, electricity has been generated and be transmitted to the grid and the electricity generation records are reconciled with the grid companies, the price of electricity is fixed or determinable and the collectability of the resulting receivable is reasonably assured. The price of electricity generated by the Group's utility-scale and ground-mounted distributed generation ("DG") power plants include a portion that is subsidized by the Chinese central government.

In addition, the Group's roof-top DG power plants are entitled to additional subsidies granted by Chinese central or local government on top of the sales price stipulated in the electricity sales supply agreements.

Starting July 1, 2013, the Group recognizes these subsidies as revenue when electricity is generated and transmitted to the grid and the electricity generation records are reconciled with the grid company because there are no further conditions attached to those subsidies and the above revenue recognition criteria are satisfied at such point of time. Refer to Note 3 for details about revenue recognition of these subsidies prior to July 1, 2013.

The Group recognizes revenue related to solar system integration projects on the percentage-of-completion basis. The Company estimates its revenues using the cost-to-cost method, whereby it derives a ratio by comparing the costs incurred to date to the total costs expected to be incurred on the project. The Company applies the ratio computed in the cost-to-cost analysis to the contract price to determine the estimated revenues earned in each period. When the Company determines that total estimated costs will exceed total revenues under a contract, it records a loss accordingly. No loss provision was recorded in the years ended December 31, 2012, 2013 and 2014.

In the PRC, value added tax (“VAT”) at a general rate of 17% on invoice amount is collected on behalf of tax authorities in respect of the sales of product and is not recorded as revenue. VAT collected from customers, net of VAT paid for purchases, is recorded as a liability until it is paid to the tax authorities.

#### ***v. Segment report***

The Group uses the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Group’s chief operating decision maker for making operating decisions, allocating resources and assessing performance as the source for determining the Group’s reportable segments. Management has determined that the Group operates its business in two segments, as that term is defined by FASB ASC Topic 280, *Segment reporting*.

The Group’s first segment is the vertically integrated solar power products manufacturing business (“manufacturing segment”), from silicon ingots, wafers, cells to solar modules.

The Group’s second segment is the downstream solar projects (“solar projects segment”), through which the Group entities develop, construct and operate the solar projects, including (i) project development, (ii) engineering, procurement, and construction (“EPC”), (iii) connecting solar projects to the grid, operating and maintenance (“O&M”).

#### ***w. Cost of revenue***

Cost of revenue for sales of photovoltaic products includes production and indirect costs, as well as shipping and handling costs for raw materials purchase and provision for inventories.

Costs of revenues for solar system integration projects include all direct material, labor, subcontractor cost, and those indirect costs related to contract performance, such as indirect labor, supplies and tools. The Group recognizes job material costs as incurred costs when the job materials have been installed. The Group considers job materials to be installed materials when they are permanently attached or fitted to the solar power systems as required by the engineering design. Cost of solar system integration projects was RMB219,104,382, nil and nil, for the year ended December 31, 2012, 2013 and 2014, respectively.

Costs of electricity generation revenue include depreciation of solar power project assets and costs associated with operation and maintenance of the project assets. Cost of electricity sales was RMB5,593,865, RMB12,919,745 and RMB101,118,580 for years ended December 31, 2012, 2013 and 2014, respectively.

#### ***x. Warranty cost***

Solar modules produced by the Group are typically sold with either a 2-year or 5-year warranty for product defects, and a 10-year and 25-year warranty against declines of more than 10% and 20%, respectively, from the initial minimum power generation capacity at the time of delivery. Therefore, the Group is exposed to potential liabilities that could arise from these warranties. The potential liability is generally in the form of product replacement or repair.

Due to limited warranty claim history, the Group estimates warranty costs based on an assessment for its competitors’ history while incorporating estimates of failure rates through its quality review. Consequently, the Group accrues the equivalent of 1% of gross revenues as a warranty liability to accrue the estimated cost of its warranty obligations. Actual warranty costs incurred for warranty claims by customers are recorded in and charged against the accrued warranty liability. To the extent that actual warranty costs differ from the estimates, the Group will prospectively revise its accrual rate. The Group began the sales of solar modules in the first half of 2009 and has not experienced any material warranty claims to-date in connection with declines in the power generation capacity of its solar modules or defects. The accrual for warranty cost as of December 31, 2012, 2013 and 2014 were RMB130,517,641, RMB195,235,102 and RMB287,087,880, respectively. The warranty costs were classified as current liabilities under other payables and accruals, and non-current liabilities under accrued warranty costs – non-current, respectively, which reflect our estimate of the timing of when the warranty expenditures will likely be made. For the years ended December 31, 2012, 2013 and 2014, warranty costs were RMB40,213,055, RMB67,516,104 and RMB92,255,203, respectively. The utilization of the warranty accruals for the years ended December 31, 2012, 2013 and 2014 were RMB6,159,049, RMB2,798,643 and RMB402,425, respectively.

The Group purchases warranty insurance policy which provides coverage for the product warranty services of solar modules worldwide. Prepayment for warranty insurance premium is initially recorded as other assets and is amortized over the insurance coverage period. Prepayment for warranty insurance premium is not recorded as reduction of estimated warranty liabilities. Once the Group receives insurance recoveries, warranty expenses will be credited.

#### ***y. Shipping and handling***

Costs to ship products to customers are included in selling and marketing expenses in the consolidated statements of operations. Costs to ship products to customers were RMB164,942,482, RMB212,342,881 and RMB353,352,484 for the years ended December 31, 2012, 2013 and 2014, respectively.

#### ***z. Research and development***

Research and development costs are expensed when incurred.

#### ***aa. Start-up costs***

The Group expenses all costs incurred in connection with start-up activities, including pre-production costs associated with new manufacturing facilities (excluding costs that are capitalized as part of property, plant and equipment) and costs incurred with the formation of new subsidiaries such as organization costs.

#### ***ab. Income Taxes***

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and any tax loss and tax credit carry forwards. Deferred income tax assets and liabilities are measured 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. The effect on deferred income tax assets and liabilities of a change in tax rates or tax laws is recognized in the consolidated statements of operations in the period the change in tax rates or tax laws is enacted. A valuation allowance is provided to reduce the amount of deferred income tax assets if it is considered more likely than not that some portion or all of the deferred income tax assets will not be realized.

The accounting for uncertain tax positions requires that the Company recognizes in the consolidated financial statements the impact of an uncertain tax position, if that position is more likely than not of being sustained upon examination, based on the technical merits of the position. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Group's policy is to recognize, if any, tax related interest as interest expenses and penalties as general and administrative expenses. The Group did not have any interest and penalties associated with uncertain tax positions in the year ended December 31, 2012, 2013 and 2014 as there were no uncertain tax positions.

#### ***ac. Commitments and Contingencies***

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

#### ***ad. Long-term payables***

Long-term payable represents the amounts due to suppliers for purchase of material used in the project assets construction. As part of the payment term, the Group retains a portion of the purchase price, which will generally be paid by the Group two to three years after the related solar projects are completed. The retainages are paid upon certain specific conditions are met or passage of time. Long-term payable is initially recorded at the present value determined based on the market interest rate for long-term borrowing, and amortized over the payment terms of two to three years. Imputed interests of long-term payable were nil, RMB 506,109 and RMB 3,102,066 in the years ended December 31, 2012, 2013 and 2014, respectively, which were included in interest expenses.

#### ***ae. Fair value of financial instruments***

The Group does not have any non-financial assets or liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as an exit price). A hierarchy is established for inputs used in measuring fair value that gives the highest priority to observable inputs and the lowest priority to unobservable inputs. Valuation techniques used to measure fair value shall maximize the use of observable inputs.

When available, the Group measures the fair value of financial instruments based on quoted market prices in active markets, valuation techniques that use observable market-based inputs or unobservable inputs that are corroborated by market data. Pricing information the Group obtains from third parties is internally validated for reasonableness prior to use in the consolidated financial statements. When observable market prices are not readily available, the Group generally estimates the fair value using valuation techniques that rely on alternate market data or inputs that are generally less readily observable from objective sources and are estimated based on pertinent information available at the time of the applicable reporting periods. In certain cases, fair values are not subject to precise quantification or verification and may fluctuate as economic and market factors vary and the Group's evaluation of those factors changes. Although the Group uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique. In these cases, a minor change in an assumption could result in a significant change in its estimate of fair value, thereby increasing or decreasing the amounts of the Group's consolidated assets, liabilities, equity and net income.

The Group's financial instruments consist principally of cash and cash equivalents, restricted cash, restricted short-term investments, accounts and notes receivable, forward contract receivable, other receivables, prepayments and other current assets, capped call options, accounts and notes payable, other payables and accruals, forward contracts payable, short-term borrowings, long-term borrowings and convertible senior notes.

The forward contracts receivable and payable, capped call options and convertible senior notes are measured at fair value (note 30). Except for these financial instruments and long-term borrowing, the carrying values of the Group's other financial instruments approximated their fair values due to the short-term maturity of these instruments. The carrying amount of long-term borrowing approximates their fair value due to the fact that the related interest rates approximate rates currently offered by financial institutions for similar debt instruments of comparable maturities.



**af. Government grants**

Government grants related to technology upgrades and enterprise development are recognized as subsidy income when received. For the years ended December 31, 2012, 2013 and 2014, the Group received financial subsidies of RMB40,902,610, RMB7,583,102 and RMB49,785,321 from the local PRC government authorities, respectively. These subsidies were non-recurring, not refundable and with no conditions, including none related to specific use or disposition of the funds, attached. Such amounts were recorded as subsidy income in the consolidated statements of operations. There are no defined rules and regulations to govern the criteria necessary for companies to enjoy such benefits and the amount of financial subsidy is determined at the discretion of the relevant government authorities.

Government grants related to assets are initially recorded as other payables and accruals which are then deducted from the carrying amount when the assets are ready for use and approved by related government. The Company received government grant related to assets of RMB119,820,411, RMB63,331,500 and RMB92,440,000 during the years ended December 31, 2012, 2013 and 2014, respectively.

**ag. Repurchase of share**

When the Company's shares are purchased for retirement, the excess of the purchase price over its par value is recorded entirely to additional paid-in capital subject to the limitation of the additional paid in capital when the shares were originally issued. When the Company's shares are acquired for purposes other than retirement, the purchase price is shown separately as treasury stock.

**ah. Statutory reserves**

Zhejiang Jinko, as sino-foreign owned joint venture incorporated in the PRC, is required to make appropriations of net profits, after recovery of accumulated deficit, to (i) a general reserve fund, (ii) an enterprise expansion fund, and (iii) a staff bonus and welfare fund prior to distribution of dividends to investors. These reserve funds are set at certain percentage of after-tax profit determined in accordance with PRC accounting standards and regulations (the "PRC GAAP"). The percentage of net profit for appropriation to these funds is at the discretion of their board of directors.

Jiangxi Jinko and Jinko Engineering, as wholly foreign owned enterprises incorporated in the PRC, are required on an annual basis to make appropriations of net profits, after the recovery of accumulated deficit, to a general reserve fund and a staff bonus and welfare fund. These reserve funds are set at certain percentage of after-tax profit determined in accordance with the PRC GAAP. The percentage of the appropriation for general reserve fund is at least 10%, and the percentage of the appropriation for staff bonus and welfare fund is at the discretion of its boards of directors.

Except for the aforementioned subsidiaries, the Company's other subsidiaries, as domestic enterprises incorporated in the PRC, are required on an annual basis to make an appropriation of net profits, after the recovery of accumulated deficit, to a statutory reserve fund. The statutory reserve fund is set at the percentage of not lower than 10% of the after-tax profit determined in accordance with the PRC GAAP.

Once the level of the general reserve fund and the statutory reserve fund reach 50% of the registered capital of the underlying entities, further appropriations to these funds are discretionary. The Group's statutory reserves can only be used for specific purposes of enterprises expansion and staff bonus and welfare, and are not distributable to the shareholders except in the event of liquidation. Appropriations to these funds are accounted for as transfers from retained earnings to the statutory reserves.

During the years ended December 31, 2012, 2013 and 2014, the Group made total appropriations to statutory reserves of RMB56,894, RMB5,887,925 and RMB66,975,887, respectively.

**ai. Earnings/(Loss) per share**

Basic earnings(loss) per share is computed by dividing net income(loss) attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Diluted earnings(loss) per share is calculated by dividing net income(loss) attributable to ordinary shareholders, as adjusted for the change in income or loss as result from the assumed conversion of those participating securities, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary share equivalents consist of the ordinary shares issuable upon the conversion of the convertible senior notes (using the if-converted method) and ordinary shares issuable upon the exercise of outstanding share options (using the treasury stock method). Potential dilutive securities are not included in the calculation of dilutive earnings per share if the effect is anti-dilutive.

Periodic accretion to redeemable non-controlling interests in connection with the outstanding redeemable convertible preferred shares of a subsidiary (note 6), and the remaining net profit of the subsidiary (if any after deducting the accretion) that attributes to its outstanding redeemable convertible preferred shares under the two-class method, are recorded as deductions to consolidated net income to arrive at net income (loss) available to the Company's ordinary shareholders.

**aj. Share-based compensation**

The Company's share-based payment transactions with employees, including share options, are measured based on the grant-date fair value of the equity instrument issued. The fair value of the award is recognized as compensation expense, net of estimated forfeitures, over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period.

**ak. Other comprehensive income/(loss)**

Other comprehensive income/(loss) is defined as the change in equity during a period from non-owner sources. The Company's other comprehensive income/(loss) for each period presented is comprised of foreign currency translation adjustment of the Company's foreign subsidiaries and unrealized gains and losses on available-for-sale securities. .

**al. Convenience translation**

Translations of balances in the consolidated balance sheet, consolidated statement of operation, consolidated statement of comprehensive income and statement of cash flows from RMB into United States dollars ("US\$" or "USD") as of and for the year ended December 31, 2014 are solely for the convenience of readers and were calculated at the rate of RMB6.2046 to US\$1.00, representing the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board. No representation is intended to imply that the RMB amounts could have been, or could be, converted, realized or settled into US\$ at that rate on December 31, 2014, or at any other rate.

**am. Recent accounting pronouncements**

In April 2014, the FASB issued Accounting Standards Update No. 2014-08 "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity". The new guidance changes the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The new guidance also requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. ASU 2014-08 is effective for the Company in the first quarter of fiscal 2015. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issuance. The Group is in the process of evaluating the impact of the standard on its consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 ("ASU 2014-09"), "Revenue from Contracts with Customers (Topic 606)". ASU 2014-09 will eliminate transaction-specific and industry-specific revenue recognition guidance under current U.S. GAAP and replace it with a principle-based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. Entities can transition to the standard either retrospectively or as a cumulative effect adjustment as of the date of adoption. The Group is in the process of evaluating the impact of the standard on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern". This standard requires management to evaluate for each annual and interim reporting period whether it is probable that the reporting entity will not be able to meet its obligations as they become due within one year after the date that the financial statements are issued. If the entity is in such a position, the standard provides for certain disclosures depending on whether or not the entity will be able to successfully mitigate its going concern status. This guidance is effective for annual periods ending after December 15, 2016 and interim periods within annual periods beginning after December 15, 2016. Early application is permitted. The Group is in the process of evaluating the impact of the standard on its consolidated financial statements.

**3. REVENUES**

The Group's revenues for the respective periods are detailed as follows:

|                                      | For the years ended December 31 |               |               |
|--------------------------------------|---------------------------------|---------------|---------------|
|                                      | 2012                            | 2013          | 2014          |
|                                      | RMB                             | RMB           | RMB           |
| Sales of solar modules               | 3,897,288,039                   | 6,660,317,517 | 9,155,395,954 |
| Sales of silicon wafers              | 328,428,550                     | 70,636,980    | 286,585,049   |
| Sales of solar cells                 | 138,686,401                     | 184,203,072   | 200,643,639   |
| Sales of silicon ingots              | 1,885,648                       | 1,189,751     | -             |
| Sales of recovered silicon materials | 270,406                         | 14,559,658    | 11,272,636    |
| Processing service fees              | 213,427,948                     | 71,010,744    | 69,581,434    |
| Solar system integration projects    | 213,174,391                     | 201,056       | 11,209,600    |
| Revenue from generated electricity   | 1,607,066                       | 76,719,737    | 243,840,336   |
| Total                                | 4,794,768,449                   | 7,078,838,515 | 9,978,528,648 |

The Company began developing solar power plant projects in 2011. Electricity generation revenue represents sales of electricity produced by the solar power plants. Electricity revenue consists of basic portion and government subsidy portion. The basic portion of electricity revenue is born by the local grid companies and the government subsidy portion of electricity revenue is funded by the China Ministry of Finance and paid through local grid companies to the Company.



Before July 1, 2013, the Company did not recognise the government subsidy portion as revenue from solar projects due to the lack of detailed government guidelines and uncertainty over the timing of subsidy payment. During the third quarter of 2013, the Chinese government announced a series of policies aimed at streamlining and standardizing government subsidy payments for electricity revenues for solar projects in China as well as expanding the amount invested in renewable energy. In addition, the Company received the government subsidy portion of electricity revenue for certain solar projects for the year 2012 during the third quarter of 2013. As a result of the increased policy clarity and payment certainty, the Company began to accrue the government subsidy portion of electricity revenue starting July 1, 2013. For the electricity revenues recognized in the year ended December 31, 2013, RMB2,125,076 and RMB52,700,759 was related to the government subsidy portion of electricity revenue in 2012 and 2013, respectively.

For the electricity revenues recognized in the year ended December 31, 2014, RMB161,778,511 was related to the government subsidy for electricity revenues in 2014.

Before the third quarter of 2014, the Company received government subsidy portion of electricity revenue from local grid companies without being requested to issue value-added tax invoices, and the Company recognized 100% of the government subsidy portion as revenue, which was consistent with the relevant PRC tax regulations. During the third quarter of 2014, the Company's operating subsidiaries were requested by the State Grid Corporation of China to issue value-added tax invoices for government subsidy portion as a condition for the grid company to pay the government subsidy to the Company. By issuing the value-added tax invoices, an operating subsidiary would be subject to value-added tax liability on the government subsidy portion of electricity generation revenue. As a result of such change, the Company recorded a cumulative value-added tax payable and a reduction of revenue in 2014 for the amount of RMB7.7 million related to previous years. In addition, starting from 2014, the Company records value-added tax payable with a corresponding reduction to revenue at the time of recognizing the government subsidy as revenue.

The following table summarizes the Group's net revenues generated in respective geographic locations:

|   | <b>For the years ended December 31</b> |                      |                      |
|---|--|----------------------|----------------------|
|   | <b>2012</b>                            | <b>2013</b>          | <b>2014</b>          |
|   | <b>RMB</b>                             | <b>RMB</b>           | <b>RMB</b>           |
| Inside China (including Hong Kong and Taiwan) | 2,179,670,146                          | 3,461,295,473        | 4,357,362,571        |
| Outside China                                 |  |                      |                      |
| America                                       | 135,839,209                            | 414,371,308          | 1,766,283,018        |
| UK  | 23,684,362                             | 227,654,714          | 1,266,982,317        |
| Chile   | 451,778                                | 4,601,077            | 580,383,748          |
| South Africa                                  | 202,449                                | 681,502,434          | 534,571,266          |
| Japan   | 11,409,559                             | 112,460,144          | 486,201,347          |
| Rest of the world                             | 2,443,510,946                          | 2,176,953,365        | 986,744,381          |
| <b>Total</b>                                  | <b>4,794,768,449</b>                   | <b>7,078,838,515</b> | <b>9,978,528,648</b> |

#### 4. SEGMENT REPORT

In accordance with FASB ASC 280-010-50-22, the Company considered what financial information is included in the measures of segment profit or loss reviewed by our chief operating decision maker ("CODM") or are otherwise regularly provided to the CODM, to determine whether to report or disclose a measure of profit or loss and total assets for each reportable segment. The specific items or accounts included in the measure of segment profit or loss reviewed by our CODM or are otherwise regularly provided to the CODM are: revenue from external customer, intersegment revenue, gross profit/(loss), interest income and expenses, and income / (loss) before income taxes.

The basis of accounting for recording revenue from external customer, intersegment sales and corresponding cost of sales, interest income and expenses, and income /(loss) before income taxes is in conformity with the accounting policies used in the consolidated financial statements, and such segment financial information is prepared and disclosed in accordance with aforementioned accounting basis, is on the same basis by which the Company reports internally to its chief operating decision maker.

The intersegment revenues from the sale of solar modules manufactured by the solar product manufacturing segment were recorded based on amounts charged to the solar project segment, which are generally determined using fair market price charged to independent third party customers. The corresponding cost of sale related to intersegment sales as recorded based on the actual costs of sales incurred by the solar product manufacturing segment.

The Company's operating segments have certain of their own dedicated administrative and corporate key functions, such as accounting, administration, procurements, marketing, corporate legal and human resource. Costs for these functions are recorded and included in the respective selling, general and administrative costs for each of our segment. The Company allocates corporate costs to each segments based upon the estimated benefits, which are determined based on estimated time spent by corporate employees, provided to each segment from these corporate functions.

The following table set forth the results of operations of the segments and reconciliation with consolidated results of operations only for the years ended December 31, 2012, 2013 and 2014:

| <b>As of December 31, 2012</b> |                      |                       |                     |                 |
|--------------------------------|----------------------|-----------------------|---------------------|-----------------|
| <b>RMB</b>                     |                      |                       |                     |                 |
|                                | <b>Manufacturing</b> | <b>Solar projects</b> | <b>Elimination*</b> | <b>Total</b>    |
| Revenues—third parties         | 4,793,161,383        | 1,607,066             | -                   | 4,794,768,449   |
| Revenues—intersegment          | 115,844,024          | -                     | (115,844,024)       | -               |
| Gross profit—third parties     | 236,223,914          | (3,986,799)           | -                   | 232,237,115     |
| Gross profit—intersegment      | 1,098,425            | -                     | (1,098,425)         | -               |
| Interest expense, net          | (221,719,806)        | -                     | -                   | (221,719,806)   |
| Income before income taxes     | (1,526,557,907)      | (25,061,043)          | (1,098,425)         | (1,552,717,375) |
| Total assets                   | 7,719,329,082        | 798,992,874           | (146,001,635)       | 8,372,320,321   |

| <b>As of December 31, 2013</b> |                      |                       |                     |                |
|--------------------------------|----------------------|-----------------------|---------------------|----------------|
| <b>RMB</b>                     |                      |                       |                     |                |
|                                | <b>Manufacturing</b> | <b>Solar projects</b> | <b>Elimination*</b> | <b>Total</b>   |
| Revenues—third parties         | 7,045,771,578        | 33,066,937            | -                   | 7,078,838,515  |
| Revenues—intersegment          | 323,522,112          | 43,652,800            | (367,174,912)       | -              |
| Gross profit—third parties     | 1,417,204,215        | 20,147,192            | -                   | 1,437,351,407  |
| Gross profit—intersegment      | 23,712,087           | 25,716,745            | (49,428,832)        | -              |
| Interest expense, net          | (209,340,372)        | (14,036,530)          | -                   | (223,376,902)  |
| Income before income taxes     | 282,959,050          | 19,467,078            | (68,786,825)        | 233,639,303    |
| Total assets                   | 10,309,643,591       | 2,218,556,658         | (1,916,975,178)     | 10,611,225,071 |

| <b>As of December 31, 2014</b> |                      |                       |                     |                |
|--------------------------------|----------------------|-----------------------|---------------------|----------------|
| <b>RMB</b>                     |                      |                       |                     |                |
|                                | <b>Manufacturing</b> | <b>Solar projects</b> | <b>Elimination*</b> | <b>Total</b>   |
| Revenues—third parties         | 9,740,876,507        | 237,652,141           | -                   | 9,978,528,648  |
| Revenues—intersegment          | 1,893,735,279        | -                     | (1,893,735,279)     | -              |
| Gross profit—third parties     | 2,103,506,626        | 136,533,561           | -                   | 2,240,040,187  |
| Gross profit—intersegment      | 153,331,546          | -                     | (153,331,546)       | -              |
| Interest expense, net          | (220,206,531)        | (67,461,121)          | -                   | (287,667,652)  |
| Income before income taxes     | 721,810,289          | 13,834,867            | (153,331,546)       | 582,313,610    |
| Total assets                   | 15,790,325,086       | 6,958,477,388         | (3,661,166,040)     | 19,087,636,434 |

\*Elimination refers to (1) the elimination of revenue and profit from the sale of solar modules from the manufacturing segment to the solar project segment; (2) the elimination of unsettled receivables of the manufacturing segment and unsettled payables of the solar projects segment resulting from the above sales of solar modules.

## 5. TAXATION

The Company and its subsidiaries file separate income tax returns.

### *Cayman Islands*

Under the current laws of the Cayman Islands, the Company and its subsidiaries in Cayman Islands are not subject to tax on its income or capital gains. In addition, upon any payment of dividends by the Company, no Cayman Islands withholding tax is imposed.

### *British Virgin Islands*

Under the current laws of the British Virgin Islands (“BVI”), the Company’s subsidiary in BVI is not subject to tax on its income or capital gains. In addition, upon any payment of dividends by the Company, no British Virgin Islands withholding tax is imposed.

### *People’s Republic of China*

On March 16, 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") with effective on January 1, 2008. The CIT Law enacted a statutory income tax rate of 25%. As foreign invested enterprises, Jiangxi Jinko and Zhejiang Jinko are entitled to a two year tax exemption from CIT and a 50% CIT reduction for the succeeding three years thereafter. Jiangxi Jinko and Zhejiang Jinko are each subject to CIT rate of 12.5% from year 2010 to year 2012. Starting from year 2013, three of the major subsidiaries of the Group, Jiangxi Jinko, Zhejiang Jinko and Jinko Materials were recognized by State Administration of Taxation as a “National High and New Technology Enterprise”, entitling them to a preferential tax rate of 15%.

The Group's solar power plant project entities are entitled to a three-year tax exemption from CIT starting from the year in which revenue is first generated from the sale of electricity, and a 50% CIT reduction for the succeeding three years thereafter for the income generated from investing and operating in the qualified public basic infrastructure projects according to the CIT Law ("three-year tax exemption and three-year 50% CIT reduction"). The CIT tax rate for these project entities will increase to 25% upon the expiration of such term.

Additionally, under the CIT Law, 10% withholding income tax ("WHT") will be levied on foreign investors for dividend distributions from foreign invested enterprises' profit earned after January 1, 2008. For certain treaty jurisdictions such as Hong Kong which has signed double tax arrangement with the PRC, the applicable WHT rate could be reduced to 5% if foreign investors directly hold at least 25% shares of invested enterprises at any time throughout the 12-month period preceding the entitlement to the dividends and they are also qualified as beneficial owners to enjoy the treaty benefit. Deferred income taxes are not provided on undistributed earnings of the Company's subsidiaries that are intended to be permanently reinvested in China. Cumulative undistributed earnings of the Company's PRC subsidiaries intended to be permanently reinvested totalled RMB1,284,385,993 and the amount of the unrecognized deferred tax liability, calculated based on the 5% rate, on the permanently reinvested earnings was RMB64,219,300 as of December 31, 2014.

#### ***Hong Kong***

The Company's subsidiaries established in Hong Kong are subject to Hong Kong profit tax at a rate of 16.5% on its assessable profit.

#### ***Luxemburg***

Jinko Luxemburg is incorporated in Luxemburg and is subject to corporate income tax at 28.8%.

#### ***Japan***

Jinko Japan is incorporated in Japan and is subject to corporate income tax at 38%.

#### ***European Countries***

Jinko Switzerland is incorporated in Switzerland and according to its current business model where it employs limited staff and generates income exclusively from trading activities conducted outside Switzerland, is subject to a combined federal, cantonal and communal tax rate of 8.5% in 2014.

Jinko GMBH is incorporated in Germany and is subject to Germany profit tax rate of approximately 33% on the assessable profit.

Jinko Italy is incorporated in Italy and is subject to corporate income tax at 31.4%.

Jinko France is incorporated in France and is subject to corporate income tax at 33.33%.

Jinko Portugal is incorporated in Portugal and is subject to corporate income tax at 23%.

#### ***United States***

Both Jinko US and Jinko US Holding are incorporated in Delaware, the United States. Jinko US and Jinko US Holding do not conduct any business in Delaware, thus, they are not subject to Delaware State income tax. Jinko US conducts business in California. It is subject to a progressive federal corporate income tax from 15% to 35% and California state income tax of 8.84%, which is deductible for federal income tax purpose.

#### ***Canada***

Jinko Canada is incorporated in Canada and is subject to a federal corporate income tax of 15% and provinces and territories income tax of 11.5%.

#### ***Australia***

Jinko Australia is incorporated in Australia and is subject to corporate income tax at 30%.

#### ***South Africa***

Jinko South Africa is incorporated in South Africa and is subject to corporate income tax at 28%.

#### ***Brazil***

Jinko Brazil is incorporated in Brazil and is subject to corporate income tax at 15%.

#### ***Mexico***

Jinko Mexico is incorporated in Mexico and is subject to corporate income tax at 30%.

#### ***Composition of Income Tax Expense***

Income/(loss) before income taxes for the years ended December 31, 2012, 2013 and 2014 were taxed within the following jurisdictions:

|                | <b>For the year ended December 31</b> |               |             |
|----------------|---------------------------------------|---------------|-------------|
|                | <b>2012</b>                           | <b>2013</b>   | <b>2014</b> |
|                | <b>RMB</b>                            | <b>RMB</b>    | <b>RMB</b>  |
| Cayman Islands | (136,614,196)                         | (252,710,798) | 73,497,948  |

|                                   |                        |                    |                    |
|-----------------------------------|------------------------|--------------------|--------------------|
| PRC                               | (1,191,201,484)        | 334,511,152        | 695,671,595        |
| Other countries                   | (224,901,695)          | 151,838,949        | (186,855,933)      |
| Income/(Loss) before income taxes | <u>(1,552,717,375)</u> | <u>233,639,303</u> | <u>582,313,610</u> |

For the year ended December 31, 2012, 2013 and 2014, the earnings (losses) attributed to Cayman Islands was mainly due to the fair value gain (loss) from convertible senior notes and capped call options.

The current and deferred positions of income tax (expense)/benefit included in the consolidated statement of operations for the years ended December 31, 2012, 2013 and 2014 are as follows:

|  | For the year ended December 31 |              |              |
|--|--------------------------------|--------------|--------------|
|  | 2012                           | 2013         | 2014         |
|  | RMB                            | RMB          | RMB          |
| Current income tax (expense)/benefit       |                                |              |              |
| PRC  | 7,561,393                      | (17,468,843) | (28,703,637) |
| Other countries                            | 838,169                        | (153,468)    | (7,722,360)  |
| Total current income tax (expense)/benefit | 8,399,562                      | (17,622,311) | (36,425,997) |
| Deferred tax (expense)/benefit             | 518,086                        | (910,065)    | 170,760,020  |
| Income tax (expense)/benefit               | 8,917,648                      | (18,532,376) | 134,334,023  |

**Reconciliation of the differences between statutory tax rate and the effective tax rate**

Reconciliation between the statutory CIT rate and the Company's effective tax rate is as follows:

|   | For the year ended December 31 |        |        |
|---|--------------------------------|--------|--------|
|   | 2012                           | 2013   | 2014   |
|   | %                              | %      | %      |
| Statutory CIT rate  | (25.0)                         | 25.0   | 25.0   |
| Effect of permanent differences:  |                                |        |        |
| —Share-based compensation expenses  | 0.3                            | 1.2    | 1.1    |
| —Change in fair value of convertible senior notes and capped call options | 1.6                            | 22.8   | (2.8)  |
| —Accrued payroll and welfare expenses                                     | 0.8                            | 2.2    | 0.4    |
| —Change of enacted tax rate (1)   | (7.5)                          | 43.8   | (9.2)  |
| —Effect of prior year tax difference (2)                                  | (0.6)                          | -      | (1.5)  |
| —Other non-deductible expenses  | 0.8                            | 1.6    | 6.4    |
| Difference in tax rate of a subsidiary outside the PRC                    | 0.9                            | 3.4    | 0.7    |
| Effect of tax holiday for subsidiaries                                    | 6.9                            | (5.8)  | (14.6) |
| Change in valuation allowance   | 21.2                           | (86.3) | (28.6) |
| Effective CIT rate  | (0.6)                          | 7.9    | (23.1) |

(1) Change of enacted tax rate decreased from 43.8% in 2013 to (9.2)% in 2014 is due to the different enacted tax rate used in the calculation of long-term deferred tax assets and liabilities, as certain subsidiaries are entitled to three-year tax exemption and three-year 50% CIT reduction tax holiday.

(2) The Company recorded an out-of-period adjustment of RMB12,146,071 in the year ended December 31, 2012, resulting from income tax filing difference for two PRC entities, which should have been recorded in the year ended December 31, 2011. The originating amount in 2011 was not material to the 2011 consolidated financial statements, nor was the out of period adjustment recorded in 2012 material to the 2012 consolidated financial statements.

**The aggregate amount and per share effect of reduction of CIT for certain PRC subsidiaries as a result of tax holidays are as follows:**

|                                | For the year ended December 31 |            |            |
|--------------------------------|--------------------------------|------------|------------|
|                                | 2012                           | 2013       | 2014       |
|                                | RMB                            | RMB        | RMB        |
| The aggregate amount of effect | -                              | 25,853,541 | 85,570,052 |
| Per share effect—basic         | -                              | 0.27       | 0.70       |
| Per share effect—diluted       | -                              | 0.27       | 0.56       |

*Significant components of deferred tax assets/liability—current*

|  | <b>For the year ended December 31</b> |             |
|--|---------------------------------------|-------------|
|  | <b>2013</b>                           | <b>2014</b> |
|  | <b>RMB</b>                            | <b>RMB</b>  |
| Net operating losses   | -                                     | 209,731     |
| Provision for inventories, accounts receivable, other receivable | 59,362,637                            | 65,697,562  |
| Change in fair value of forward contracts                        | (5,270,148)                           | (4,422,965) |
| Accrued warranty costs   | 5,923,185                             | 9,320,959   |
| Accrued interest   | 503,377                               | 389,575     |
| Other temporary differences                                      | 5,283,025                             | 10,991,820  |
| Total deferred tax assets  | 65,802,076                            | 82,186,682  |
| Less: Valuation allowance  | (65,802,076)                          | (4,624,641) |
| Deferred tax assets—current, net                                 | -                                     | 77,562,041  |
| Other temporary differences                                      | -                                     | (6,187,087) |
| Deferred tax liabilities—current, net                            | -                                     | (6,187,087) |

*Significant components of deferred tax assets/liability—non-current*

|  | <b>For the year ended December 31</b> |              |
|--|---------------------------------------|--------------|
|  | <b>2013</b>                           | <b>2014</b>  |
|  | <b>RMB</b>                            | <b>RMB</b>   |
| Net operating losses   | 39,762,082                            | 71,314,107   |
| Accrued warranty costs   | 25,977,871                            | 55,178,012   |
| Timing difference for project assets, property, plant and equipment    | 41,045,290                            | 33,296,577   |
| Provision for advance to suppliers to be utilized beyond one year*     | 34,158,957                            | -            |
| Provision of prepayment for purchase of property, plant and equipment* | 6,629,065                             | -            |
| Timing difference for revenue recognition of retainage contract        | 25,442,086                            | 13,267,698   |
| Other temporary differences  | 3,300,328                             | (279,551)    |
| Total deferred tax assets  | 176,315,679                           | 172,776,843  |
| Less: Valuation allowance  | (176,315,679)                         | (70,652,937) |
| Deferred tax assets—non-current, net                                   | -                                     | 102,123,906  |
| Other temporary differences  | -                                     | (2,572,785)  |
| Deferred tax liabilities—non-current, net                              | -                                     | (2,572,785)  |

\* These provision expenses were not treated as tax deductible items for calculating taxable income in the year ended December 31, 2012, and were fully deductible in the year ended December 31, 2014 upon subsequent approval from the local tax authorities.

*Movement of valuation allowances*

|  | <b>For the year ended December 31</b> |               |               |
|--|---------------------------------------|---------------|---------------|
|  | <b>2012</b>                           | <b>2013</b>   | <b>2014</b>   |
|  | <b>RMB</b>                            | <b>RMB</b>    | <b>RMB</b>    |
| At beginning of year                             | (73,967,071)                          | (402,860,548) | (242,117,755) |
| Current year additions                           | (329,813,147)                         | (21,347,390)  | (55,339,194)  |
| Utilization and reversal of valuation allowances | 919,670                               | 182,090,183   | 222,179,371   |
| At end of year                                   | (402,860,548)                         | (242,117,755) | (75,277,578)  |

Valuation allowances were determined by assessing both positive and negative evidence and have been provided on the net deferred tax asset due to the uncertainty surrounding its realization. As of December 31, 2013 and 2014, valuation allowances of RMB242,117,755 and RMB75,277,578 were provided against deferred tax assets because it was more likely than not that such portion of deferred tax will not be realized based on the Group's estimate of future taxable incomes of all its subsidiaries. If events occur in the future that allow the Group to realize more of its deferred tax assets than the presently recorded amount, an adjustment to the valuation allowances will result in a non-cash income statement benefit when those events occur. Certain valuation allowance was reversed in 2014 when certain subsidiaries generated sufficient taxable income to utilize the deferred tax assets. Due to the strong financial performance of certain subsidiaries, the Company has determined that the future taxable income of those subsidiaries is sufficient to realize the benefits of such deferred tax assets. As a result, the Company reversed the valuation allowance of RMB222 million in 2014.

## 6. REDEEMABLE NON-CONTROLLING INTERESTS

In July 2014, JinkoSolar Power, one of the Company's wholly owned subsidiaries, entered into preferred share agreements with certain investors ("preferred shareholders") to issue 25,532 shares of series A redeemable convertible preferred shares, 26,809 shares of series A-1 redeemable convertible and preferred shares and 5,106 shares of series A-2 redeemable convertible preferred shares, respectively, at the price of US\$3,917 per share for an aggregate issuance price of US\$ 225 million (RMB1,385 million). The preferred shares on an as-if-converted basis represented approximately 45% of the aggregate issued and outstanding share capital of JinkoSolar Power on the closing date, with the Company holding the remaining 55%. The issuance costs related to series A, A-1 and A-2 preferred shares were US\$240,000 (RMB1.5 million).

Pursuant to the preferred share agreement, the preferred shareholders have the right to convert all or any portion of their preferred shareholdings into ordinary shares of JinkoSolar Power at the initial conversion ratio of 1:1 at any time after the date of issuance of the preferred shares. Conversion ratio is subject to adjustment for dilution, including but not limited to stock splits, stock dividends and recapitalization. In addition, the Preferred Shares will automatically convert into the Company's ordinary shares upon the occurrence of a qualified initial public offering (IPO), at the then effective and applicable conversion price. The shareholders also have the right to require JinkoSolar Power, the Company and WWG Investment, which is a wholly owned subsidiary of the Company and the intermediate holding company that directly holds JinkoSolar Power, to redeem the preferred shares if (i) a qualified IPO or Sale fails to occur within the prescribed time periods; or (ii) a material breach of the terms and conditions of the preferred share agreements by the JinkoPower Solar, the Company and its respective subsidiary. The redemption price for each Preferred Share shall be equal to: (1) the original preferred issue Price, plus (2) a simple annual return of 13% (calculated on a 360-day per year basis) on the original preferred issue price, calculated from the issue date, August 11, 2014, until the redemption closing, plus (3) all declared or accrued but unpaid dividends for such Preferred Share until the closing date of the redemption in each case proportionally adjusted for any recapitalization events, such as share split, share combination, and share dividend.

Because the series A preferred shares issued by JinkoSolar Power are redeemable at a determinable price on a determinable date, at the option of the holder, or upon occurrence of an event that is not solely within the control of the issuer. Accordingly, the redeemable preferred shares issued by JinkoSolar Power are recorded and accounted for as redeemable non-controlling interests outside of permanent equity in the Group's consolidated balance sheets in accordance with ASC 480-10-S99-3A. Because the applicable operative agreements do not give the preferred shareholders a contractual right to participate in JinkoSolar Power's earnings or dividends on an actual or if-convertible basis, no earnings or loss of JinkoSolar Power will be allocated at the Company level to the redeemable noncontrolling interests. The Group accretes for the difference between the initial carrying value and the ultimate redemption price to the earliest possible redemption date using the effective interest method. The accretion, which increases the carrying value of the redeemable noncontrolling interests, is recorded against retained earnings, or in the absence of retained earnings, by increasing the accumulated deficit.

The change in the carrying amount of redeemable non-controlling interests for the years ended December 31, 2014 is as follows:

|   | Year Ended December 31,<br>2014<br>RMB |
|---|--|
| Beginning Balance   | -                                      |
| Recognition of redeemable non-controlling interest during 2014        | 1,383,264,590                          |
| Accretion to redemption value of redeemable non-controlling interests | 52,320,700                             |
| Ending Balance  | <u>1,435,585,290</u>                   |

## 7. ACQUISITION OF SOLAR POWER PLANTS UNDER DEVELOPMENT, ASSETS AND ASSUMPTION OF LIABILITIES THROUGH ACQUISITION OF PROJECT COMPANIES

The Group has acquired permits and solar power plants under construction through acquisition of equity interest in relevant solar power project companies from third parties. These transactions were conducted in the normal course of the business and are accounted for as assets acquisition due to that the permits and solar power plants under construction do not meet the definition of a business until these solar power plants begin operations.

During the year ended December 31, 2014, the Group acquired the entire issued share capital of nine solar power project companies located in Ningxia, Shandong, Neimenggu and Jiangsu, China from independent third parties.

The aggregate net assets acquired in transactions were as follows:

|                                    | Year Ended December 31,<br>2014<br>RMB |
|------------------------------------|--|
| Cash and cash equivalents          | 51,115                                 |
| Other receivables-3rd party        | 4,288,400                              |
| Solar power project assets, net    | 24,116,884                             |
| Other assets                       | 198,829,274                            |
| Accounts payable                   | (79,127,090)                           |
| Other payables-3rd party           | (13,859,583)                           |
| <b>Net assets acquired</b>         | <u>134,299,000</u>                     |
| Total consideration satisfied by   |  |
| Non-controlling interests          | 5,200,000                              |
| <b>Cash consideration paid</b>     | <u>129,099,000</u>                     |
| Net cash outflow for acquisition:  |  |
| Cash consideration paid            | 129,099,000                            |
| Cash and cash equivalents acquired | 51,115                                 |
|                                    | <u>129,047,885</u>                     |





## 8. ACCOUNTS RECEIVABLE, NET—THIRD PARTIES

|                                 | As of December 31,   |                      |
|---------------------------------|----------------------|----------------------|
|                                 | 2013                 | 2014                 |
|                                 | RMB                  | RMB                  |
| Accounts receivables            | 2,094,704,129        | 3,546,873,497        |
| Allowance for doubtful accounts | (445,956,167)        | (428,570,077)        |
| Accounts receivable, net        | <u>1,648,747,962</u> | <u>3,118,303,420</u> |

As of December 31, 2014, accounts receivable with net book value of RMB169,694,054 were pledged as collateral for the Group's borrowings (Note 20).

### *Movement of allowance of doubtful accounts*

|                      | As of December 31, |                    |                    |
|----------------------|--------------------|--------------------|--------------------|
|                      | 2012               | 2013               | 2014               |
|                      | RMB                | RMB                | RMB                |
| At beginning of year | 179,746,165        | 673,671,445        | 445,956,167        |
| Addition             | 541,662,539        | 121,315,213        | 188,572,147        |
| Write-off            | -                  | (40,819,459)       | (44,538,077)       |
| Reversal             | (47,737,259)       | (308,211,032)      | (161,420,160)      |
| At end of year       | <u>673,671,445</u> | <u>445,956,167</u> | <u>428,570,077</u> |

The Group assesses creditworthiness of customers before granting any credit terms. This assessment is primarily based on reviewing of customer's financial statements and historical collection records, discussion with customers' senior management, and reviewing of information provided by third parties, such as Dun & Bradstreet and the insurance company that ultimately insures the Group against customer credit default.

The significant bad debt reversal represents the cash collection of the fully provided long-term receivables. The Company made bad debt provisions for certain long-term receivables in prior years which were in line with the adverse economic environment in solar industry. With the recovery of solar industry since 2013, the Company made its best effort to improve the cash collection for the long-aged accounts receivables. The cash received was recorded as the reversal of prior year bad debt allowance.

## 9. ADVANCES TO SUPPLIERS, NET – THIRD PARTY

|                                     | As of December 31, |                   |
|-------------------------------------|--------------------|-------------------|
|                                     | 2013               | 2014              |
|                                     | RMB                | RMB               |
| Advances to suppliers - current     | 74,047,190         | 87,647,202        |
| Advances to suppliers - noncurrent  | 223,043,440        | -                 |
| Total                               | 297,090,630        | 87,647,202        |
| Provision for advances to suppliers | (227,073,440)      | (6,724,857)       |
| Advances to suppliers, net          | <u>70,017,190</u>  | <u>80,922,345</u> |

The Group's advance payments to suppliers with purchase contracts with term of more than one year were made to two major suppliers, Hoku Materials, Inc. ("Hoku"), a fully owned subsidiary of Hoku Corporation (formerly known as "Hoku Scientific, Inc.") and Wuxi ZhongCai Technologies Co., Ltd., ("Wuxi Zhongcai") respectively in 2012. The Group previously entered into long-term polysilicon supply agreements with each of Hoku and Wuxi Zhongcai. As a result of continuing significant decline in the polysilicon purchase price and the adverse developments in those suppliers' operations during 2012, including the suspension of their productions, the Group made full provision of RMB223,043,440 for the full outstanding balances of inventory purchase prepayment made to those two suppliers under long-term polysilicon supply contracts during the year ended December 31, 2012. The Group wrote off the provision of RMB223,043,440 during the year ended December 31, 2014. The Company recorded provisions of nil and RMB2,694,857 for the years ended December 31, 2013 and 2014, respectively.

As of December 31, 2013 and 2014, advances to suppliers with term of less than 1 year mainly represent payments for procurement of recoverable silicon materials, virgin polysilicon and solar cells and the Group has delivery plan with the respective suppliers to receive the materials in the next twelve months.

## 10. INVENTORIES

Inventories consisted of the following:

|                  | As of December 31, |                      |
|------------------|--------------------|----------------------|
|                  | 2013               | 2014                 |
|                  | RMB                | RMB                  |
| Raw materials    | 239,284,316        | 638,652,057          |
| Work-in-progress | 103,161,011        | 324,604,192          |
| Finished goods   | 369,583,888        | 927,891,802          |
| Total            | <u>712,029,215</u> | <u>1,891,148,051</u> |

Write-down of the carrying amount of inventory to its estimated market value was RMB332,337,477, RMB163,728,489 and RMB75,935,281 for the years ended December 31, 2012, 2013 and 2014, respectively, and were recorded as cost of revenues in the consolidated statements of operations.

As of December 31, 2014, inventories with net book value of RMB200,414,527 were pledged as collateral for the Group's borrowings (Note 20).

## 11. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following:

|  | As of December 31, |                    |
|--|--------------------|--------------------|
|  | 2013               | 2014               |
|  | RMB                | RMB                |
| Value-added tax deductible                         | 463,771,911        | 685,696,580        |
| Deposit for customer duty, bidding and others      | 39,412,046         | 68,027,240         |
| Rental deposit and prepayment                      | 7,876,610          | 31,054,808         |
| Prepayment for share repurchase                    | 25,173,532         | 25,471,153         |
| Prepaid professional service fee                   | 5,646,098          | 18,824,241         |
| Prepayment for income tax                          | 5,992,644          | 17,439,451         |
| Employee advances                                  | 10,357,581         | 15,602,935         |
| Prepaid insurance premium                          | 9,407,769          | 15,060,226         |
| Deposits related to acquisition of subsidiaries    | -                  | 10,000,000         |
| Deposits related to construction of solar projects | 9,880,000          | 9,880,000          |
| Others   | 14,335,784         | 19,599,010         |
| Total  | <u>591,853,975</u> | <u>916,655,644</u> |

Value-added tax deductible represented the balance that the Group can utilize to deduct its value-added tax liability within the next 12 months.

As of December 31, 2013 and 2014, all of the employee advances were business related, interest-free, not collateralized and will be repaid or settled within one year from the respective balance sheet dates.

## 12. INVESTMENTS IN AFFILIATES

*Investments accounted for under the equity method.*

The movement of the investments in equity method company is as follows:

|  | As of December 31, |                   |
|--|--------------------|-------------------|
|  | 2013               | 2014              |
|  | RMB                | RMB               |
| At beginning of year                         | 27,983,709         | 86,368,746        |
| Investment                                   | 84,000,000         | -                 |
| share of (loss)/gain of affiliated companies | (25,614,963)       | 9,549,289         |
| At end of year                               | <u>86,368,746</u>  | <u>95,918,035</u> |

On December 20, 2012, JinkoSolar signed a strategic cooperation agreement with Jinchuan Group Co., Ltd. (“Jinchuan Group”), a Chinese state-owned enterprise, to jointly invest in and establish a company named Gansu Jintai Electronic Power Co., Ltd. (“Gansu Jintai” or “investee”), to develop 200 MW photovoltaic (“PV”) solar power plant in Jinchang, Gansu Province, China. JinkoSolar holds 28% equity interest in Gansu Jintai and accounts for its investment in Gansu Jintai using the equity method as JinkoSolar has the ability to exercise significant influence over the operating and financial policies of the investee. JinkoSolar’s share of Gansu Jintai’s results of operations is included in equity (loss)/gain in affiliated companies in the Group’s consolidated statements of operations, with an amount of RMB25,614,963 and RMB9,549,289 for the year ended December 31, 2013 and 2014, respectively.

*Investments accounted for under the cost method*

In May 2012, the Group acquired a 9% stake in Heihe Hydropower Development Co., Ltd, a company in Gansu province, China, for a consideration of RMB7,200,000. The Group accounted for the RMB7.2 million using the cost method of accounting.

### 13. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment and related accumulated depreciation are as follows:

|   | <b>As of December 31,</b>   |                             |
|---|-----------------------------|-----------------------------|
|   | <b>2013</b>                 | <b>2014</b>                 |
|   | <b>RMB</b>                  | <b>RMB</b>                  |
| Buildings                               | 632,996,431                 | 674,404,784                 |
| Machinery and equipment                 | 3,412,945,731               | 3,587,003,598               |
| Motor vehicles                          | 24,519,713                  | 31,996,742                  |
| Furniture, fixture and office equipment | 48,993,283                  | 70,296,117                  |
|   | <u>4,119,455,158</u>        | <u>4,363,701,241</u>        |
| Less: Accumulated depreciation          | (1,024,205,575)             | (1,354,103,750)             |
| Less: Impairment                        | (33,632,696)                | (37,759,828)                |
| Subtotal                                | <u>3,061,616,887</u>        | <u>2,971,837,663</u>        |
| Construction in progress                | 125,381,063                 | 129,957,509                 |
| Property, plant and equipment, net      | <u><u>3,186,997,950</u></u> | <u><u>3,101,795,172</u></u> |

Depreciation expenses were RMB323,152,636 , RMB328,311,127 and RMB348,022,445 for the years ended December 31, 2012, 2013 and 2014, respectively.

Construction in progress primarily represents the construction of new production line. Costs incurred in the construction are capitalized and transferred to property and equipment upon completion, at which time depreciation commences.

In the years ended December 31, 2012, 2013 and 2014, the Group recorded impairment of RMB65,476,299 , RMB3,573,248 and RMB6,217,151 related to the retirement of certain equipment in the wafer and cell production line that had become obsolete.

As of December 31, 2014, certain property, plant and equipment with net book value amounting of RMB1,788,436,155 are pledged as collateral for the Group’s borrowings (Note 20).

### 14. PROJECT ASSETS

As of December 31, 2013 and 2014 the balances of project assets was RMB1,358,944,492 and RMB4,353,070,389, respectively. As of December 31, 2013 and 2014, RMB1,349,668,502 and RMB2,027,560,954 of project assets had been completed and connected to the grid. The revenues from connection to the grid for the years ended December 31, 2013 and 2014 were RMB76,719,737 and RMB237,539,126, respectively. Depreciation expenses of project assets were RMB27,309,105 and RMB85,693,840 for the years ended December 31, 2013 and 2014, respectively.

As of December 31, 2014, project assets with net book value of RMB1,153,898,024 were pledged as collateral for the Group’s borrowings (Note20).

### 15. LAND USE RIGHTS, NET

Land use rights represent fees paid to the government to obtain the rights to use certain lands over periods of 20 to 70 years, as applicable, in the PRC.

|                                | <b>As of December 31,</b> |                           |
|--------------------------------|---------------------------|---------------------------|
|                                | <b>2013</b>               | <b>2014</b>               |
|                                | <b>RMB</b>                | <b>RMB</b>                |
| Land use rights                | 386,909,459               | 406,639,529               |
| Less: accumulated amortization | (27,824,516)              | (34,707,379)              |
| Land use rights, net           | <u><u>359,084,943</u></u> | <u><u>371,932,150</u></u> |

Amortization expense was RMB6,546,151 , RMB6,664,272 and RMB6,882,863 for the years ended December 31, 2012, 2013 and 2014, respectively. As of December 31, 2014, estimated amortization expense in each of the next five years is RMB7,569,831.

As of December 31, 2014, Certain land use rights with net book value of RMB255,885,578 were pledged as collateral for the Company's borrowings (Note 20).

#### 16. INTANGIBLE ASSETS, NET

Intangible assets and their related amortization are as follow:

|                                | <b>As of December 31,</b> |                  |
|--------------------------------|---------------------------|------------------|
|                                | <b>2013</b>               | <b>2014</b>      |
|                                | <b>RMB</b>                | <b>RMB</b>       |
| Trademark                      | 1,828,762                 | 1,828,762        |
| Computer software              | 6,603,124                 | 11,240,538       |
| Less: accumulated amortization | (1,968,299)               | (3,105,252)      |
| Intangible assets, net         | <u>6,463,587</u>          | <u>9,964,048</u> |

Amortization expense was RMB764,312 , RMB953,290 and RMB1,136,953 for the years ended December 31, 2012, 2013 and 2014, respectively.

#### 17. OTHER ASSETS

Other assets consisted of the following:

|   | <b>As of December 31,</b> |                    |
|---|---------------------------|--------------------|
|   | <b>2013</b>               | <b>2014</b>        |
|   | <b>RMB</b>                | <b>RMB</b>         |
| Prepayments for purchase of property, plant and equipment | 61,958,160                | 98,361,331         |
| Prepayments for construction of project assets            | 9,283,580                 | 51,028,487         |
| Prepayments for land use rights                           | 12,305,449                | 1,955,518          |
| Prepayments for land lease                                | -                         | 20,419,212         |
| Prepayment for warranty insurance premium                 | 57,215,458                | 68,933,792         |
| VAT recoverable for solar power plants                    | -                         | 186,077,827        |
| Deferred charges  | -                         | 47,390,407         |
| Others  | 4,164,974                 | 311,110            |
| Total   | <u>144,927,621</u>        | <u>474,477,684</u> |

#### 18. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

|  | <b>As of December 31,</b> |                      |
|--|---------------------------|----------------------|
|  | <b>2013</b>               | <b>2014</b>          |
|  | <b>RMB</b>                | <b>RMB</b>           |
| Payables for purchase of property, plant and equipment | 209,168,858               | 163,015,047          |
| Payables for project assets                            | 282,999,774               | 745,106,497          |
| Government grants related to assets                    | 53,150,000                | 67,840,000           |
| Value-added tax and other tax payables                 | 26,032,624                | 77,827,147           |
| Freight payables                                       | 71,588,840                | 112,111,724          |
| Accrued utilities, rentals and interest                | 21,296,512                | 39,474,340           |
| Contracted labor fee                                   | 28,579,830                | 39,329,924           |
| Accrued warranty cost                                  | 36,133,758                | 64,199,521           |
| Commission payables                                    | 28,359,421                | 11,466,566           |
| Accrued professional service fees                      | 9,217,250                 | 11,325,928           |
| Others   | 63,846,698                | 60,446,983           |
| Total  | <u>830,373,565</u>        | <u>1,392,143,677</u> |

The government grant was under Golden Sun Program which was sponsored by China's Ministry of Finance, Ministry of Science and Technology, the National Energy Administration of the National Development and Reform Commission, and the Ministry of Housing and Urban-Rural Development. These grants will be deducted from the carrying amount when the assets are ready for use.

## 19. BONDS PAYABLE AND ACCRUED INTEREST

On January 14, 2011, Jiangxi Jinko issued a short-term bond with a principal amount of RMB300,000,000 which bears interest at the rate of 5.28% per annum, and the bond was repaid on January 14, 2012. On March 24, 2011, Jiangxi Jinko issued a short-term bond with a principal amount of RMB300,000,000 which bears interest at the rate of 5.6% per annum, and the bond was repaid on March 23, 2012. On July 11, 2011, Jiangxi Jinko issued a short-term bond with a principal amount of RMB400,000,000 which bears interest at the rate of 6.5% per annum, and the bond was repaid on July 11, 2012.

On April 24, 2012, Jiangxi Jinko issued a short-term bond with a principal amount of RMB300,000,000 which bears interest at the rate of 6.3% per annum, and the bond was subsequently repaid on April 23, 2013.

On January 29, 2013, Jiangxi Jinko issued a six-year bond with an aggregate principal amount of RMB800,000,000 which bears a fixed annual interest rate of 8.99% and will mature on January 28, 2019. At the end of the third year in the life of the bonds, the Group has the option to raise the interest rate by up to 100 basis points, and the bondholders will have the right to require Jiangxi Jinko to repurchase all or part of their bond, at such time. The bond is recorded on amortized cost basis with the interest rate of 8.99%. Interest expense related to the bond was RMB66,725,778 and RMB 66,725,778 for the year ended December 31, 2013 and 2014, respectively.

Bonds payable are all issued at face value, unsecured from the issuance date.

## 20 BORROWINGS

### (a) Short-term borrowings

|   | As of December 31, |               |
|---|--------------------|---------------|
|   | 2013               | 2014          |
|   | RMB                | RMB           |
| Short-term bank borrowings                | 1,803,593,927      | 2,566,366,459 |
| Long-term bank borrowings—current portion | 171,000,000        | 40,500,000    |
| Total short-term borrowings               | 1,974,593,927      | 2,606,866,459 |

The short-term bank borrowings outstanding as of December 31, 2013 and 2014 carried a weighted average interest rate of 5.28% and 4.78% per annum, respectively. Included in the balance of short-term bank borrowings as of December 31, 2014 were borrowings of RMB21,413,994 and RMB1,156,364,658 which are denominated and repayable in EURO and USD, respectively.

As of December 31, 2014, the Group had a short-term bank borrowing of RMB94,901,516 from Jiangxi Heji Investment Co., Ltd. which were interest free and without definite repayment term.

As of December 31, 2014, the Group had short-term bank borrowings of RMB583,129,627 which were credit loans. The remaining short-term bank borrowings of RMB1,888,335,316 were either guaranteed by other parties and/or collateralized on the Group's assets, detailed as following:

- Borrowings of RMB419,240,000 guaranteed by Jiangxi Jinko, RMB48,930,650 guaranteed by Jiangxi Import & Export, and RMB82,818,738 guaranteed by a third party, respectively.
- Borrowings of RMB 96,267,150 collateralized on bank acceptance notes and letter of guarantee. The net value of the bank acceptance notes under pledge were RMB55,000,000.
- Borrowings of RMB19,000,000 collateralized on accounts receivables of a Group's subsidiary worth of RMB19,000,000.
- Borrowings of RMB28,949,786 collateralized on third party's equipment and land use right, and also guaranteed by the Shareholders.
- Borrowings of RMB50,000,000 collateralized on the Group's inventory. The net book value of the inventory was RMB139,414,527.
- Borrowings of RMB110,000,000 collateralized on the Group's land use right. The net book value of the land use right was RMB 96,613,507.
- Borrowings of RMB1,033,128,992 collateralized on the Group's certain building and equipment, including RMB558,378,898 which were also collateralized on the Group's certain land use rights, RMB224,000,000 were also collateralized on the Group's certain inventory. In addition, included in these borrowings there were borrowings of RMB466,014,161 guaranteed by the Shareholders, RMB168,110,161 guaranteed by Zhejiang Jinko, RMB493,539,933 guaranteed by Jiangxi Jinko, RMB80,000,000 guaranteed by Jiangxi Import & Export. The net book value of the land use right, building, equipment and inventory was RMB159,272,071, RMB352,598,628, RMB1,435,837,527, and RMB61,000,000, respectively as of December 31, 2014.

*(b) Long-term borrowings*

|                            | As of December 31, |                    |
|----------------------------|--------------------|--------------------|
|                            | 2013               | 2014               |
|                            | RMB                | RMB                |
| Long-term bank borrowings  | 533,000,000        | 997,000,000        |
| Less: Current portion      | (171,000,000)      | (40,500,000)       |
| Total long-term borrowings | <u>362,000,000</u> | <u>956,500,000</u> |

Future principal repayments on the long-term borrowings are as follows:

| Year ending December 31, | RMB                |
|--------------------------|--------------------|
| 2015                     | 40,500,000         |
| 2016                     | 50,000,000         |
| Thereafter               | 906,500,000        |
| Total                    | <u>997,000,000</u> |

In 2013, the Group entered into a loan agreement with Jiangxi Guochuang Investment Co., Ltd. (“Guochuang”) for a three-years loan in the principle amount of RMB 8,000,000. In 2013, Jiangxi Jinko received RMB 8,000,000 proceeds which were interest free. The borrowing was collateralized on stock rights of Jiangxi Jinko, which was hold by Jinko Technology.

In 2013 and 2014, the Group entered into loan agreements for an aggregate principle amount of RMB995 million for the term of 15 years with China Development Bank to develop power plant projects, which was repayable in installments from May 2013 to April 2032. As of December 31, 2014, the balance of these borrowings was RMB989,000,000, including 40,500,000 which will due in 2015. The loan carries a variable interest rate that is determined with reference to the prevailing base lending rate set by People’s Bank of China. The effective interest rate of the borrowing was 6.68% as of December 31, 2014. Interest is payable quarterly. The borrowing was collateralized on certain of the Group’s solar power project assets, accounts receivable, and also guaranteed by a Shareholder, Jinko Power Co., Ltd. and a subsidiary of Jinkosolar Holding. The net book value of solar power project assets and accounts receivable collateralized were RMB1,153,898,024 and RMB150,694,054, respectively, as of December 31, 2014. The borrowing was also collateralized on the equity interests of certain of the Group’s subsidiaries of which the total net assets were RMB455,098,347.

## 21. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share and diluted earnings/(loss) per share have been calculated as follows:

|  | <b>For the years ended December 31,</b> |                   |                    |
|--|---|-------------------|--------------------|
|  | <b>2012</b>                             | <b>2013</b>       | <b>2014</b>        |
|  | <b>RMB</b>                              | <b>RMB</b>        | <b>RMB</b>         |
| <b>Numerator:</b>  |   |                   |                    |
| Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders – Basic (1)     | (1,542,422,068)                         | 188,011,825       | 673,025,055        |
| Elimination of convertible senior notes interest on assumed conversion                                 | -                                       | -                 | 64,960,833         |
| Elimination of exchange gain on convertible senior notes on assumed conversion                         | -                                       | -                 | 5,862,093          |
| Elimination of change in fair value of convertible senior notes on assumed conversion                  | -                                       | -                 | (150,790,707)      |
| Net (loss)/income attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders – Diluted       | (1,542,422,068)                         | 188,011,825       | 593,057,274        |
| <b>Denominator:</b>  |   |                   |                    |
| Denominator for basic calculation - weighted average number of ordinary shares outstanding             | 88,752,706                              | 94,018,394        | 122,980,870        |
| Dilutive effects of share options  | -                                       | 2,017,591         | 3,934,741          |
| Assumed conversion of convertible senior notes   | -                                       | -                 | 26,870,920         |
| Denominator for diluted calculation - weighted average number of ordinary shares outstanding           | <u>88,752,706</u>                       | <u>96,035,985</u> | <u>153,786,531</u> |
| Basic earnings/(loss) per share attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders   | (17.38)                                 | 2.00              | 5.47               |
| Diluted (loss)/earnings per share attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders | <u>(17.38)</u>                          | <u>1.96</u>       | <u>3.86</u>        |

As disclosed in Note 6, redeemable non-controlling Interests, JinkoSolar Power issued redeemable convertible preferred shares, which are accounted for as redeemable non-controlling interest and are accreted from the initial carrying value to the ultimate redemption price on the earliest possible redemption date. For the year ended December 31, 2014, accretion of RMB 52,320,700 for redeemable non-controlling interests was recorded as a charge to decrease net income to arrive at net income attributable to JinkoSolar Holding's ordinary shareholders. After the accretion, JinkoSolar Power has a net deficit for 2014 and there was no remaining earnings attributable to its redeemable convertible preferred shares,

For the year ended December 31, 2012 and 2013, the convertible senior notes were not included in the calculation of diluted EPS because of their anti-dilutive effect.

For the year ended December 31, 2012, the Company was in the loss situation, therefore the share options were not included in the computation of diluted EPS because of their anti-dilutive effect.

## 22. EMPLOYEE BENEFITS

According to the guidance promulgated by the central government, companies (and employees) are required to contribute, in specified portions, to the social insurance funds (including medical care insurance, work injury insurance, unemployment insurance, maternity insurance and pension benefits) as well as the housing funds (collectively, “employee welfare funds”) on a monthly basis for all of the employees based on such employees’ actual salaries or the applicable capped salary base, whichever is lower. An employee is entitled to request its employer to make the required portion of contributions in the statutory amounts to the employee welfare funds.

In line with local customary practices, the Company has made contributions to the social insurance funds which met the requirement of the local minimum wage standard, instead of its employees’ actual salaries as required by the above described guidance, and has not made full contribution to the housing funds.

Based on the Company’s observation of local practices and consultation with relevant government authorities, the Company believes its practice has been consistent with the common practice adopted by businesses in Shangrao and Haining, where the Company’s main subsidiaries operate.

However, the Company believes it is probable that it will be required to make additional contributions to the employee welfare funds if (i) the government authorities were to strictly enforce the statutory contribution requirements, or (ii) the employees were to request the Company to make full contributions to their employee welfare funds (such request, if made, would most likely be supported by the labor arbitration center or the labor administrative bureau). Therefore, the Company recognizes the difference between the amount of its actual contributions and the statutory contribution requirements under the guidance promulgated by the central government as a liability for employee welfare benefits. The unpaid balance of accrued liability accrued for the welfare benefits were RMB175,141,564 and RMB 210,287,692 as of December 31, 2013 and December 31, 2014, respectively.

On October 28, 2010, the Standing Committee of the National People’s Congress issued and adopted the Social Insurance Law (the “Social Insurance Law”), which became effective on July 1, 2011. The Social Security Law imposes certain fines for the aggregated amount of any outstanding contributions if such contributions are not made within a prescribed time period. In light of this requirement, the Company had accrued a penalty on the basis of a daily rate of 0.05% of the outstanding contributions as provided under the Social Insurance Law prior to 2014. The unpaid balance of penalty accrued for employee welfare benefits were RMB12,063,712 and RMB25,807,949 as of December 31, 2012 and 2013, respectively.

On September 26, 2013, the Ministry of Human Resources and Social Security of the People's Republic of China announced “Regulations on the Declaration and Payment of Social Welfare” (“New Social Security Regulation”), which took effect on November 1, 2013. The New Social Security Regulation clarifies that the local social security authority should issue a notification to the employers who fail to make appropriate contribution of social security and a late-payment penalty charge will only be imposed to employers who fail to pay the outstanding contribution within five days upon the receipt of the notification. However, there were different interpretations of the New Social Security Regulation as to applicability of the penalty charge by different local authorities in different cities and provinces in late 2013, therefore, the Company started to perform investigation and legal assessment as well as communicating with relevant local authorities since then and continued to accrue penalty charge as of December 31, 2013. Legal assessment was completed in late 2014. In the opinion of the management, the probability that the Company would be required to pay late-payment penalty in connection with the unpaid contribution is remote, given that the Company has received certificates from local social security authorities which confirmed that the Company was in compliance with the local social insurance regulations as of December 31, 2014 and that local social security authorities have not issued any notification for payment of outstanding contribution to the Company. Accordingly, the Company reversed penalty accruals related to the outstanding social welfare contributions for RMB 25,807,949, and did not continue to accrue for late-payment penalty in the year ended December 31, 2014.

## 23. CONVERTIBLE SENIOR NOTES AND CAPPED CALL OPTIONS

### *2016 Convertible Notes*

The Company issued USD 125 million of convertible senior notes on May 17, 2011, which will mature on May 15, 2016 (the “2016 Notes”). The interest rate is 4% per annum payable semi-annually, in arrears. No accrued interest is to be paid on the 2016 Notes when they are converted.

Holder have the option to convert their Notes from the earlier of (i) when the registration statement of the 2016 Notes becomes effective and (ii) the first anniversary of the date on which the 2016 Notes are first issued, through to and including the business day prior to the maturity date, into ADSs representing the ordinary shares initially at a conversion rate of 29.6307 ADSs per US\$1,000 principal amount of Notes (equivalent to an initial conversion price of approximately US\$33.75 per ADS).

The conversion rate is subject to change on anti-dilution and upon certain fundamental changes. Fundamental changes are defined as 1) any “person” or “group” beneficially owns (directly or indirectly) 50% or more of the total voting power of all outstanding classes of Company’s shares or has the power to elect a majority of the members of the board of directors; 2) Company consolidates with, or merge with or into, another person or the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets, or any person consolidates with, or merges with or into, the Company; 3) Termination of trading of Company’s ADSs; and 4) adoption of a plan relating to our liquidation or dissolution.

The holders have the option to require the Company to repurchase the 2016 Notes, in whole or in part, in the event of a fundamental change for an amount equal to the 100% of the principal amount and any accrued and unpaid interest in the event of fundamental changes. Management assessed that the likelihood of fundamental change is remote.

The holders will have the right to require the Company to repurchase for cash all or any portion of their notes on May 15, 2014 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date. No repurchase request was received by the Company.



While the 2016 Notes remain outstanding, the Company or its subsidiaries will not create or permit to subsist any security upon its property, assets or revenues (present or future) to secure any international investment securities or to secure any guarantee of or indemnity of any international investment securities unless the obligations under the Notes and the indenture (a) are secured equally and ratably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by holders of a majority in aggregate principal amount of the Notes then outstanding.

As a result of the depressed market conditions, the Company repurchased 2016 Notes with face value of US\$2 million or 1.6% of the Notes at approximately 41% of the face value up to December 31, 2011. There were no repurchase of 2016 Notes in the years ended December 31, 2012, 2013 and 2014.

#### *2019 Convertible Notes*

The Company issued USD 150 million of convertible senior notes on January 22, 2014, which will mature on February 1st, 2019 (the “2019 Notes”). The interest rate is 4% per annum payable semi-annually, in arrears. No accrued interest to be paid on the 2019 Notes when they are converted.

Holders have the option to convert their Notes from the earlier of (i) when the registration statement of the 2019 Notes becomes effective and (ii) the first anniversary of the date on which the Notes are first issued, through to and including the business day prior to the maturity date into ADSs representing the ordinary shares initially at a conversion rate of 21.8221 ADSs per US\$1,000 principal amount of Notes (equivalent to an initial conversion price of approximately US\$45.83 per ADS).

The conversion rate is subject to change on anti-dilution and upon certain fundamental changes. Fundamental changes are defined as 1) any “person” or “group” beneficially owns (directly or indirectly) 50% or more of the total voting power of all outstanding classes of Company’s shares or has the power to elect a majority of the members of the board of directors; 2) Company consolidates with, or merge with or into, another person or the Company sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets, or any person consolidates with, or merges with or into, the Company; 3) Termination of trading of Company’s ADSs; and 4) adoption of a plan relating to our liquidation or dissolution.

The holders have the option to require the Company to repurchase the 2019 Notes, in whole or in part, in the event of a fundamental change for an amount equal to the 100% of the principal amount and any accrued and unpaid interest in the event of fundamental changes. Management assessed that the likelihood of fundamental change is remote.

The holders will have the right to require the Company to repurchase for cash all or any portion of their notes on February 1, 2017 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date.

While the 2019 Notes remain outstanding, the Company or its subsidiaries will not create or permit to subsist any security upon its property, assets or revenues (present or future) to secure any international investment securities or to secure any guarantee of or indemnity of any international investment securities unless the obligations under the Notes and the indenture (a) are secured equally and ratably therewith, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by holders of a majority in aggregate principal amount of the Notes then outstanding.

#### *Accounting for 2016 Convertible Notes and 2019 Convertible Notes*

The Company has RMB as its functional currency, and the 2016 Notes and 2019 Notes are denominated in USD. As a result, the conversion feature is dual indexed to the Company’s stock as well as the RMB and USD exchange rate, and is considered an embedded derivative which needs to be bifurcated from the host instrument in accordance with ASC 815.

ASC 815-15-25 provides that if an entity has a hybrid financial instrument that would require bifurcation of embedded derivatives under ASC 815, the entity may irrevocably elect to initially and subsequently measure a hybrid financial instrument in its entirety at fair value with changes in fair value recognized in earnings. The fair value election can be made instrument by instrument and shall be supported by concurrent documentation or a preexisting documented policy for automatic election.

The Company elected to measure the 2016 Notes and 2019 Notes in their entirety at fair value with changes in fair value recognized as non-operating income or loss at each balance sheet date in accordance with ASC 815-15-25. Further, as the functional currency of the Company is RMB, the fair value of the Notes is translated into RMB at each balance sheet date with the difference being reported as exchange gain or loss. In addition, all issuance costs associated with the 2016 Notes and 2019 Notes offering has been expensed as incurred in accordance with ASC 825-10-25-3, which states that upfront costs and fees related to items for which the fair value option is elected shall be recognized in the consolidated statements of operations and comprehensive as incurred and not deferred.

As of December 31, 2012, 2013 and 2014, the estimated fair value of the 2016 Notes amounted to approximately RMB483,581,668, RMB770,485,897 and RMB721,541,380, respectively. The Company recorded foreign exchange gain of RMB1,047,241 and RMB18,298,249 for the year ended December 31, 2012 and 2013 and exchange loss of RMB3,039,266 for the year ended December 31, 2014, respectively. Gain from change in fair value of the 2016 notes was RMB398,030,217 and RMB51,983,783 in the year ended December 31, 2012 and 2014, respectively. Loss from change in fair value of convertible senior notes was RMB305,202,478 in the year ended December 31, 2013 (Note 30).

As of December 31, 2014, the estimated fair value of the 2019 Notes amounted to approximately RMB818,857,265. The Company recorded foreign exchange loss of RMB2,814,189 for the year ended December 31, 2014. Gain from change in fair value of the 2019 notes was RMB98,806,924 in the year ended December 31, 2014. (Note 30).

### *Capped Call Options*

Concurrent with the Company's issuance of the 2016 Notes on May 17, 2011, the Company entered into a capped call option transactions with an affiliate of the initial purchaser of the 2016 Notes. The capped call transaction was designed to reduce the potential dilution that would otherwise occur as a result of new ordinary share issuances upon conversion of the 2016 Notes and effectively increase the conversion price of the 2016 Notes for the Company to \$48.21 per ADS from the actual conversion price to the 2016 Notes holders of \$33.75 per ADS. The total premium paid by the Company for the capped call transactions was US\$18 million. The purchaser of the 2016 Notes have the right to require the Company to repurchase for cash all or any portion of their notes on May 15, 2014 at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date.

The Company's functional currency is different from the denomination of the capped call. Therefore, in accordance with ASC 815, Derivatives and Hedging, the Company accounted for the capped call transactions as freestanding derivative assets in the consolidated balance sheets. The derivative assets are measured and recorded at fair value at initial recognition and is subsequently marked to market each reporting period utilizing the binomial model.

The fair value of capped call options was RMB16,131,208, RMB107,223,601 and RMB21,098,263 as of December 31, 2012, 2013 and 2014. We recorded loss of RMB309,052 and RMB86,689,063 for the years ended December 31, 2012 and 2014, and gain of RMB92,295,905 for the year ended December 31, 2013 in change in fair value of capped call options(Note 30).

### **24. REPURCHASE OF ORDINARY SHARES**

On May 6, 2011, the Board of Directors approved a share repurchase program to repurchase up to US\$30 million of outstanding ADS of the Company from time to time over the next 12 months, depending on market conditions, share price and other factors, as well as subject to the memorandum and articles of association of the Company, the relevant rules under United States securities laws and regulations and the relevant stock exchange rules. The share repurchases may be made on the open market, in block trades or otherwise and is expected to include derivative transactions. The program may be suspended or discontinued at any time.

For the year ended December 31, 2012, 173,570 outstanding ADSs (694,280 shares) were repurchased with a total consideration of RMB5,521,130, which is shown as treasury stock. As of December 31, 2013 and 2014, total of 430,800 ADSs (1,723,200 shares) were repurchased but have not been retired with a total consideration of RMB13,875,553 which is shown as treasury stock.

### **25. ISSUANCE OF ORDINARY SHARES**

The Company's authorized share capital is US\$10,000,000 comprising 500,000,000 ordinary shares with a par value of US\$0.00002 each. On September 25, 2013, the Company closed a follow-on public offering of 17,480,000 ordinary shares (4,370,000 ADSs) and received aggregated net proceeds of approximately \$67.8 million, after deducting discounts and commissions but before offering expenses. On January 22, 2014, the Company closed a follow-on public offering of 15,000,000 ordinary shares (3,750,000 ADSs) and received aggregated net proceeds of approximately \$126.3million, after deducting discounts and commissions but before offering expenses.

As of December 31, 2013 and 2014 the Company's issued and outstanding shares were 108,051,630 and 124,292,030, respectively.

## 26. SHARE BASED COMPENSATION

The Company adopted a long-term incentive plan (the "2009 Plan") in July 2009 which was subsequently amended and restated. The 2009 plan provided for the issuance of options of 9,325,122 ordinary shares. The options have a contractual life of 7 years except for certain options granted to an employee in August 2009 that can be exercised until October 1, 2013. The share options will vest in 5 successive equal annual instalments on the last day of each year from the grant date, provided that the personnel's service with the Company has not terminated prior to each such vesting date. For 953,200 options granted to one employee in August 2009, the share options vested in a series of 36 months, on the last day of each month, commencing from October 1, 2008.

The Company adopted a new long-term incentive plan (the "2014 Plan") in August 2014. The 2014 Plan provides for the issuance of options of 12,796,745 ordinary shares. The options have a contractual life of 10 year. The share options will vest in 5 successive equal annual instalments on the last day of each year from the grant date, provided that the personnel's service with the Company has not terminated prior to each such vesting date.

In October 2014, JinkoSolar Power adopted its Equity Incentive Plan, which permits the grant of stock options, restricted shares and restricted share units of JinkoSolar Power to its employees, directors and consultants of the Jinko Power Group. Under the plan, a total of 12,766 ordinary shares of JinkoSolar Power were initially reserved for issuance. No options, restricted shares or restricted share units of JinkoSolar Power's Equity Incentive Plan has been granted in all period presented.

On October 1, 2013, under the 2009 Plan, the Company granted to an officer options to purchase 600,000 ordinary shares of the Company at an exercise price of US\$4.38 per share, with which the share options will vest in 12 successive equal monthly installments on the last day of each month from the grant date, provided that the personnel's service with the Company has not terminated prior to each such vesting date.

On October 1, 2013, under the 2009 Plan, the Company granted to certain employees options to purchase 680,000 ordinary shares of the Company at an exercise price of US\$4.38 per share, with which the share options will vest in 3 and 5 successive equal annual installments on the last day of each year from the grant date, respectively, provided that the personnel's service with the Company has not terminated prior to each such vesting date.

On October 10, 2014, under the 2014 Plan, the Company granted to certain officers options to purchase 9,940,000 ordinary shares of the Company at an exercise price of US\$5.93 per share. The share options will vest in 5 successive equal annual installments on the last day of each year from October 10, 2014, provided that the personnel's service with the Company has not terminated prior to each such vesting date.

On August 13, 2013, the Company extended the expiration date of the stock options granted to an officer from October 1, 2013 to October 1, 2014. As a result of this modification, the Company recorded additional stock-based compensation expense of RMB 1,608,968 for the year ended December 31, 2013.

On August 18, 2014, the Company extended the expiration date of 873,200 stock options granted to an officer from October 1, 2014 to October 1, 2015. As a result of this modification, the Company recorded additional stock-based compensation expense of RMB35,513 for the year ended December 31, 2014.

A summary of activities under the Company's share-based compensation plan is as follow:

|   | Number of<br>option<br>outstanding | Weighted-average<br>exercise price<br>(US\$/share) | Weighted-average<br>remaining<br>contractual term<br>(in years) | Aggregate<br>intrinsic value<br>(RMB) |
|---|------------------------------------|--|---|---------------------------------------|
| Balance as of January 1, 2014                       | 7,070,802                          | 2.22   |   |                                       |
| Granted   | 9,940,000                          | 5.82   |   |                                       |
| Exercise  | (1,240,400)                        | 1.77   |   |                                       |
| Forfeited   | (145,080)                          | 1.45   |   |                                       |
| Balance as of December 31, 2014                     | <u>15,625,322</u>                  | <u>4.55</u>  | <u>7.34</u>   | <u>92,768,473</u>                     |
| Vested and expected to vest as of December 31, 2014 | <u>12,708,076</u>                  | <u>2.69</u>  | <u>4.00</u>   | <u>88,005,121</u>                     |
| Vested and exercisable as of December 31, 2014      | <u>3,675,306</u>                   | <u>2.14</u>  | <u>2.60</u>   | <u>59,188,949</u>                     |

Included in the number of share options granted during 2014, no options were granted under the 2009 Plan and 9,940,000 options were granted under 2014 Plan.

The aggregate intrinsic value is calculated as the difference between the market price of ordinary shares, US\$4.9 per share as of December 31, 2014 and the exercise prices of the options.

Total intrinsic value of options exercised during the year ended December 31, 2012, 2013 and 2014 were RMB14,454, RMB76,736,538 and RMB67,877,828, respectively. The weighted average grant date fair value of options granted during the years ended December 31, 2012, 2013 and 2014 was RMB5.6, RMB23.32 and RMB28.42 per share, respectively.

A summary of non-vested shares activity under the share-based compensation plan is as follow:

|                                 | Number of option<br>outstanding | Weighted-average fair<br>value on grant date<br>(RMB/share) |
|---------------------------------|---------------------------------|---|
| Non-vested at January 1, 2014   | 3,851,772                       | 11.67   |
| Granted                         | 9,940,000                       | 28.42   |
| Vested                          | (1,749,376)                     | 11.98   |
| Forfeited                       | (92,380)                        | 25.11   |
| Non-vested at December 31, 2014 | <u>11,950,016</u>               | <u>25.45</u>  |

Expected to vest as of December 31, 2014

9,032,770

16.78

The total fair value of shares vested for the years ended December 31, 2012, 2013 and 2014 were RMB8,928,354, RMB18,548,052 and RMB20,422,248, respectively.

The share-based compensation expense for the year ended December 31, 2012, 2013 and 2014 was recorded in the respective items:

|                                     | <b>As of December 31,</b> |                   |                   |
|-------------------------------------|---------------------------|-------------------|-------------------|
|                                     | <b>2012</b>               | <b>2013</b>       | <b>2014</b>       |
|                                     | <b>RMB</b>                | <b>RMB</b>        | <b>RMB</b>        |
| Costs of revenues                   | 947,428                   | 505,036           | 203,140           |
| Selling expenses                    | 2,128,245                 | 1,499,187         | 6,397,902         |
| General and administrative expenses | 14,267,437                | 15,987,983        | 34,164,506        |
| Research and development expenses   | -                         | -                 | 1,924,447         |
| <b>Total</b>                        | <b>17,343,110</b>         | <b>17,992,206</b> | <b>42,689,995</b> |

As of December 31, 2014, the company had 15,625,322 options outstanding. Total share-based compensation cost, determined based on the fair value of the options on the grant dates including the incremental charge resulted from the repricing, extension of expired date, applying an estimated forfeiture rate of 10%, amounted to approximately RMB112,033,187 of which the amounts of RMB 17,343,110, RMB17,992,206 and RMB42,689,995 was recognized for the year ended December 31, 2012, 2013 and 2014, respectively.

As of December 31, 2014, the Company had unrecognized share-based compensation expense RMB259,152,334 related to non-vested share options. That deferred cost is expected to be recognized over a weighted-average period of 4.0 years. For the year ended December 31, 2014, total cash received from the exercise of share options was RMB14,528,109.

The fair value of options grant during the year ended December 31, 2014 is estimated on the date of grant using Black-Scholes model with the following assumptions:

|   | <b>2014</b> |
|---|-------------|
| Expected volatility                       | 93.29%      |
| Expected dividend yield                   | 0%          |
| Expected terms                            | 6.5         |
| Risk-free interest rate                   | 1.93%       |
| Fair value per option at grant date (RMB) | 28.42       |

The risk-free interest rate is based on the China government bond yield denominated in US\$ for a term consistent with the expected life of the awards in effect at the time of grant.

The expected term is based on the contractual term of the option and expected employee exercise and post-vesting employment termination behavior. Currently, it is based on the simplified approach.

The Company has no history or expectation of paying dividends on its ordinary shares.

The Company chose to use the historical volatility and implied volatility of a basket of comparable publicly-traded companies for a period equal to the expected term preceding the grant date.

## 27. RELATED PARTY TRANSACTIONS AND BALANCES

### (a) Related party balances

Outstanding amounts due from/to related parties as of December 31, 2013 and 2014 were as follows:

|   | <u>As of December 31,</u> |                      |
|---|---------------------------|----------------------|
|   | <u>2013</u>               | <u>2014</u>          |
|   | <u>RMB</u>                | <u>RMB</u>           |
| <b>Accounts receivable from related parties:</b>  |                           |                      |
| Accounts receivable from subsidiaries of ReneSola Ltd. ("ReneSola", controlled by an immediate family member of the principal shareholders and directors of the Company, who are the executive officers of the Company) | 17,631,474                | -                    |
| Accounts receivable due from Gausu Jintai Electronic Power Company Ltd. ("Gausu Jintai", an affiliated company, in which the Group owns 28% equity interests)   | 266,510,538               | 174,533,796          |
| <b>Advance to related parties:</b>  |                           |                      |
| Advances to subsidiaries of ReneSola Ltd.   | -                         | 1,183,768            |
| <b>Notes receivables from related parties:</b>  |                           |                      |
| Notes receivable due from Gausu Jintai  | 42,900,000                | -                    |
| <b>Other receivables from related parties:</b>  |                           |                      |
| Advances of travel and other business expenses to executive directors who are also shareholders   | 216,255                   | 163,499              |
| <b>Total</b>  | <b>327,258,267</b>        | <b>175,881,063</b>   |
| <b>Accounts payable due to a related party:</b>   |                           |                      |
| Accounts payable due to a subsidiary of ReneSola  | 2,468,361                 | 12,544               |
| Accounts payable due to Jiangxi Desun Energy Co., Ltd. (Desun, an entity in which the Shareholders, each holds more than 10%, and collectively hold 73%, of the equity interest)  | -                         | 1,465,985            |
| <b>Other payables due to a related party:</b>   |                           |                      |
| Other payables to Desun for leasing of land and buildings   | 3,261,649                 | 7,577,316            |
| <b>Total</b>  | <b>5,730,010</b>          | <b>9,055,845</b>     |
| <b>Borrowings due to subsidiaries of China Development Bank* (Note 20)</b>  | <b>358,000,000</b>        | <b>1,356,140,000</b> |
| <b>Accrued interest due to subsidiaries of China Development Bank</b>   | <b>788,908</b>            | <b>2,696,440</b>     |

\* In connection with the issuance of preferred shares by JinkoSolar Power in July 2014, China Development Bank, through its subsidiary, holds 21% equity interests of JinkoSolar Power on an as-if-converted basis. The above borrowings represent borrowings from subsidiaries of China Development Bank.

- (1) Advances of travelling and other business expenses to executive directors who are also shareholders represent the amounts the Company advanced to them for expected expenses, charges and incidentals relating to their business development activities.
- (2) Balances due to related parties are interest-free, not collateralized, and have no definitive repayment terms.

**(b) Related party transactions**

For the years ended December 31, 2012, 2013 and 2014, revenues from sales of products and provision of processing services to subsidiaries of ReneSola amounted to RMB201,355,631, RMB33,936,022 and RMB557,097, respectively.

For the transactions with ReneSola during 2012, these sales and purchases transactions were conducted simultaneously and there was direct linkage between any one or group of buy transactions with any one or group of sell transactions. There was also correlation between the value of raw materials received and the value of finished goods delivered pursuant to the contractual arrangement. These buy and sell transactions with the same counterparty were recognized at net basis and presented separately as sales in the Group's consolidated financial statements.

For the transaction with ReneSola during 2013, the Group entered into processing services agreements with subsidiaries of ReneSola, and revenue related to provision of processing services was recognised when such services had been performed.

For the years ended December 31, 2012, 2013 and 2014, raw materials purchased from a subsidiary of ReneSola amounted to nil, RMB3,968,340 and RMB22,977,148, respectively.

For the years ended December 31, 2012, 2013 and 2014, raw materials purchased from a subsidiary of Desun amounted to nil, nil and RMB1,252,979, respectively.

On January 1, 2008, Desun and Jiangxi Jinko entered into an operating lease agreement pursuant to which Desun leased its buildings and land use rights to Jiangxi Jinko for a ten-year period from January 1, 2008 to December 31, 2017. Desun was deconsolidated from the Company on July 28, 2008 and became a related party of the Group. For the years ended December 31, 2012, 2013 and 2014, Desun charged Jiangxi Jinko RMB1,100,304, RMB1,100,304 and RMB1,100,304 in rent, respectively.

On December 20, 2012, JinkoSolar has signed a strategic cooperation agreement with Jinchuan Group Co., Ltd. ("Jinchuan Group"), a Chinese state-owned enterprise, to jointly invest and establish a Company ("Gansu Jintai" or "investee"), to develop 200 MW photovoltaic ("PV") solar power plant in Jinchang, Gansu Province, China. For the year ended December 31, 2012, 2013 and 2014, sales of solar module to Jinchuan Group amounted to nil, RMB758,075,064 and nil.

During the years ended December 31, 2013 and 2014, the Shareholders provided guarantees for the Group's several short-term and long-term bank borrowings. As of December 31, 2013 and 2014, the balances of short-term borrowings guaranteed by the Shareholders were RMB605,000,000 and RMB494,963,947, respectively. As of December 31, 2013 and 2014, the balances of long-term borrowings guaranteed by the Shareholders were nil and RMB141,400,000, respectively (Note 20).

For the years ended December 31, 2012, 2013 and 2014, borrowings from subsidiaries of China Development Bank amounted to nil, RMB 360,000,000 and RMB 1,002,140,000, respectively. Repayment of borrowings to subsidiaries of China Development Bank amounted to nil, RMB 2,000,000 and RMB 4,000,000, respectively. Interest charges in connection with the borrowings from China Development Bank amounted to nil, RMB 20,114,758 and RMB 52,883,293, respectively.

**28. CERTAIN RISKS AND CONCENTRATION**

**a) Concentrations of credit risk**

Financial instruments that potentially subject the Group to significant concentrations of credit risk consist primarily of cash and cash equivalents, restricted cash, restricted short-term investments, accounts receivable, prepayments and other current assets. As of December 31, 2013 and 2014, substantially all of the Group's cash and cash equivalents, restricted cash and restricted short-term investments were held by major financial institutions located in the PRC.

The Group is also exposed to the credit and financial risks of its suppliers to which the Group made advances. The Group's financial condition and results of operations may be materially affected if the suppliers fail to meet their obligations of supplying silicon materials according to the contractually agreed schedules.

**b) Foreign currency risk**

The Group has contracts for the sales of products, purchases of materials and equipment which are denominated in foreign currencies, including US Dollars, and Euros. For the year ended December 31, 2014, 56.4% of the Group's revenues are dominated in foreign currencies, including US Dollars, Euros, Yen, Australian Dollars, Canadian Dollars, South African Rand and Pounds. Renminbi, the functional currency of the Group, is not freely convertible into foreign currencies.

**c) Major customers**

The Group performs ongoing credit evaluations of its customers' financial condition whenever deemed necessary and generally does not require collateral. The Group maintains an allowance for doubtful accounts based upon the expected collectability of all accounts receivable, which takes into consideration an analysis of historical bad debts, specific customer creditworthiness and current economic trends.

The following table summarizes the percentage of the Company's revenue over 10% of total revenue for the years ended December 31, 2012, 2013 and 2014. There is no accounts receivable represented by customers with balances over 10% of accounts receivables as of December 31, 2013 and 2014, respectively:

|           | Revenue                         |      |      |
|-----------|---------------------------------|------|------|
|           | For the year ended December 31, |      |      |
|           | 2012                            | 2013 | 2014 |
|           | RMB                             | RMB  | RMB  |
| Company A | -                               | 11%  | -    |





*d) Interest rate*

The Group's main interest rate exposure relates to long-term borrowings. The Group does not hedge against interest rate. Any increase in interest rates would increase the Group's finance expenses relating to our variable rate indebtedness and increase the costs of issuing new debt or refinancing its existing indebtedness.

**29. COMMITMENTS AND CONTINGENCIES**

*(a) Operating lease commitments*

From January 1, 2008, Jiangxi Jinko leased buildings and land use rights from Desun, under a non-cancelable operating lease expiring in January 2018. In addition, the Group also leased office buildings for its offices under non-cancelable operating lease from third parties.

Future minimum obligations for operating leases are as follows:

|            | <u>Year ending December 31,</u> | <u>RMB</u>         |
|------------|---------------------------------|--------------------|
| 2015       |                                 | 40,382,075         |
| 2016       |                                 | 34,393,922         |
| 2017       |                                 | 24,841,222         |
| 2018       |                                 | 19,690,678         |
| 2019       |                                 | 9,232,745          |
| Thereafter |                                 | 50,162,791         |
| Total      |                                 | <u>178,703,433</u> |

Rental expense under all operating leases were RMB8,588,661 RMB9,385,783 and RMB 22,285,551 for the years ended December 31, 2012, 2013 and 2014, respectively.

*(b) Capital commitments*

The Group entered into several purchase agreements and supplementary agreements with certain suppliers to acquire machineries to be used in the manufacturing of its products. The Group's total future payments under these purchase agreements amounted to RMB475 million as of December 31, 2014.

*(c) Contingencies*

In the opinion of management, as confirmed by its legal counsel, as of December 31, 2013, the ownership structure of the Group is in compliance with all existing PRC laws and regulations. It is also in the opinion of management that potential losses arising from the ownership structure based on current regulatory environment is remote. However, the Company cannot be assured that the PRC government authorities will not take a view contrary to the opinion of management. In addition, there may be changes and other developments in the PRC laws and regulations or their interpretations. If the current ownership structure of the Group was found to be not in compliance with any existing or future PRC laws or regulations, the Group may be required to restructure its ownership structure and operations in the PRC to comply with current or new PRC laws and regulations.

On October 11, 2011, JinkoSolar was named as a defendant in a putative shareholder class action lawsuit filed in the United States District Court for the Southern District of New York captioned *Marco Peters v. JinkoSolar Holding Co., Ltd., et al.*, Case No. 11-CV-7133 (S.D.N.Y.) (the "U.S. Securities Action"). In addition to JinkoSolar, the complaint also named as defendants Xiande Li, Kangping Chen, Xianhua Li, Wing Koen Siew, Haitao Jin, Zibin Li, Stephen Markscheid, Longgen Zhang (the "Individual Defendants"), and the underwriters of our initial public offering in May 2010. The plaintiff in the U.S. Securities Action sought to represent a class of all purchasers and acquirers of ADSs of JinkoSolar between May 13, 2010 and September 21, 2011, inclusive. The plaintiff alleged that the defendants violated Sections 11 and 12(a)(2) of the Securities Act and Section 10(b) of the Exchange Act by making material misstatements or failing to disclose material information regarding, among other things, JinkoSolar's compliance with environmental regulations at its Haining facility. The complaint also asserted claims against the Individual Defendants for control person liability under Section 15 of the Securities Act and Section 20(a) of the Exchange Act. The complaint sought, among other things, certification of the putative class, unspecified compensatory damages (including interest), and costs and expenses incurred in the action. On March 19, 2012, the court entered an order appointing lead plaintiffs in the U.S. Securities Action.

On June 1, 2012, the court-appointed lead plaintiffs filed an amended complaint (the "Amended Complaint") asserting similar allegations and the same causes of action as in the original complaint and naming one additional underwriter as a defendant. On January 22, 2013, the District Court issued a Memorandum and Order dismissing the Amended Complaint as against all defendants. The plaintiff appealed the District Court's Order to the United States Court of Appeals for the Second Circuit, which issued an order on July 31, 2014 vacating the District Court's Order and remanding the case to the District Court for further proceedings. Defendants filed a further motion to dismiss the amended complaint, which remains pending before the District Court. The Company is unable to reliably estimate the probability of prevailing in the case and the scope of any liabilities.

In July 2008, the Company entered into a long-term supply agreement with Wuxi Zhongcai, a producer of virgin polysilicon materials. The Company provided a prepayment of RMB95.6 million pursuant to such contract. Wuxi Zhongcai subsequently halted production as a result of the adverse changes in the polysilicon market. In February 2013, the Company sued Wuxi Zhongcai in Shangrao City Intermediate People's Court for the refund of the outstanding balance of our prepayment of RMB93.2 million after deducting delivery made to the Company by an affiliate of Wuxi Zhongcai. In January 2013, the Company notified Wuxi Zhongcai to terminate our long-term supply agreement. In February 2013, Wuxi Zhongcai sued the Company in Shanghai Pudong New Area People's Court for approximately RMB2.7 million for breaching the contract by failing to make allegedly required payments. The Company considered the recovery of the RMB93.2 million unlikely as a result of the polysilicon market conditions, the mutually alleged claims and the adverse developments in the operations of Wuxi Zhongcai and recorded provisions of RMB93.2 million for the balance of our prepayment to Wuxi Zhongcai. As of the date of this report, these suits are still pending. The Company is unable to reliably estimate the probability of prevailing in the case and the scope of any liabilities.

#### ***(d) Guarantees***

In July 2014, JinkoSolar Power entered into preferred share agreements with certain investors for the issuance of redeemable convertible preferred shares to such investors. Pursuant to the investment agreement, the investors may request the Company and WWG Investment to redeem preferred shares at their option if a qualified IPO or Sale fails to occur within a prescribed time periods. In substance, the redemption of series A preferred shares was guaranteed by the Company.

### **30. FAIR VALUE MEASUREMENTS**

A hierarchy is established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability, developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. As such, fair value is a market-based measure considered from the perspective of a market participant who holds the asset or owes the liability rather than an entity-specific measure. The hierarchy is broken down into three levels based on the reliability of inputs as follows: (Level 1) observable inputs such as quoted prices in active markets; (Level 2) inputs other than the quoted price in active markets that are observable either directly or indirectly, or quoted prices in less active markets; and (Level 3) unobservable inputs with respect to which there is little or no market data, which require the Company to develop its own assumptions. Fair value of cash equivalents, restricted cash and restricted short-term investment are categorized as level 1 under the fair value hierarchy, as they based on quoted prices in active markets. Short-term borrowings and long-term borrowing are categorized as level 2 under the fair value hierarchy, as they based on quoted prices in less active markets.

#### ***Fair value change in forward contracts***

The Company has entered into foreign exchange forward contracts with local banks to reduce the exposure of significant changes in exchange rates between Renminbi and foreign currencies. Authoritative guidance requires companies to recognize all of the derivative financial instruments as either assets or liabilities at fair value in the consolidated balance sheets based upon quoted market prices for comparable instruments. The Company's forward contracts have not met the criteria for hedge accounting within authoritative guidance. Therefore, the foreign currency forward contracts have been recorded at fair value, with the gain or loss on these transactions recorded in the consolidated statements of operations within "Change in fair value of forward contracts" in the period in which they occur. The Company does not use derivative financial instruments for trading or speculative purposes. The Company held foreign exchange forward contracts with a total notional value of US\$174.2 million, EUR88.5 million, and JPY4,940 million as of December 31, 2014. These foreign exchange forward contracts mature within 12 months. The Company used a discounted cash-flow methodology to measure fair value, which requires inputs such as interest yield curves and foreign exchange rates. The significant inputs used in the aforementioned model can be corroborated with market observable data and therefore the fair value measurements are classified as level 2. Typically, any losses or gains on the forward exchange contracts are offset by re-measurement losses or gains on the underlying balances denominated in non-functional currencies. The Company's foreign currency exchange contract is an over-the-counter instrument.

The Group classified the cash flows related to realized gain or loss on settlement of foreign exchange forward contracts as operating activities, which are based on the nature of the cash flows the derivative is economically hedging.

#### ***Convertible Senior Notes and Capped Call Options***

The Company has adopted valuation models to assess the fair value for capped call options and the Notes, as the capped call options are not publicly traded and the trading of the Notes is considered inactive. Management is responsible for determining these fair values and assessing a number of factors. Both capped call options and the Notes are valued using the Binomial Tree option pricing model. The valuation involves complex and subjective judgments as well as the Company's best estimates on the valuation date. Inputs related to the Binomial models for convertible debt fair value are: spot price, conversion price, time to maturity, expected dividend yield, expected share volatility, risk free interest rate, yield-to-maturity and put option exercisable period, of which spot price and expected share volatility are most significant to valuation determination of convertible debt.

#### ***Available-for-sale investment***

On a recurring basis, the Company measures available-for-sale investment at fair value. Since the available-for-sale investment does not have quoted price in active markets, the Company has adopted Binomial Tree option pricing model to assess their fair value. Management is responsible for determining the fair value and assessing a number of factors. The valuation involves complex and subjective judgments as well as the Company's best estimates on the valuation date.

Inputs related to the Binomial Tree option pricing model for the valuation of the fair value of available-for-sale investment are: spot price, conversion price, time to maturity, expected dividend yield, expected share volatility, risk free interest rate, and yield-to-maturity, of which spot price is most significant to valuation determination. The following methods were adopted for each input:

- a. Spot price: quoted closing price of listed shares of Kinexia SpA(KNX IM) as of each re-measurement date;
- b. Conversion price: according to the indenture of the subject available-for-sale investment;
- c. Time to maturity: time period from the respective re-measurement date to maturity date. Maturity date was referred from the indenture of the subject available-for-sale investment;
- d. Expected dividend yield: based on indicative dividend yield of the underlying company (i.e. KNX.IM) as of each re-measurement date;
- e. Expected share volatility: based on the implied volatility of the listed shares of Kinexia (i.e. KNX.IM) with a time period equal to the time to maturity as of each re-measurement date;
- f. Risk free interest rate: based on the yield of Italy Treasury Bonds with a maturity equal to the time to maturity as of each re-measurement date; and
- g. Yield-to-maturity: based on the average yield-to-maturity of comparable corporate bullet bonds with similar remaining maturity period and credit risk as of each re-measurement date; and

#### Recurring change in fair value

As of December 31, 2013 and 2014, information about the hierarchy of the fair value measurements for the Company's assets and liabilities that are measured at fair value on a recurring basis subsequent to their initial recognition is as follows:

| Description                        | Fair Value Measurements at Reporting Date Using |  |   |   |
|------------------------------------|---|--|---|---|
|                                    | Balance as of December 31, 2013                 | Quote prices in active market for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Assets:</b>                     |   |  |   |   |
| Foreign exchange forward contracts | 43,160,093                                      | -  | 43,160,093                                    | -   |
| Capped call options                | 107,223,601                                     | -  | -   | 107,223,601                               |
| Available-for-sale investment      | 30,117,797                                      | -  | -   | 30,117,797                                |
| <b>Liabilities:</b>                |   |  |   |   |
| Foreign exchange forward contracts | 10,080,395                                      | -  | 10,080,395                                    | -   |
| Convertible senior notes           | 770,485,897                                     | -  | -   | 770,485,897                               |

| Description                        | Fair Value Measurements at Reporting Date Using |  |   |   |
|------------------------------------|---|--|---|---|
|                                    | Balance as of December 31, 2014                 | Quote prices in active market for identical assets (Level 1) | Significant other observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| <b>Assets:</b>                     |   |  |   |   |
| Foreign exchange forward contracts | 47,712,744                                      | -  | 47,712,744                                    | -   |
| Capped call options                | 21,098,263                                      | -  | -   | 21,098,263                                |
| Available-for-sale investment      | 20,875,725                                      | -  | -   | 20,875,725                                |
| <b>Liabilities:</b>                |   |  |   |   |
| Foreign exchange forward contracts | 30,901,012                                      | -  | 30,901,012                                    | -   |
| Convertible senior notes           | 1,540,398,645                                   | -  | -   | 1,540,398,645                             |

**Assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 valuation)**

A summary of changes in Level 3 fair value of convertible senior notes for the year ended December 31, 2013 and 2014 were as follows:

|  | <b>For the year ended December 31,</b> |                      |
|--|--|----------------------|
|  | <b>2013</b>                            | <b>2014</b>          |
|  | <b>RMB</b>                             | <b>RMB</b>           |
| Balance at January 1,                            | 483,581,668                            | 770,485,897          |
| Issuance of convertible senior notes             | -                                      | 914,850,000          |
| Foreign exchange (gain)/loss                     | (18,298,249)                           | 5,853,455            |
| Change in fair value of convertible senior notes | 305,202,478                            | (150,790,707)        |
| Balance at December 31,                          | <u>770,485,897</u>                     | <u>1,540,398,645</u> |

A summary of changes in Level 3 fair value of Capped call options for the year ended December 31, 2013 and 2014 were as follows:

|   | <b>For the year ended December 31,</b> |                   |
|---|--|-------------------|
|   | <b>2013</b>                            | <b>2014</b>       |
|   | <b>RMB</b>                             | <b>RMB</b>        |
| Balance at January 1,                       | 16,131,208                             | 107,223,601       |
| Foreign exchange gain/(loss)                | (1,203,512)                            | 563,725           |
| Change in fair value of capped call options | 92,295,905                             | (86,689,063)      |
| Balance at December 31,                     | <u>107,223,601</u>                     | <u>21,098,263</u> |

A summary of the assumptions used in the valuation of convertible senior notes and Capped call options due 2016 was as follows:

|                         | <b>As of December 31,</b> |             |
|-------------------------|---------------------------|-------------|
|                         | <b>2013</b>               | <b>2014</b> |
| Fair value of ADS       | US\$ 29.30                | US\$ 19.71  |
| Strike price            | US\$ 33.75                | US\$ 33.75  |
| Risk free interest rate | 0.53%                     | 0.44%       |
| Dividend yield          | -                         | -           |
| Standard Volatility     | 70.6%                     | 64.31%      |

A summary of the assumptions used in the valuation of convertible senior notes due 2019 was as follows:

|                         | <b>As of December 31,</b> |             |
|-------------------------|---------------------------|-------------|
|                         | <b>2013</b>               | <b>2014</b> |
| Fair value of ADS       | -                         | US\$ 19.71  |
| Strike price            | -                         | US\$ 45.83  |
| Risk free interest rate | -                         | 1.51%       |
| Dividend yield          | -                         | -           |
| Standard Volatility     | -                         | 66.31%      |

A summary of changes in Level 3 fair value of available-for-sale investment for the year ended December 31, 2013 and 2014 were as follows:

|  | <b>For the year ended December 31,</b> |                   |
|--|--|-------------------|
|  | <b>2013</b>                            | <b>2014</b>       |
|  | <b>RMB</b>                             | <b>RMB</b>        |
| Balance at January 1,                      | -                                      | 30,117,797        |
| Receipt of available-for-sale investment   | 23,730,486                             | -                 |
| Foreign exchange gain/(loss)               | 344,877                                | (3,446,112)       |
| Change in fair value of available-for-sale | 6,042,434                              | (5,795,960)       |
| Balance at December 31,                    | <u>30,117,797</u>                      | <u>20,875,725</u> |

A summary of the key assumptions/inputs used in the valuation of available-for-sale investment was as follows:

|                           | For the year-ended December 31 |        |
|---------------------------|--------------------------------|--------|
|                           | 2013                           | 2014   |
| Spot price                | 18.57                          | 6.35   |
| Conversion price          | 16.84                          | 14.91  |
| Risk free interest rate   | 0.82%                          | 0.348% |
| Dividend yield            | 0.00%                          | 0.00%  |
| Expected share volatility | 50.41%                         | 41.88% |
| Time to maturity          | 2 years                        | 1 year |

#### Change in fair value of derivatives

The Change in fair value of derivatives recognized in earnings was as follows:

|   | For the year ended December 31, |               |              |
|---|---------------------------------|---------------|--------------|
|   | 2012                            | 2013          | 2014         |
|   | RMB                             | RMB           | RMB          |
| Foreign exchange forward contracts-realized   | 42,947,577                      | 22,750,277    | 15,553,224   |
| Foreign exchange forward contracts-unrealized | (51,990,656)                    | 25,640,169    | (16,267,966) |
| Convertible senior notes                      | (96,851,674)                    | (305,202,478) | 150,790,707  |
| Capped call options                           | (309,052)                       | 92,295,905    | (86,689,063) |
| Total   | (106,203,805)                   | (164,516,127) | 63,386,902   |

#### Non-recurring change in fair value

As of December 31, 2012

| Description                        | Fair Value Measurements at Reporting Date Using |  |  |  | Total (losses) |
|------------------------------------|---|--|--|--|----------------|
|                                    | Balance as of December 31, 2012                 | Quote Prices in active market for identical assets (Level 1) | Significant other observable input (Level 2) | Significant unobservable input (Level 3) |                |
|                                    | RMB   | RMB  | RMB  | RMB                                      |                |
| Property, plant and equipment, net | 3,329,872,661                                   |  |  | 3,329,872,661                            | 65,476,299     |

As of December 31, 2013

| Description                        | Fair Value Measurements at Reporting Date Using |  |  |  | Total (losses) |
|------------------------------------|---|--|--|--|----------------|
|                                    | Balance as of December 31, 2013                 | Quote Prices in active market for identical assets (Level 1) | Significant other observable input (Level 2) | Significant unobservable input (Level 3) |                |
|                                    | RMB   | RMB  | RMB  | RMB                                      |                |
| Property, plant and equipment, net | 3,186,997,950                                   |  |  | 3,186,997,950                            | 3,573,248      |

As of December 31, 2014

| Description                        | Fair Value Measurements at Reporting Date Using |  |  |  | Total (losses) |
|------------------------------------|---|--|--|--|----------------|
|                                    | Balance as of December 31, 2014                 | Quote Prices in active market for identical assets (Level 1) | Significant other observable input (Level 2) | Significant unobservable input (Level 3) |                |
|                                    | RMB   | RMB  | RMB  | RMB                                      |                |
| Property, plant and equipment, net | 3,101,795,172                                   |  |  | 3,101,795,172                            | 6,217,151      |

In accordance with the provisions of the Impairment or Disposal of Long-Lived Assets Subsections of ASC 360-10, long-lived assets held and used with a carrying amount of RMB3,573,248 and RMB6,217,151 as of December 31, 2013 and 2014 were written down to their fair value of zero, resulting in an impairment charge of and RMB3,573,248 and RMB6,217,151 for the year ended December 31, 2013 and 2014, respectively, which was calculated based on Level 3 Inputs and included in earnings for the respective years.

### **31. RESTRICTED NET ASSETS**

Relevant PRC laws and regulations permit payments of dividends by the Company's PRC subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC GAAP. In addition, the statutory general reserve fund requires annual appropriations of 10% of net after-tax income to be set aside prior to payment of any dividends by the Company's PRC subsidiaries that are registered as wholly owned foreign investment enterprises or domestic enterprises. As a result of these and other restrictions under PRC laws and regulations, the PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances. Even though the Company does not currently require any such dividends, loans or advances from the Company's PRC subsidiaries for working capital or other funding purposes, it may in the future require additional cash resources from the PRC subsidiaries due to changes in business conditions, to fund future acquisitions and development, or merely declare dividends or make distributions to the Company's shareholders.

In July 2014, JinkoSolar Power entered into agreements with certain investors for the issuance of redeemable convertible preferred shares to such investors. Pursuant to the investment agreements, JinkoSolar Power shall use all of the proceeds from the issuance of redeemable convertible preferred shares for the sole purpose of funding JinkoSolar Power and its subsidiaries' construction, commissioning and operations of new solar power projects in the PRC and no proceeds shall be used for any existing projects prior to the preferred share issuance.

The Group's net assets subject to the above restrictions were RMB4,223,730,644, representing 119.6% of the Company's total consolidated net assets as of December 31, 2014.

### **32. SUBSEQUENT EVENTS**

On March 6, 2015, the Company entered into loan facilities for an aggregated amount up to RMB3 billion with a term of 5 years with China Minsheng Bank, which will include but are not limited to project finance, merger and acquisition finance, supply chain finance, bridge loans, letters of guarantee and related trade finance.

On March 10, 2015, the Company entered into loan facilities for an amount up to RMB320 million of 15 years with Jiangxi Branch of CDB to finance a 50MW PV solar power plant project developed by Jinko Power in Yangjia Village, Lianhe Township, Hengfeng County, Jiangxi Province.

### 33. ADDITIONAL INFORMATION – CONDENSED FINANCIAL STATEMENTS OF THE PARENT COMPANY

The separate condensed financial statements of the Company as presented below have been prepared in accordance with Securities and Exchange Commission Regulation S-X Rule 5-04 and Rule 12-04 and present the Company's investments in its subsidiaries under the equity method of accounting. Such investment is presented on separate condensed balance sheets of the Company as "Investments in subsidiaries" and the Company's shares of the profit or loss of subsidiaries are presented as "Share of (loss) / income from subsidiaries" in the statements of operations.

As disclosed in Note 29d, the Company provided guarantee for redemption of series A preferred shares issued by JinkoSolar Power.

Except for the guarantees as disclosed in Note 29d, the Company did not have any other significant contingency, commitment, or off balance sheet long term obligation as of December 31, 2013 and 2014.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with US GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of the Company, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company.

#### Condensed statements of operations:

|   | For the year ended December 31 |                    |                    |                      |
|---|--------------------------------|--------------------|--------------------|----------------------|
|   | 2012<br>RMB                    | 2013<br>RMB        | 2014<br>RMB        | USD<br>(Note 2 (a1)) |
| Net revenue   | -                              | -                  | -                  | -                    |
| Cost of revenues  | -                              | -                  | -                  | -                    |
| Gross profit  | -                              | -                  | -                  | -                    |
| Total operating expenses  | (8,459,461)                    | (4,286,844)        | (12,422,770)       | (2,002,187)          |
| Loss from operations  | (8,459,461)                    | (4,286,844)        | (12,422,770)       | (2,002,187)          |
| Convertible senior notes issuance costs   | -                              | -                  | (26,052,881)       | (4,198,962)          |
| Share of income/(loss) from subsidiaries and affiliates                                       | (1,405,807,872)                | 437,886,531        | 610,091,593        | 98,328,916           |
| Interest (income)/expense, net  | (31,043,624)                   | (30,526,093)       | 27,261,325         | 4,393,728            |
| Exchange gain/(loss)  | 49,615                         | (2,155,196)        | 10,046,144         | 1,619,144            |
| Change in fair value of convertible senior notes and capped call option                       | (97,160,726)                   | (212,906,573)      | 64,101,644         | 10,331,310           |
| Income/(Loss) before income taxes   | (1,542,422,068)                | 188,011,825        | 673,025,055        | 108,471,949          |
| Income tax expenses   | -                              | -                  | -                  | -                    |
| <b>Net income/(loss) attributable to JinkoSolar Holding Co., Ltd.'s ordinary shareholders</b> | <b>(1,542,422,068)</b>         | <b>188,011,825</b> | <b>673,025,055</b> | <b>108,471,949</b>   |

Condensed balance sheets:

|  | December 31,<br>2013 | December, 2014       |                      |
|--|----------------------|----------------------|----------------------|
|  | RMB                  | RMB                  | USD<br>(Note 2 (al)) |
| <b>ASSETS</b>  |                      |                      |                      |
| <b>Current assets:</b>   |                      |                      |                      |
| Cash and cash equivalent   | 7,329,752            | 25,047,261           | 4,036,886            |
| Due from subsidiaries-current  | 858,972,809          | 332,100,861          | 53,524,942           |
| Other current assets   | 27,657,413           | 26,318,114           | 4,241,710            |
| Capped call option   | 107,223,601          | -                    | -                    |
| <b>Total current assets</b>  | <b>1,001,183,575</b> | <b>383,466,236</b>   | <b>61,803,538</b>    |
| Investments in subsidiaries  | 1,800,616,766        | 3,550,903,388        | 572,301,742          |
| Due from subsidiaries-non current  | -                    | 1,157,165,610        | 186,501,243          |
| Capped call option   | -                    | 21,098,263           | 3,400,423            |
| <b>Total assets</b>  | <b>2,801,800,341</b> | <b>5,112,633,497</b> | <b>824,006,946</b>   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                      |                      |                      |
| <b>Current liabilities:</b>  |                      |                      |                      |
| Due to subsidiaries  | 14,676,988           | 40,911,888           | 6,593,799            |
| Other current liabilities  | 6,894,632            | 24,225,641           | 3,904,465            |
| Convertible senior notes-current   | 770,485,897          | -                    | -                    |
| <b>Total current liabilities</b>   | <b>792,057,517</b>   | <b>65,137,529</b>    | <b>10,498,264</b>    |
| Convertible senior notes   | -                    | 1,540,398,645        | 248,267,196          |
| <b>Total liabilities</b>   | <b>792,057,517</b>   | <b>1,605,536,174</b> | <b>258,765,460</b>   |
| <b>Shareholders' equity:</b>   |                      |                      |                      |
| Ordinary shares (US\$0.00002 par value, 500,000,000 shares authorized, 108,051,630 and 124,292,030 shares issued and outstanding as of December 31, 2013 and 2014, respectively) | 15,574               | 17,560               | 2,830                |
| Additional paid-in capital   | 1,968,702,066        | 2,794,024,929        | 450,315,077          |
| Accumulated other comprehensive income   | 12,869,458           | 11,874,053           | 1,913,750            |
| Treasury stock, at cost: 1,723,200 shares of ordinary shares as of December 31, 2013 and 2014, respectively  | (13,875,553)         | (13,875,553)         | (2,236,333)          |
| Retained earnings  | 42,031,279           | 715,056,334          | 115,246,162          |
| <b>Total shareholders' equity</b>  | <b>2,009,742,824</b> | <b>3,507,097,323</b> | <b>565,241,486</b>   |
| <b>Total liabilities and shareholders' equity</b>  | <b>2,801,800,341</b> | <b>5,112,633,497</b> | <b>824,006,946</b>   |

The balance due from subsidiaries represented the expenses paid on behalf by the Company for its subsidiaries.

Other current assets mainly represented the prepaid insurance premium, prepaid rent and other miscellaneous expenses.

The balance due to subsidiaries represented the professional service fees paid by Jiangxi Jinko.

Other current liabilities represented accrual for unpaid professional service fees.

On January 1, 2014, the Company provided a loan of US\$189 million to one of its subsidiaries, JinkoSolar Technology Limited Paker, to support its daily operation. Annual interest rate is subject to further negotiation between the Company and Paker. US\$123 million is due for repayment on December 31, 2016 and the remaining principle amount is due for repayment on December 31, 2019.



Condensed statements of cash flows:

|   | For the year ended December 31, |                      |                        |                      |
|---|---------------------------------|----------------------|------------------------|----------------------|
|   | 2012                            | 2013                 | 2014                   |                      |
|   | RMB                             | RMB                  | RMB                    | USD<br>(Note 2 (a))  |
| <b>Cash flows from operating activities:</b>  |                                 |                      |                        |                      |
| Net income/(loss)   | (1,542,422,068)                 | 188,011,825          | 673,025,055            | 108,471,949          |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |                                 |                      |                        |                      |
| Change in fair value of convertible senior notes  | 96,851,674                      | 305,202,478          | (150,790,707)          | (24,303,050)         |
| Change in fair value of capped call option  | 309,052                         | (92,295,905)         | 86,689,063             | 13,971,741           |
| Share of (income)/loss from subsidiaries  | 1,405,807,872                   | (437,886,531)        | (610,091,593)          | (98,328,916)         |
| Convertible senior notes issuance cost  | -                               | -                    | 26,052,881             | 4,198,962            |
| Exchange (gain)/loss  | (49,615)                        | 2,155,196            | (10,046,144)           | (1,619,144)          |
| <b>Changes in operating assets and liabilities:</b>   |                                 |                      |                        |                      |
| (Increase)/decrease in due from subsidiaries  | 27,696,952                      | (313,277,487)        | (572,172,865)          | (92,217,528)         |
| Decrease/(increase) in other current assets   | 769,436                         | (105,504)            | 299,752                | 48,311               |
| Increase/(Decrease) in due to a subsidiary  | (4,133,808)                     | (46,520,981)         | 26,234,900             | 4,228,299            |
| (Decrease)/increase in other current liabilities  | 647,916                         | (1,783,456)          | 16,276,144             | 2,623,238            |
| <b>Net cash (used in)/provided by operating activities</b>                                  | <b>(14,522,589)</b>             | <b>(396,500,365)</b> | <b>(514,523,514)</b>   | <b>(82,926,138)</b>  |
| <b>Cash flows from investing activities:</b>  |                                 |                      |                        |                      |
| Investments in subsidiaries   | (543,555)                       | (28,834,009)         | (1,141,190,434)        | (183,926,512)        |
| <b>Net cash used in investing activities</b>  | <b>(543,555)</b>                | <b>(28,834,009)</b>  | <b>(1,141,190,434)</b> | <b>(183,926,512)</b> |
| <b>Cash flows from financing activities:</b>  |                                 |                      |                        |                      |
| Proceeds from issuance of ordinary shares   | -                               | 413,004,026          | 770,201,158            | 124,133,894          |
| Proceeds from exercise of share options   | -                               | 17,551,472           | 14,528,109             | 2,341,506            |
| Proceeds from issuance of convertible senior notes  | -                               | -                    | 914,850,000            | 147,447,055          |
| Issuance cost paid for issuance of convertible senior notes                                 | -                               | -                    | (26,052,881)           | (4,198,962)          |
| <b>Net cash provided by/(used in) financing activities</b>                                  | <b>-</b>                        | <b>430,555,498</b>   | <b>1,673,526,386</b>   | <b>269,723,493</b>   |
| Effect of foreign exchange rate changes on cash and cash equivalents                        | 46,883                          | (152,085)            | (94,929)               | (15,299)             |
| Net (decrease)/increase in cash and cash equivalents  | (15,019,261)                    | 5,069,039            | 17,717,509             | 2,855,544            |
| Cash and cash equivalents, beginning of year  | 17,279,974                      | 2,260,713            | 7,329,752              | 1,181,342            |
| Cash and cash equivalents, end of year  | 2,260,713                       | 7,329,752            | 25,047,261             | 4,036,886            |
| <b>Supplemental disclosure of non-cash investing and financing cash flow information</b>    |                                 |                      |                        |                      |
| Shares repurchase utilized prepayment made in prior year                                    | 5,521,130                       | -                    | -                      | -                    |
| Proceeds from exercise of share options received in subsequent period                       | 160,861                         | 1,266,499            | 226,952                | 36,578               |
| Payment of issuance cost for follow-on offering in subsequent period                        | -                               | 1,273,309            | 2,328,174              | 375,234              |

**JINKOSOLAR HOLDING CO., LTD.**  
**2014 EQUITY INCENTIVE PLAN**

**1. Purpose of the Plan**

The purpose of the Plan is to aid the Company and its Affiliates in recruiting and retaining key employees, directors or consultants of outstanding ability and to motivate such employees, directors or consultants to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such key employees, directors or consultants will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

**2. Definitions**

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

- (a) **Applicable Laws:** All laws, statutes, regulations, ordinances, rules or governmental requirements that are applicable to this Plan or any Award granted pursuant to this Plan, including but not limited to applicable laws of the People's Republic of China, the United States and the Cayman Islands, and the rules and requirements of any applicable national securities exchange.
  - (b) **Act:** The U.S. Securities Exchange Act of 1934, as amended, or any successor thereto.
  - (c) **Affiliate:** With respect to the Company, any entity directly or indirectly controlling, controlled by, or under common control with, the Company or any other entity designated by the Board in which the Company or an Affiliate has an interest.
  - (d) **Award:** An Option, Share Appreciation Right or Other Share-Based Award.
  - (e) **Beneficial Owner:** A "beneficial owner", as such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).
  - (f) **Board:** The board of directors of the Company.
  - (g) **Change in Control:** The occurrence of any of the following events:
    - (i) the sale or disposition, in one or a series of related transactions, of all or substantially all, of the assets of the Company to any "person" or "group" (as such terms are defined in Sections 13(d)(3) or 14(d)(2) of the Act) other than the Permitted Holders; or
    - (ii) any person or group, other than the Permitted Holders, is or becomes the Beneficial Owner (except that a person shall be deemed to have "beneficial ownership" of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the voting share of the Company (or any entity which controls the Company), including by way of merger, consolidation, tender or exchange offer or otherwise.
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- (h) **Code:** The U.S. Internal Revenue Code of 1986, as amended, or any successor thereto.
  - (i) **Committee:** The compensation committee of the Board.
  - (j) **Company:** JinkoSolar Holding Co., Ltd., a company incorporated under the laws of the Cayman Islands.
  - (k) **Disability:** Inability of a Participant to perform in all material respects his duties and responsibilities to the Company, or any Subsidiary of the Company, by reason of a physical or mental disability or infirmity which inability is reasonably expected to be permanent and has continued (i) for a period of not less than 90 consecutive days or (ii) such shorter period as the Committee may reasonably determine in good faith. The Disability determination shall be in the sole discretion of the Committee and a Participant (or his representative) shall furnish the Committee with medical evidence documenting the Participant's disability or infirmity which is satisfactory to the Committee.
  - (l) **Effective Date:** The date the Board approves the Plan, or such later date as is designated by the Board.
  - (m) **Employment:** The term "Employment" as used herein shall be deemed to refer to (i) a Participant's employment if the Participant is an employee of the Company or any of its Affiliates, (ii) a Participant's services as a consultant, if the Participant is consultant to the Company or its Affiliates and (iii) a Participant's services as a non-employee director, if the Participant is a non-employee member of the Board.
  - (n) **Fair Market Value:** On a given date, (i) if there should be a public market for the Shares on such date, the closing price of the Shares as reported on such date on the Composite Tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or (ii) if there should not be a public market for the Shares on such date, the Fair Market Value shall be the value established by the Committee in good faith.
  - (o) **ISO:** An Option that is also an incentive share option granted pursuant to Section 6(d) of the Plan.
  - (p) **LSAR:** A limited share appreciation right granted pursuant to Section 7(d) of the Plan.
  - (q) **Other Share-Based Awards:** Awards granted pursuant to Section 8 of the Plan.
  - (r) **Option:** A share option granted pursuant to Section 6 of the Plan.
  - (s) **Option Price:** The purchase price per Share of an Option, as determined pursuant to Section 6(a) of the Plan.
  - (t) **Participant:** An employee, director or consultant who is selected by the Committee to participate in the Plan.
  - (u) **Permitted Holder:** means, as of the date of determination, (i) the Company or (ii) any employee benefit plan (or trust forming a part thereof) maintained by (A) the Company or (B) any corporation or other Person of which a majority of its voting power of its voting equity securities or equity interest is owned, directly or indirectly, by the Company,
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- (v) **Person:** A “person”, as such term is used for purposes of Section 13(d) or 14(d) of the Act (or any successor section thereto).
- (w) **Plan:** This JinkoSolar Holding Co., Ltd. 2014 Equity Incentive Plan.
- (x) **Shares:** Ordinary Shares of the Company, nominal value US\$0.00002 per share.
- (y) **Share Appreciation Right:** A share appreciation right granted pursuant to Section 7 of the Plan.
- (z) **Subsidiary:** A corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

### 3. Shares Subject to the Plan

The total number of Shares which may be issued under the Plan is 12,796,745. The Shares may consist, in whole or in part, of authorized and unissued Shares or Shares purchased on the open market. The issuance of Shares or the payment of cash upon the exercise of an Award or in consideration of the cancellation or termination of an Award shall reduce the total number of Shares available under the Plan, as applicable. Shares which are subject to Awards which terminate or lapse without the payment of consideration may be granted again under the Plan.

### 4. Administration

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof. Awards may, in the discretion of the Committee, be made under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or its subsidiaries or a company acquired by the Company or with which the Company combines. The number of Shares underlying such substitute awards shall be counted against the aggregate number of Shares available for Awards under the Plan. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). The Committee shall have the full power and authority to establish the terms and conditions of any Award consistent with the provisions of the Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Committee shall require payment of any amount it may determine to be necessary to withhold for any applicable taxes as a result of the exercise, grant or vesting of an Award. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes by (a) delivery in Shares or (b) having Shares withheld by the Company from any Shares that would have otherwise been received by the Participant.

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## 5. Limitations

No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

## 6. Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, non-qualified or incentive share options for U.S. federal income tax purposes, as evidenced by the related Award agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

- (a) Option Price. The Option Price per Share shall be determined by the Committee, unless expressly approved by the Committee, shall not be less than 100% of the Fair Market Value of the Shares on the date an Option is granted.
  - (b) Exercisability. Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee, but in no event shall an Option be exercisable more than ten years after the date it is granted.
  - (c) Exercise of Options. Except as otherwise provided in the Plan or in an Award agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Section 6 of the Plan, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii), (iii) or (iv) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by check), (ii) to the extent permitted by the Committee, in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; provided, that such Shares have been held by the Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles), (iii) partly in cash and, to the extent permitted by the Committee and subject to the other requirements and conditions set forth above in (ii), partly in Shares or (iv) if there is a public market for the Shares at such time, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. No Participant shall have any rights to dividends or other rights of a shareholder with respect to Shares subject to an Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee pursuant to the Plan.
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- (d) ISOs. The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). No ISO may be granted to any Participant who at the time of such grant, owns more than ten percent of the total combined voting power of all classes of shares of the Company or of any Subsidiary, unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (i) within two years after the date of grant of such ISO or (ii) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. All Options granted under the Plan are intended to be nonqualified share options, unless the applicable Award agreement expressly states that the Option is intended to be an ISO. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a nonqualified share option granted under the Plan; provided that such Option (or portion thereof) otherwise complies with the Plan's requirements relating to nonqualified share options. In no event shall any member of the Committee, the Company or any of its Affiliates (or their respective employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Option to qualify for any reason as an ISO.
- (e) Attestation. Wherever in this Plan or any agreement evidencing an Award a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

## 7. Terms and Conditions of Share Appreciation Rights

- (a) Grants. The Committee also may grant (i) a Share Appreciation Right independent of an Option or (ii) a Share Appreciation Right in connection with an Option, or a portion thereof. A Share Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same number of Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 7 (or such additional limitations as may be included in an Award agreement).
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- (b) Terms. The exercise price per Share of a Share Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Share Appreciation Right is granted or, in the case of a Share Appreciation Right granted in conjunction with an Option, or a portion thereof, the Option Price of the related Option and (ii) the minimum amount permitted by Applicable Laws. Each Share Appreciation Right granted independent of an Option shall entitle a Participant upon exercise to an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (ii) the number of Shares covered by the Share Appreciation Right. Each Share Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefore an amount equal to (i) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (ii) the number of Shares covered by the Option, or portion thereof, which is surrendered. The date a notice of exercise is received by the Company shall be the exercise date. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at such Fair Market Value), all as shall be determined by the Committee. Share Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Share Appreciation Right is being exercised. No fractional Shares will be issued in payment for Share Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share.
- (c) Limitations. The Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Share Appreciation Rights as it may deem fit.
- (d) Limited Share Appreciation Rights. The Committee may grant LSARs that are exercisable upon the occurrence of specified contingent events. Such LSARs may provide for a different method of determining appreciation, may specify that payment will be made only in cash and may provide that any related Awards are not exercisable while such LSARs are exercisable. Unless the context otherwise requires, whenever the term "Share Appreciation Right" is used in the Plan, such term shall include LSARs.

#### **8. Other Share-Based Awards**

The Committee, in its sole discretion, may grant or sell Awards of Shares, Awards of restricted Shares and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares ("Other Share-Based Awards"). Such Other Share-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Share-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Share-Based Awards will be made, the number of Shares to be awarded under (or otherwise related to) such Other Share-Based Awards; whether such Other Share-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

#### **9. Adjustments Upon Certain Events**

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

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- (a) Generally. In the event of any change in the outstanding Shares after the Effective Date by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination, combination or transaction or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares other than regular cash dividends or any transaction similar to the foregoing, the Committee in its sole discretion and without liability to any person shall make such substitution or adjustment, if any, as it deems to be equitable, as to (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the maximum number of Shares for which Options or Share Appreciation Rights may be granted during a calendar year to any Participant, (iii) the maximum number of Shares for which Other Share-Based Awards may be granted during a calendar year to any Participant, (iv) the maximum amount of an Award that is valued in whole or in part by reference to, or is otherwise based on the Fair Market Value of, Shares that may be granted during a calendar year to any Participant, (v) the Option Price or exercise price of any Share Appreciation Right and/or (vi) any other affected terms of such Awards.
- (b) Change in Control. In the event of a Change of Control after the Effective Date, (i) if determined by the Committee in the applicable Award agreement or otherwise, any outstanding Awards then held by Participants which are unexercisable or otherwise unvested or subject to lapse restrictions shall automatically be deemed exercisable or otherwise vested or no longer subject to lapse restrictions, as the case may be, as of immediately prior to such Change of Control and (ii) the Committee may, but shall not be obligated to, (A) cancel such Awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Options and Share Appreciation Rights, may equal the excess, if any, of value of the consideration to be paid in the Change of Control transaction to holders of the same number of Shares subject to such Options or Share Appreciation Rights (or, if no consideration is paid in any such transaction, the Fair Market Value of the Shares subject to such Options or Share Appreciation Rights) over the aggregate exercise price of such Options or Share Appreciation Rights, (B) provide for the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted hereunder as determined by the Committee in its sole discretion or (C) provide that for a period of at least 15 days prior to the Change of Control, such Options shall be exercisable as to all Shares subject thereto and that upon the occurrence of the Change of Control, such Options shall terminate and be of no further force and effect.

#### **10. No Right to Employment or Awards**

The granting of an Award under the Plan shall impose no obligation on the Company or any Subsidiary to continue the Employment of a Participant and shall not lessen or affect the Company's or Subsidiary's right to terminate the Employment of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

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### **11. Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

### **12. Nontransferability of Awards**

Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. An Award exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant.

Notwithstanding the foregoing, no provision herein shall prevent or forbid transfers by will, by the laws of descent and distribution, to a trust that was established solely for tax planning purposes and not for purposes of profit or commercial activity or, to one or more "family members" (as such term is defined in SEC Rule 701 promulgated under the Securities Act of 1933, as amended) by gift or pursuant to a qualified domestic relations order.

### **13. Amendments or Termination**

The Board may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made, (a) without the approval of the shareholders of the Company, if such action would (except as is provided in Section 9 of the Plan), increase the total number of Shares reserved for the purposes of the Plan or change the maximum number of Shares for which Awards may be granted to any Participant, in each case only to the extent such approval is required by the principal national securities exchange on which the Shares are listed or admitted to trading, or (b) without the consent of a Participant, if such action would diminish any of the rights of the Participant under any Award theretofore granted to such Participant under the Plan; provided, however, that the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of any Applicable Laws.

Without limiting the generality of the foregoing, to the extent applicable, notwithstanding anything herein to the contrary, this Plan and Awards issued hereunder shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that the Committee determines that any amounts payable hereunder will be taxable to a Participant under Section 409A of the Code and related Department of Treasury guidance prior to payment to such Participant of such amount, the Company may (a) adopt such amendments to the Plan and Awards and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Committee determines necessary or appropriate to preserve the intended tax treatment of the benefits provided by the Plan and Awards hereunder and/or (b) take such other actions as the Committee determines necessary or appropriate to comply with the requirements of Section 409A of the Code.

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#### **14. Multiple Jurisdictions**

In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may, in its sole discretion, provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, amendments, restatements, or alternative versions of the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements or alternative versions shall increase the Share limitation contained in Section 3 hereof. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted that would violate any Applicable Laws.

#### **15. Distribution of Shares**

The obligation of the Company to make payments in Shares pursuant to an Award shall be subject to all Applicable Laws and to any such approvals by government agencies as may be required. Additionally, in the discretion of the Committee, American depositary shares, or ADSs, may be distributed in lieu of Shares in settlement of any Award, provided that the ADSs shall be of equal value to the Shares that would have otherwise been distributed. If the number of Shares represented by an ADS is other than on a one-to-one basis, the limitations contained in Section 3 shall be adjusted to reflect the distribution of ADSs in lieu of Shares.

#### **16. Taxes**

No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under any Applicable Laws, in particular, the tax laws, rules, regulations and government orders of the People's Republic of China or the U.S. federal, state or other local tax laws, as applicable. The Company and each of its Subsidiaries shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, local and foreign taxes (including the Participant's payroll tax obligations, if any) required to be withheld under any Applicable Laws with respect to any Award issued to the Participant hereunder. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy the Participant's federal, state, local and other income and payroll tax liabilities with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for federal, state, local and other income tax any payroll tax purposes that are applicable to such taxable income.

#### **17. Choice of Law**

The Plan shall be governed by and construed in accordance with the laws of the state of New York.

#### **18. Effectiveness of the Plan**

The Plan shall be effective as of the Effective Date and shall terminate ten years later, subject to earlier termination by the Board pursuant to Section 13 hereof.

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**Subscription Agreements Schedule**

The subscription agreements listed below are entered into between JinkoSolar WWG Investment Co., Ltd., JinkoSolar Power Engineering Group Limited, JinkoSolar Holding Co., Ltd., Jiangxi Jinko Solar Engineering Co., Ltd. and Jinko Power Co., Ltd. (the “JinkoSolar Entities”) and each of the preferred shareholders of our solar power generation subsidiary, JinkoSolar Power Engineering Group Limited, individually for the purposes of investing in JinkoSolar Power Engineering Group Limited. The terms of the subscription agreements are identical in all material respects, except as otherwise listed below.

1. The subscription agreement entered into by and among the JinkoSolar Entities and MEGCIF Investments 6 Limited on July 25, 2014, pursuant to which MEGCIF Investments 6 Limited invested US\$100.0 million and received 25,532 Series A Preferred Shares. (A copy of this subscription agreement is filed as Annex A-1 to this Exhibit 4.10.)
  2. The subscription agreement entered into by and among the JinkoSolar Entities and Hope Flower Investment Limited on July 19, 2014, pursuant to which Hope Flower Investment Limited invested US\$20.0 million and received 5,106 Series A-2 Preferred Shares.
  3. The subscription agreement entered into by and among the JinkoSolar Entities and Jade Sino Ventures Limited on July 25, 2014, pursuant to which Jade Sino Ventures Limited invested US\$52.5 million on one closing date for 13,404 Series A-1 Preferred Shares and US\$52.5 million on a second closing date for 13,405 Series A-1 Preferred Shares
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ANNEX A-1

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**AMENDED AND RESTATED SUBSCRIPTION AGREEMENT**

**among**

**JINKOSOLAR WWG INVESTMENT CO. LTD.**

**JINKOSOLAR POWER ENGINEERING GROUP LIMITED**

**JINKOSOLAR HOLDING CO., LTD.**

**JIANGXI JINKO SOLAR ENGINEERING CO., LTD. (江西晶科能源工程有限公司)**

**JINKO POWER CO., LTD. (晶科电力有限公司)**

**and**

**MEGCIF INVESTMENTS 6 LIMITED**

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July 25, 2014

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THIS AMENDED AND RESTATED SUBSCRIPTION AGREEMENT (this “Agreement”) is made on the 25th day of July 2014.

**AMONG:**

- (1) **JINKOSOLAR WWG INVESTMENT CO. LTD.**, an exempted company incorporated with limited liability and existing under the Laws of the Cayman Islands with its registered office at the offices of Offshore Incorporations (Cayman) Limited, Floor 4, Willow House, Cricket Square, P O Box 2804, Grand Cayman KY1-1112, Cayman Islands (the “Controlling Shareholder”);
- (2) **JINKOSOLAR POWER ENGINEERING GROUP LIMITED**, an exempted company incorporated with limited liability and existing under the Laws of the Cayman Islands with its registered office at Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands (the “Company”);
- (3) **JINKOSOLAR HOLDING CO., LTD.**, an exempted company incorporated with limited liability and existing under the Laws of the Cayman Islands with its registered office at Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands (“JinkoSolar Holding”);
- (4) **JIANGXI JINKO SOLAR ENGINEERING CO., LTD.** (江西晶科能源工程有限公司), previously named Shangrao Jinko PV Technology Engineering Co., Ltd. (上饶市晶科光伏科技工程有限公司), a wholly foreign owned company established and existing under the Laws of the PRC with its registered address at Xu Ri District, Shangrao Economic and Technical Development Zone, Jiangxi Province (“Jiangxi Jinko”);
- (5) **JINKO POWER CO., LTD.** (晶科电力有限公司), previously named Haining JinkoSolar Investment Co., Ltd. (海宁市晶科能源投资有限公司), a limited liability company established and existing under the Laws of the PRC with its registered address at Room 202, West Wing, 2/F, Administrative Building, 58 Yuan Xi Road, Yuan Hua Town, Hai Ning City (“Jinko Power,” and together with the Controlling Shareholder, the Company, JinkoSolar Holding and Jiangxi Jinko, the “Warrantors”, and each a “Warrantor”); and
- (6) **MEGCIF INVESTMENTS 6 LIMITED**, an exempted company incorporated with limited liability and existing under the Laws of the Cayman Islands with its registered office at 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands (the “Investor”).

Each of the Warrantors and the Investor is referred to hereinafter as a “Party” and collectively as the “Parties.”

**RECITALS:**

- (A) The Company is an exempted company incorporated with limited liability and existing under the Laws of the Cayman Islands and has, as of the date of this Agreement, an issued and fully paid-up share capital of US\$6.00 divided into 60,000 Company Ordinary Shares, of which the Controlling Shareholder is the sole legal and beneficial owner. The structure chart of the Group is set forth in Part A of Schedule 4.

- (B) The Controlling Shareholder is an exempted company incorporated with limited liability and existing under the Laws of the Cayman Islands and is a wholly-owned subsidiary of JinkoSolar Holding.
- (C) JinkoSolar Holding is currently listed on the New York Stock Exchange.
- (D) The Company, the Controlling Shareholder, JinkoSolar Holding and the Investor entered into a Subscription Agreement on June 16, 2014 (the “Existing Subscription Agreement”), and desire that (i) Jiangxi Jinko and Jinko Power become parties to such agreement, and (ii) such agreement be further amended and restated in certain other respects pursuant to the terms and conditions set forth in this Agreement.
- (E) Upon the terms and conditions set forth in this Agreement, the Company intends to issue and sell to the Investor, and the Investor intends to subscribe for and acquire, the Subscription Shares.

**AGREEMENT:**

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

**SECTION 1  
INTERPRETATION**

- 1.1. Definitions. In this Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“Accounts” means (i) the audited balance sheets and the audited statements of income and cash flows for the Financial Year ended December 31, 2013 of each of the Group Members incorporated in the PRC, and the unaudited management accounts of each of the Group Members incorporated in the PRC for the period from January 1, 2014 to March 31, 2014, in each case prepared in accordance with PRC GAAP, and (ii) the consolidated unaudited management accounts of the Company for the Financial Year ended December 31, 2013 and the period from January 1, 2014 to March 31, 2014, in each case prepared in accordance with US GAAP or IFRS.

“Accounts Date” means December 31, 2013.

“Acquisition Proposal” means any inquiry, proposal or offer from any Person (other than the Investor or any of its Affiliates) concerning (i) a merger, consolidation, liquidation, recapitalization, share exchange or other business combination transaction involving any Group Member; (ii) the issuance or acquisition of Equity Securities of any Group Member; or (iii) the sale, lease, exchange or other disposition of any significant portion of any Group Member’s properties or assets other than in the ordinary course of business.

“Affiliate” of a Person (the “Subject Person”) means (i) in the case of a Person other than a natural person, any other Person that directly or indirectly Controls, is Controlled by or is under common Control with the Subject Person and (ii) in the case of a natural person, any other Person that directly or indirectly is Controlled by the Subject Person or is a Relative of the Subject Person or any Person that is directly or indirectly Controlled by such Relative. In the case of the Investor, the term “Affiliate” includes Macquarie Greater China Infrastructure Fund L.P., its advisor (being as of the date hereof, Macquarie Greater China Infrastructure Advisory Limited), its general partner (being as of the date hereof, Macquarie Greater China Infrastructure Management Limited), its limited partner(s), and Affiliates of each of the foregoing.

“Agreed Valuation Model” means the valuation model for determining the internal rate of return of any PV Project as set forth in Schedule 14.

“Alaer” means Alaer Jinko Solar Co., Ltd. (阿拉尔晶科能源有限公司).

“Anti-Corruption Laws” means any anti-corruption, anti-bribery or similar Laws of any jurisdiction applicable to any Group Member, including the Foreign Corrupt Practices Act of 1977, as amended, the U.K. Bribery Act of 2010, PRC Laws on anti-corruption, anti-bribery and anti-commercial bribery, and where applicable, legislation enacted by member states and signatories implementing the OECD Convention Combating Bribery of Foreign Officials.

“Approval” means any approval, license, permit, authorization, release, order, or consent required to be obtained from, or any registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to, any Governmental Authority or any other Person, or any waiver of any of the foregoing.

“Approved Third Party Investor” has such meaning ascribed to it in the Shareholders’ Agreement.

“Board” means the board of directors of the Company.

“Bohu Jingjia” means Bohu Jingjia Solar Electricity Co., Ltd.(博湖晶嘉阳光电力有限公司).

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in the PRC, Hong Kong, New York, Cayman Islands or Bermuda are required or authorized by Law or executive order to be closed or on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. Hong Kong time.

“Canton Best” means Canton Best Limited (穗佳有限公司), a business company organized and existing under the Laws of the British Virgin Islands with its registered office at P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, the British Virgin Islands.

“China” or the “PRC” means the People’s Republic of China, which for the purposes of this Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan.

“Company Charter Documents” means, collectively, the amended and restated memorandum and articles of association of the Company in the form of Exhibit B.

“Company Ordinary Shares” means the ordinary shares of the Company, each having a par value of US\$0.0001, as set forth in the Company Charter Documents.

“Confidential Information” for purposes of the Collective Warranties means all know-how, lists of customers or suppliers, trade secrets, technical processes or other confidential information.

“Connected Person” shall have the meaning set forth in Articles 14A.11 and 14A.12 of the Listing Rules of the Main Board of The Hong Kong Stock Exchange.

“Contract” means any contract, agreement, license, engagement, lease, financial instrument, purchase order or other legally binding commitment, arrangement or understanding (including any binding tender or bid), whether oral or written.

“Control” means, with respect to any Person, the power or authority, whether exercised or not, to direct the business, management, policies or activities of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than 50% of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of, or to appoint or remove a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Delingha” means Delingha Ruiqida Solar Power Co., Ltd. (德令哈瑞启达光伏发电有限公司).

“Disclosure Schedule” means the disclosure schedule dated as of the date of this Agreement attached hereto as Schedule 11.

“Electricity Business Permit” means the electricity business permit (电力业务许可证) issued by the National Energy Administration of the PRC or its competent local counterpart in respect of operation of electricity projects.

“Encumbrance” means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest, swap, derivative or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law, (ii) any lease, sub-lease, occupancy agreement, easement or covenant granting a right of use or occupancy to any Person, (iii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, negotiation or refusal or transfer restriction in favor of any Person, and (iv) any adverse claim as to title, possession or use.

“Environment” means all or any of the following media, namely, air, water and land; and the medium of air includes the air within buildings and the air within other natural or man-made structures above or below ground.

“Environmental Laws” means Laws, principles of common laws, civil laws, regulation, and codes, as well as orders, decrees, judgments or injunctions, issued, promulgated, approved or entered thereunder relating to pollution, contamination or protection of the Environment, the storage, labeling, handling, release, treatment, manufacture, processing, deposit, transportation or disposal of hazardous substances or public health and safety.

“Environmental Permit” means a Permit concerned with the pollution or protection of the Environment (including any approval of an environmental impact appraisal report, examination and approval of environmental protection facilities and any Permit for the discharge of waste or pollutants, use or discharge of hazardous substances or use of natural resources) or the protection of the health of humans, animals or plants.

“Equity Securities” means, with respect to any Person, such Person’s capital stock, membership interests, partnership interests, registered capital or joint venture or other ownership interests and any options, warrants or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such capital stock, membership interests, partnership interests, registered capital or joint venture or other ownership interests (whether or not such derivative securities are issued by such Person).

“Existing PV Projects” means the PV Projects listed in Schedule 3, and “Existing PV Project” means any one of them.

“Existing Shares” means the issued and fully-paid 60,000 Company Ordinary Shares in the share capital of the Company as of the date hereof, of which the Controlling Shareholder is the sole legal and beneficial owner.

“Feed-in Tariff” means the national solar tariff policy mechanism of the PRC announced by the NDRC from time to time.

“Financial Year” means, in relation to the Company, the financial year of the Company, which ends on December 31, and in relation to any other Group Member, the financial year of such other Group Member.

“Follow-on Subscription” has such meaning ascribed to it in the Shareholders’ Agreement.

“Gansu Jintai” means Gansu Jintai Electronic Power Co., Ltd. (甘肃金泰电力有限公司).

“Gansu Longchang” means Gansu Longchang Solar Power Co., Ltd. (甘肃陇昌光伏电力有限公司).

“Government Official” means all officers or employees of a government department, agency or instrumentality; permitting agencies; custom officials; political party officials; candidates for political office; officials of public international organizations; employees or affiliates of an enterprise, institute, organization, association or other entity that is owned, sponsored, or controlled by any government.

“Governmental Authority” means any nation or government or any federation, province or state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission, instrumentality, supervisory or regulatory body of any country, or any political subdivision thereof, any court, tribunal or arbitrator, and any self-regulatory organization.

“Group” means the Company and all of its Subsidiaries.

“Group Member” means the Company or any of its Subsidiaries; provided, however, “Group Member” shall not be interpreted to include Gansu Jintai with respect to any obligation of any Warrantor or any Collective Warranty set forth in Sections 3, 5 or 6, Part A or Part B of Schedule 1, Part A of Schedule 2 (other than Sections 1(c) and 1(d) of Part A of Schedule 2) or Schedule 5.

“Hainanzhou” means Hainanzhou Zhongnan Solar Electricity Co., Ltd. (海南州中南光伏电力有限公司).

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Indebtedness” means with respect to any Person, any obligations of such Person to make any payment to, or the provision by such Person of any security or guarantee for the payment obligations of, any third party.

“Indemnifiable Loss” means, with respect to any Person, any action, claim, cost, damage, disbursement, expense, liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, including (i) interest or other carrying costs, loss of profits, penalties, legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by such Person; (ii) any Taxes that may be payable by such Person by reason of the indemnification of any Indemnifiable Loss hereunder; and (iii) any sum of required deduction or withholding from a payment to such Person by reason of the indemnification of any Indemnifiable Loss hereunder, provided, however, the “Indemnifiable Loss” shall be net of (a) any insurance or other recoveries payable to the Indemnified Party or its Affiliates in connection with the facts giving rise to the right of indemnification and (b) any Tax benefit payable to the Indemnified Party or its Affiliates arising in connection with the accrual, incurrence or payment of any such Indemnifiable Losses.

“Intellectual Property” means all patent, trademarks, service marks, registered designs, domain names and utility models, copyrights, inventions, trade secrets, proprietary manufacturing processes and equipment, brand names, database rights and business names and all similar rights situated in any country and the benefit of any of the foregoing (in each case whether registered or unregistered, and including applications for the grant of any of the foregoing and the right to apply for any of the foregoing in any part of the world).

“Investment Committee” means the investment committee of the Company established in accordance with the terms of the Shareholders’ Agreement.

“Investor Subscription” means the subscription by the Investor for the Subscription Shares pursuant to this Agreement.

“Law” means any law, regulation, rule or order of any Governmental Authority, including any ordinance, statute or other legislative measure and any regulation, rule, treaty, order, decree or judgment.

“Liabilities” means all Indebtedness and other liabilities of any nature, actual or contingent, and whether or not of a nature required to be disclosed in the accounts of any Group Member.

“Long Stop Date” means the date that is 45 days from the date of this Agreement (or such other date as the Parties may agree in writing).

“Material Adverse Effect” means any event, circumstance, development, change or effect that, individually or in the aggregate with any other events, circumstances, developments, changes or effects, results or would reasonably be expected to result in a material adverse effect on, or change in:

- (i) the legality, validity or enforceability of any of the Transaction Documents;
- (ii) the business, operations, assets, Liabilities, property, condition (financial or otherwise) or prospects of the Group taken as a whole;
- (iii) the ability of a Warrantor to perform its obligations under any of the Transaction Documents; or
- (iv) the rights and remedies of the Investor under any of the Transaction Documents,

provided, however, that none of the following, either alone or in combination, shall be considered in determining whether there has been a breach of a representation, warranty, covenant or agreement that is qualified by the term “Material Adverse Effect”: (a) events, circumstances, changes or effects that generally affect the industries in which the business of the Group operates (including legal and regulatory changes), (b) general economic or political conditions or events, circumstances, changes or effects affecting the securities markets generally, (c) changes arising from the consummation of the transactions contemplated by, or the announcement of the execution of, this Agreement, and (d) any circumstance, change or effect that results from any action taken pursuant to or in accordance with this Agreement or at the request of the Investor, unless, in the case of the foregoing clauses (a) and (b), the impact of such effect has a materially disproportionate adverse effect on the Group, taken as a whole, as compared to other participants in the industries in which the Group operates.

“Money Laundering Laws” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 and applicable financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970, as amended, the U.S. Money Laundering Control Act of 1986, as amended, and all money laundering-related Laws of other jurisdictions where the Company and its Subsidiaries conduct business or own assets, and any related or similar Law issued, administered or enforced by any Governmental Authority.

“NDRC” means the National Development and Reform Commission of the PRC or its competent local counterpart.

“Non-Compete Agreement” means the non-compete and confidentiality agreement to be entered into by each Senior Manager with the Company or relevant Group Member on or prior to the Closing in the form of Exhibit D.

“Permit” means a permit, approval, authorization, consent, certificate, qualification, specification, registration, filing, assessment, franchise, concession and license, in each case, necessary for the operation of any Group Member’s business or its ownership, possession, occupation, development or use of an asset or the execution or performance of the Transaction Documents.

“Person” means an individual, corporation, joint venture, enterprise, partnership, trust, unincorporated association, limited liability company, government or any department or agency thereof, or any other entity.

“PRC GAAP” means the generally accepted accounting principles applied in the PRC.

“PRC Holding Entities” means Jiangxi Jinko and Jinko Power.

“PRC Operating Subsidiaries” means Delingha; Gansu Longchang; Gansu Jintai; Hainanzhou; Shaya; Wusu Zhongjing; Alaer; Bohu Jingjia; Bohu Jinko Solar Co., Ltd. (博湖县晶科能源有限公司); Bohu Kesheng Electricity Co., Ltd. (博湖县科盛电力有限公司); Ningxia Jinko PV Electricity Co., Ltd. (宁夏晶科光伏发电有限公司); Jiaxing JinkoSolar Development Co., Ltd. (嘉兴市晶科能源发展有限公司) and Zhenjiang Jinko PV Electricity Co., Ltd. (镇江晶科光伏发电有限公司); provided, however, “PRC Operating Subsidiaries” shall not be interpreted to include Gansu Jintai with respect to any obligation of any Warrantor or any Collective Warranty set forth in Sections 3, 5 or 6, Part A or Part B of Schedule 1, Part A of Schedule 2 (other than Sections 1(c) and 1(d) of Part A of Schedule 2) or Schedule 5.

“PRC Subs Registered Capital” means the aggregate amount of the actual paid-in registered capital (in US\$ equivalent) of Jinko Power.

“PV Project(s)” means photovoltaic power project(s).

“Real Estate” means all real property owned and/or used by any Group Member. For the avoidance of doubt, Real Estate includes all land, land-use-rights, buildings and other structures owned and/or used by any Group Member.

“Relative” of a natural person means the spouse of such person and any parent, grandparent, child, grandchild, sibling, uncle, aunt, nephew, niece, cousin or great-grandparent of such person or spouse, or the spouse of any of the above persons.

“Renminbi” or “RMB” means the lawful currency of the PRC.

“Restructuring of Wide Wealth” means (i) the issuance and allotment of 1,980,000 ordinary shares of Wide Wealth to the Company, (ii) the transfer of 1,980,000 ordinary shares of Wide Wealth by the Company to Canton Best, and (iii) the transfer of 20,000 ordinary shares of Wide Wealth by JinkoSolar Holding to Canton Best, upon the completion of which, Canton Best will directly own the entire equity interest of Wide Wealth.



“SAFE” means State Administration of Foreign Exchange of the PRC or its local counterparts.

“SAFE Circular 7” means the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Listed Companies issued by SAFE dated February 15, 2012.

“SAFE Circular 75” means Circular 75, issued by SAFE on October 21, 2005, titled “Notice Regarding Certain Administrative Measures on Financing and Inbound Investments by PRC Residents Through Offshore Special Purpose Vehicles”, effective as of November 1, 2005 together with its implementing rules, including the “Implementation Guidance Relating to Notice Regarding Certain Administrative Measures on Financing and Inbound Investments by PRC Residents Through Offshore Special Purpose Vehicles” issued by SAFE on May 29, 2007 and effective as of the same day, or any successor rule or supplemental regulation under PRC Law.

“Senior Manager” means each of the individuals named on the list in Schedule 8 and any successor to the position currently held by such individual with any Group Member.

“Series A Preferred Shares” means the Series A convertible and redeemable preferred shares of the Company, each having a par value of US\$0.0001 and carrying such rights and privileges set forth in Schedule 10, which will be incorporated into the Company Charter Documents.

“Shareholders’ Agreement” means the Shareholders’ Agreement to be entered into by the Company, the Investor, the Controlling Shareholder and JinkoSolar Holding in the form of Exhibit A.

“Shaya” means Shaya Jingxin Technology Co., Ltd. (沙雅晶芯科技有限公司).

“Strategic Business Plan” means the Strategic Business Plan agreed by the Parties in the form of Exhibit A of the Shareholders’ Agreement.

“Subscription Shares” means 25,532 Series A Preferred Shares to be issued by the Company to the Investor at the Closing, as may be adjusted in accordance with this Agreement.

“Subsidiaries” means Canton Best, Wide Wealth, the PRC Holding Entities, the PRC Operating Subsidiaries and any Person that the Company directly or indirectly Controls on and after the date hereof, and “Subsidiary” means any one of them.

“Tax” means all forms of taxation imposed, levied, collected, withheld or assessed by any local, municipal, regional, urban, governmental, state, federal or other body in the PRC or elsewhere having competent jurisdiction and any expenses similar to taxation, and any interest, additional taxation, penalty, surcharge or fine in connection therewith.

“Transaction Documents” means this Agreement, the Company Charter Documents, the Shareholders’ Agreement, the Security Documents and the Non-Compete Agreements, and “Transaction Document” means any one of them.

“US Dollar” or “USD” or “US\$” or “\$” means United States Dollars, the lawful currency of the United States of America.

“Wide Wealth” means Wide Wealth Group Holdings Limited (鴻富控股有限公司), a limited liability company organized and existing under the Laws of Hong Kong with its registered office at Unit 511, 5/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

“Wusu Zhongjing” means Wusu Zhongjing PV Electricity Co., Ltd.(乌苏市中晶光伏发电有限公司).

1.2. Terms Defined Elsewhere in this Agreement. The following terms are defined in this Agreement as follows:

|   |   |
|---|---|
| “ <u>Act</u> ”                                    | Section 7 of Part B of Schedule 2       |
| “ <u>Agreement</u> ”                              | Preamble                                |
| “ <u>Arbitration Board</u> ”                      | Section 13.3(a)                         |
| “ <u>Business</u> ”                               | Section 2.3                             |
| “ <u>Closing</u> ”                                | Section 4.1                             |
| “ <u>Closing Date</u> ”                           | Section 4.1                             |
| “ <u>Collective Warranties</u> ”                  | Section 6.1(a)                          |
| “ <u>Company</u> ”                                | Preamble                                |
| “ <u>Confidential Information</u> ”               | Section 7.1                             |
| “ <u>Consideration</u> ”                          | Section 2.2                             |
| “ <u>Construction Permit</u> ”                    | Section 8 of Schedule 6                 |
| “ <u>Controlling Shareholder</u> ”                | Preamble                                |
| “ <u>Dispute</u> ”                                | Section 13.2                            |
| “ <u>Existing Subscription Agreement</u> ”        | Recitals                                |
| “ <u>Indemnified Party</u> ”                      | Section 10.1                            |
| “ <u>Indemnifying Party</u> ”                     | Section 10.1                            |
| “ <u>Investor</u> ”                               | Preamble                                |
| “ <u>Investor Warranties</u> ”                    | Section 6.2                             |
| “ <u>Jiangxi Jinko</u> ”                          | Preamble                                |
| “ <u>Jinko Power</u> ”                            | Preamble                                |
| “ <u>JinkoSolar Holding</u> ”                     | Preamble                                |
| “ <u>Litigation</u> ”                             | Section 10(a) of Part A of Schedule 2   |
| “ <u>Material Contracts</u> ”                     | Section 5(a) of Part A of Schedule 2    |
| “ <u>MFN Terms</u> ”                              | Section 5.13                            |
| “ <u>Party</u> ” or “ <u>Parties</u> ”            | Preamble                                |
| “ <u>Payable Clearance Plan</u> ”                 | Section 5.9                             |
| “ <u>Payment</u> ”                                | Section 3(f)(i) of Part A of Schedule 2 |
| “ <u>Representatives</u> ”                        | Section 7.1                             |
| “ <u>Rules</u> ”                                  | Section 13.3(a)                         |
| “ <u>SAFE Circular 75 Rules and Regulations</u> ” | Section 3(h) of Part A of Schedule 2    |
| “ <u>Security Documents</u> ”                     | Section 9 of Schedule 6                 |
| “ <u>Security Perfection</u> ”                    | Section 11 of Schedule 6                |
| “ <u>Warrantors</u> ”                             | Preamble                                |

1.3. Interpretation.

- (a) Directly or Indirectly. The phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other legal arrangements, and “direct or indirect” has the correlative meaning.
- (b) Gender and Number. Unless the context otherwise requires, all words (whether gender-specific or gender neutral) shall be deemed to include each of the masculine, feminine and neuter genders, and words importing the singular include the plural and vice versa.
- (c) Headings. Headings are included for convenience only and shall not affect the construction of any provision of this Agreement.
- (d) Include not Limiting. “Include,” “including,” “are inclusive of” and similar expressions are not expressions of limitation and shall be construed as if followed by the words “without limitation.”
- (e) References to Documents. References to this Agreement include the Schedules and Exhibits, which form an integral part hereof. A reference to any Section, Schedule or Exhibit is, unless otherwise specified, to such Section of, or Schedule or Exhibit to, this Agreement. The words “hereof,” “hereunder” and “hereto,” and words of like import, refer to this Agreement as a whole and not to any particular Section hereof or Schedule or Exhibit hereto. A reference to any document (including this Agreement) is to that document as amended, consolidated, supplemented, novated or replaced from time to time.
- (f) Procuring Obligation. A procuring obligation, where used in the context of any Warrantor or the Investor, means that such Warrantor or the Investor (as the case may be) undertakes to exercise its voting rights and use any and all powers vested in it from time to time as a shareholder, director, officer or employee or otherwise in or of the Company or any other Group Member or other entity (as relevant) in which it has a controlling interest, to such extent as permitted by Law, to ensure compliance with that obligation so far as it is able to do so, whether acting alone or (to the extent that it is lawfully able to contribute to ensuring such compliance collectively), acting with others.
- (g) Time. If a period of time is specified and dates from a given day or the day of a given act or event, such period shall be calculated exclusive of that day. If the day on or by which something must be done is not a Business Day, that thing must be done on or by the Business Day immediately following such day.
- (h) Writing. References to writing and written include any mode of reproducing words in a legible and non-transitory form including emails and faxes.

- (i) Share Calculations. In calculations of share or registered capital amounts, (A) references to a “fully-diluted basis” mean that the calculation is to be made assuming that all outstanding options, warrants and other Equity Securities convertible into or exercisable or exchangeable for such shares or registered capital, as applicable (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged, and (B) references to the “issued and outstanding” share capital mean that the calculation is to be made taking into account only the registered capital (or shares in issue, including the Series A Preferred Shares on an as-converted basis) at such time. Any such calculation that makes reference to a specific date shall be appropriately adjusted to take into account any share split, share consolidation or similar event after such date.
- (j) Language. This Agreement is drawn up in the English language.
- (k) Statute. Any statutory provision or statute includes all modifications thereto and all re-enactments (with or without modification) thereof and all subordinate legislation made thereunder, in each case for the time being in force, except where the context requires otherwise or as expressly stated otherwise.
- (l) Currency. For the purposes of this Agreement, any monetary sum which is expressed in RMB and which is payable in US\$ shall be converted into US\$ at the middle rate for the exchange of RMB into US\$ at the close of business in the PRC on the day immediately prior to the day on which such payment is due (or, if such day is not a Business Day, on the Business Day immediately preceding such day) as published by the People’s Bank of China (or its authorized agency).

## **SECTION 2 SUBSCRIPTION**

- 2.1. Issue and Purchase of Subscription Shares. Upon the terms and subject to the conditions of this Agreement, the Investor, relying on, amongst other things, the Warrantors’ representations, warranties and undertakings contained in this Agreement, agrees to subscribe for, and the Company agrees to issue and allot to the Investor, the Subscription Shares. The Subscription Shares, when issued at the Closing, will comprise approximately 29.85% of the Company’s total issued and outstanding share capital.
- 2.2. Consideration. The aggregate consideration payable by the Investor for the Subscription Shares shall be US\$100,000,000 (the “Consideration”).
- 2.3. Use of Proceeds. The Warrantors jointly and severally undertake to the Investor that, unless otherwise agreed by the Investor in writing, the Company shall use all of the proceeds from the Investor Subscription for the sole purpose of funding the Group’s construction, commissioning and operations of ground mounted, grid-connected and distributed PV Projects in the PRC in accordance with the Strategic Business Plan (the “Business”) to expand the Group’s capacity as set forth in Section 6.11 of the Shareholders’ Agreement, provided, however, that no proceeds from the Investor Subscription shall be used for any Existing PV Projects.

**SECTION 3**  
**CONDITIONS PRECEDENT TO CLOSING**

- 3.1. Conditions to the Parties' Obligations. The obligations of the Investor to consummate the Investor Subscription are subject to the fulfillment or waiver on or prior to the Closing Date, of each of the conditions set forth in Part A and Part B of Schedule 1, provided, however, that any one or more of the conditions set forth in Part A and Part B of Schedule 1 may be waived by the Investor in its sole discretion. The obligations of each Warrantor to consummate the Investor Subscription are subject to the fulfillment or waiver on or prior to the Closing Date, of each of the conditions set forth in Part A and Part C of Schedule 1, provided, however, that any one or more of the conditions set forth in Part A and Part C of Schedule 1 may be waived by each Warrantor in its sole discretion.
- 3.2. Efforts to Fulfill Closing Conditions.
- (a) The Warrantors (acting jointly and severally) shall use commercially reasonable efforts to procure the fulfillment of all the conditions set out in Part A of Schedule 1 and Part B of Schedule 1, and the Investor shall use commercially reasonable efforts to procure the fulfillment of all the conditions set out in Part A of Schedule 1 and Part C of Schedule 1, in each case as soon as possible after the date of this Agreement and in any event no later than 5:00 p.m. Hong Kong time on the Long Stop Date. Each Party shall keep the other Parties informed on a regular basis as to the progress of the satisfaction of such conditions and produce to the other Parties evidence of fulfillment of each such condition (where applicable) promptly after each such fulfillment.
- (b) Each Party undertakes to notify the other Parties in writing of anything that will or may give rise to a breach of its representations, warranties, covenants or undertakings under this Agreement or that will or may prevent any of the conditions set out in Section 3.1 and Schedule 1 from being satisfied on or before the Long Stop Date promptly upon it coming to such Party's attention.

**SECTION 4**  
**CLOSING**

- 4.1. Closing. The consummation of the issuance and purchase of the Subscription Shares (the "Closing") shall take place at a venue to be agreed by the Parties on a date (the "Closing Date") that is no later than 15 Business Days after the fulfillment or waiver of the conditions precedent to the Closing as set forth in Section 3.1 and Schedule 1 (other than those conditions which can be satisfied only at the Closing or with respect to actions the relevant Party shall take at the Closing itself) or at such other place and time as the Parties may mutually agree upon. For the avoidance of doubt, the Investor shall not be obliged to purchase any of the Subscription Shares unless the purchase of all the Subscription Shares is completed simultaneously.
- 4.2. Actions at Closing. At the Closing,
- (a) the Company shall:
- (i) allot and issue the Subscription Shares to the Investor free and clear of any and all Encumbrances;
- (ii) procure that the Investor is duly registered as the holder of the Subscription Shares in the Company's register of members;

- (iii) deliver to the Investor the following documents:
- (A) a copy of the Company's register of members as at the Closing Date, certified as a true, correct and complete copy by a director of the Company, and a share certificate, duly completed in the name of the Investor, each reflecting the Investor's ownership of the Subscription Shares;
  - (B) a receipt for payment of the Consideration;
  - (C) documents evidencing that the Company Charter Documents have been duly adopted by the Company and filed with the Registrar of Companies in the Cayman Islands;
  - (D) a copy of the register of directors of the Company as at the Closing Date, and a copy of all resolutions and documentation evidencing the composition of the Board pursuant to the terms of the Shareholders' Agreement, certified by a duly authorized director of the Company to be true, complete and correct copy thereof, and reflecting that the Board includes one nominee of the Investor as a duly elected member of such board;
  - (E) a copy of all resolutions and documentation evidencing the composition of the Investment Committee pursuant to the terms of the Shareholders' Agreement, certified by a duly authorized director of the Company to be true, complete and correct copy thereof, and reflecting that the Investment Committee includes one nominee of the Investor as a duly elected member of such committee;
  - (F) a copy of all resolutions and documentation evidencing the composition of (1) the board of directors of each of Canton Best, Wide Wealth and Jiangxi Jinko, and (2) the investment committee of Jinko Power, in each case pursuant to the terms of the Shareholders' Agreement, certified by a duly authorized director of Canton Best, Wide Wealth, Jiangxi Jinko or Jinko Power (as the case may be) to be true, complete and correct copy thereof, and reflecting that (x) the board of directors of each of Canton Best, Wide Wealth and Jiangxi Jinko includes one nominee of the Investor as a duly elected member of such board, and (y) the investment committee of Jinko Power includes one nominee of the Investor as a duly elected member of such committee;
  - (G) a copy of all resolutions and documentation evidencing that (1) the charter documents of each of Canton Best and Wide Wealth have been duly amended pursuant to the terms of the Shareholders' Agreement and adopted by Canton Best and Wide Wealth respectively and filed with the company registrar in the British Virgin Islands (in the case of Canton Best) and Hong Kong (in the case of Wide Wealth); and (2) the articles of association of each of Jiangxi Jinko and Jinko Power have been duly amended pursuant to the terms of the Shareholders' Agreement and adopted by Jiangxi Jinko and Jinko Power respectively, in each case certified by a duly authorized director of Canton Best, Wide Wealth, Jiangxi Jinko or Jinko Power (as the case may be) to be true, complete and correct copy thereof;

- (H) a legal opinion from Maples and Calder, the Company's Cayman Islands counsel, Shearman & Sterling, the Company's Hong Kong counsel, and DaHui Lawyers, the Company's PRC counsel, each dated as of the Closing Date and addressed to the Investor, in the form of Exhibit C1, Exhibit C2 and Exhibit C3 respectively; and
  - (I) a certificate duly executed by an authorized officer or director of each Warrantor, dated the Closing Date, certifying that the conditions set forth in Part B of Schedule 1 have been satisfied; and
- (b) the Investor shall provide (i) the SWIFT confirmation of the wire transfer of the Consideration to the Company at a bank account designated by the Company which account information shall be provided to the Investor at least ten Business Days prior to the Closing Date; and (ii) to the Warrantors a certificate duly executed by an authorized officer or director of the Investor, dated the Closing Date, certifying that the conditions set forth in Part C of Schedule 1 have been satisfied.

**SECTION 5**  
**ADDITIONAL AGREEMENTS**

- 5.1. Conduct of Business. From the date hereof until the Closing Date, each of the Warrantors shall, jointly and severally, cause each Group Member to conduct its business on a normal and usual basis and in the ordinary course of day-to-day operations consistent with its past practices.
- 5.2. Restrictions on Actions between Execution and Closing Date. By way of amplification and not limitation, from the date hereof until the Closing Date, each of the Warrantors shall cause each Group Member not to, except as (a) required by any applicable Laws or (b) contemplated or permitted under this Agreement, take any of the actions set forth in Schedule 5 without the prior written consent of the Investor, which consent shall not be unreasonably withheld, conditioned or delayed.
- 5.3. Exclusivity. Prior to the Closing, except with any Approved Third Party Investor or any Affiliate of any such Approved Third Party Investor, none of the Warrantors shall (and each Warrantor shall cause its Representatives not to) directly or indirectly: (a) encourage, solicit or knowingly facilitate inquiries regarding an Acquisition Proposal; (b) enter into discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal; or (c) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Warrantors shall immediately cease and cause to be terminated, and shall cause their respective Representatives to immediately cease and cause to be terminated, all existing discussions or negotiations with any Persons (other than any Approved Third Party Investor or any of its Affiliates) conducted with respect to, or that could lead to, an Acquisition Proposal. The Warrantors shall promptly (and in any event within two Business Days after receipt thereof by any Warrantor or its Representatives) advise the Investor of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal or inquiry, and the identity of the Person making the same.

- 5.4. Other Covenants. Each Warrantor shall, jointly and severally, ensure that the Group completes the matters listed in Schedule 6 within the time periods specified therein.
- 5.5. Compliance with Laws. Each Warrantor shall, and shall procure each Group Member to, and the Investor shall comply, in all material respects, with all applicable Laws, including in particular with respect to the transactions contemplated by the Transaction Documents.
- 5.6. Compliance with Obligations. Each Warrantor shall, and shall procure that each Group Member will, comply with its obligations, covenants, agreements and undertakings under each Contract (including, for the avoidance of doubt, the Transaction Documents) (whether currently in effect or to be entered into hereafter) to which it or such Group Member is a party.
- 5.7. New PV Projects. From the date hereof until the Closing Date, each Warrantor shall, jointly and severally, procure that each Group Member only invests in, or commits to invest in any new PV Project, to the extent all or a portion of which will be funded by the proceeds of the Investor Subscription and/or the Follow-on Subscription, that will target an internal rate of return of at least 16% over the anticipated life of such PV Project calculated based on the Agreed Valuation Model. Each Warrantor undertakes to keep the Investor informed on a current basis of the status, progress and major terms of such investment or proposed investment.
- 5.8. Module Warranty Terms. Prior to the Closing, JinkoSolar Holding shall cause Jinko Solar Co., Ltd. to execute a Module Warranty Terms substantially in the form of Exhibit E.
- 5.9. Payables Clearance Plan. The Parties have agreed upon an action plan (the "Payable Clearance Plan") attached as Schedule 13 setting forth the item, reference date, amount and source and timing of repayment in respect of the Indebtedness owed by the Group Members to JinkoSolar Holding and its Affiliates (other than the Group Members) and third parties in connection with the construction of the Existing PV Projects. Each Warrantor undertakes to implement such Payable Clearance Plan and make relevant repayments of such Indebtedness by the agreed timing in accordance with Schedule 13.
- 5.10. Jiangxi Jinko and Jinko Power Loan Agreement. Jiangxi Jinko and Jinko Power shall not (i) enter into or amend any loan or other financing agreement or arrangement with JinkoSolar Holding and/or any of its Subsidiaries (other than the Group Members), or (ii) make any repayment with respect to such loan or financing arrangement to JinkoSolar Holding and/or any of its Subsidiaries (other than the Group Members), in each case without the prior written approval of the Investor.



- 5.11. Approvals. Without prejudice to other specific obligations of the Warrantors or the Group Members under the Transaction Documents, each Warrantor shall, and shall procure each Group Member to, obtain, in accordance with the applicable Laws, maintain at all times the validity of, and comply with all legal and regulatory requirements with respect to, all material Approvals necessary for conducting its business and operations and for performing its obligations under the Transaction Documents, and ensure the legality, validity, enforceability and admissibility in evidence in proceedings of any Transaction Documents.
- 5.12. Further Assurance. From the date of this Agreement, (a) each Warrantor shall cooperate with the Investor to provide all due diligence reasonably requested by the Investor; (b) each Party shall use its reasonable best efforts to (i) take all necessary or appropriate corporate and other actions to consummate the transactions contemplated by the Transaction Documents; and (ii) do and perform, or cause to be done and performed, all such further acts, and execute and deliver all such other agreements, certificates, instruments and documents required to give effect to the terms and intent of this Agreement and other Transaction Documents.
- 5.13. Most Favorable Terms. If the Company grants any right to any existing or new investor or shareholder that are more favorable than the terms granted to the Investor in connection with the sale of the Series A Preferred Shares pursuant to the Transaction Documents (the “MFN Terms”), the Company shall, and the other Warrantors shall procure the Company will, extend all such MFN Terms to the Investor, and the Company shall, and the other Warrantors shall procure the Company will, take all necessary actions in order to effect the foregoing provisions of this Section 5.13.

## SECTION 6 REPRESENTATIONS AND WARRANTIES

- 6.1. Collective Warranties.
- (a) Except as fairly disclosed in the correspondingly numbered section of the Disclosure Schedule, the Warrantors hereby jointly and severally represent, warrant and undertake to the Investor that each of the representations and warranties set forth in Part A of Schedule 2 (the “Collective Warranties”) is true, complete, accurate and not misleading as of the date of this Agreement and as of the Closing Date with the same effect as though made at and as of such date, or as of another date if any Collective Warranty is made with respect to such other date. The Warrantors acknowledge that the Investor in entering into this Agreement is relying on such Collective Warranties.
  - (b) The Collective Warranties shall be separate and independent and save as expressly provided shall not be limited by reference to any other paragraph or anything in this Agreement or any other document as agreed by the Parties.
  - (c) Each Warrantor shall procure that no act shall be performed or omission shall be allowed by itself or the other Warrantors which would result in any of the Collective Warranties being breached or misleading at any time.

- (d) Each of JinkoSolar Holding and the Controlling Shareholder waives any right which it may have in relation to any misrepresentation or inaccuracy in or from information or advice provided by any Group Member or any director, officer, adviser, employee or agent of any Group Member for the purpose of giving a Collective Warranty or preparing the Disclosure Schedule, or otherwise in connection with the transactions contemplated by the Transaction Documents, and each of JinkoSolar Holding and the Controlling Shareholder undertakes for the benefit of the Group and for the benefit of the Investor not to make any claim in respect of such right.
  - (e) Each Warrantor undertakes to notify the Investor in writing of anything which is or may constitute a breach of or be inconsistent with any of the Collective Warranties promptly upon it coming to such Warrantor's attention.
- 6.2. Investor Warranties. The Investor hereby represents, warrants and undertakes to the Company in the terms set forth in Part B of Schedule 2 (the "Investor Warranties") and acknowledges that the Warrantors in entering into this Agreement are relying on the Investor Warranties.

## SECTION 7 CONFIDENTIALITY; RESTRICTION ON PUBLICITY

- 7.1. General Obligation. Each Party undertakes to the other Parties that it shall not reveal, and that it shall procure that its directors, equity interest holders, current or prospective partners, members, advisors and bankers, officers, employees, agents, consultants, professional advisors and Affiliates and the respective directors, equity interest holders, current or prospective partners, members, advisors and bankers, officers, employees, agents, consultants, professional advisors of each such Affiliate that received any Confidential Information (collectively, "Representatives") do not reveal, to any third party any Confidential Information without the prior written consent of the concerned Party, as the case may be, or use any Confidential Information in such manner that is detrimental to the concerned Party, as the case may be. The term "Confidential Information" as used in this Section 7.1 means (a) any information concerning the organization, business, technology, finance, transactions or affairs of any Party or any Group Member or any of their respective directors, officers or employees (whether conveyed in written, oral or any other form and whether such information is furnished before, on or after the date of this Agreement); (b) the terms of any of the Transaction Documents, and the identities of the Parties and their respective Affiliates; and (c) any other information or materials prepared by a Party or any Group Member or its Representatives that contains or otherwise reflects, or is generated from, Confidential Information. The confidentiality obligations contained in this Section 7.1 with respect to a Party shall terminate on the second anniversary of the date on which the relevant Party ceases to hold any equity interest in the Company. Each Party shall procure that each of its Affiliates shall comply with the obligations set forth in this Section 7 as if it was a Party to this Agreement.
- 7.2. Exceptions. The provisions of Section 7.1 shall not apply to disclosure by a Party of any Confidential Information:
- (a) that (i) is or becomes generally available to the public other than as a result of disclosure by or at the direction of such Party or any of its Representatives in violation of this Agreement; (ii) was lawfully in the possession of such Party prior to the disclosure by the relevant disclosing Party; or (iii) is or becomes available to such Party other than as a result of a disclosure by a Person which such Party knows is in breach of a duty of confidentiality owed to the relevant disclosing Party;

- (b) to its directors, officers or employees whose function requires such Persons to have the Confidential Information;
- (c) to the extent that such Confidential Information is required to be disclosed by applicable Laws or rules of a listing authority or stock exchange, or by any Governmental Authority with relevant powers to which any Party is subject or submits, provided that the disclosure shall, to the extent legally permitted and practicable, be made after consultation with the other Parties and after taking into account the other Parties' reasonable requirements as to the timing, content and manner of such disclosure;
- (d) to any adviser for the purpose of advising the Party in connection with the transactions contemplated by the Transaction Documents, provided that such disclosure is necessary for these purposes and that such Party procures that such adviser is under a similar obligation of confidentiality or is otherwise under a binding professional obligation of confidentiality;
- (e) by the Investor (i) to its Affiliates or Representatives who participate in the transactions contemplated by the Transaction Documents or who otherwise need to know such Confidential Information, and (ii) in connection with a proposed exit (whether pursuant to a listing, initial public offering or otherwise) to potential purchasers, investment banks, other intermediaries or any advisers in connection with such purpose;
- (f) to the extent required to vest the full benefit of the Transaction Documents in any Party; or
- (g) to the extent that the relevant disclosing Party has given prior written consent to such disclosure.

7.3. Publicity.

- (a) No public announcement or communication concerning the transactions contemplated by this Agreement or the terms of any Transaction Document shall be made or issued by any Party without the prior written consent of the other Parties, except (i) required by applicable Laws or rules of a listing authority or stock exchange, or by any Governmental Authority with relevant powers to which any Party is subject or submits, provided that the disclosure shall, to the extent legally permitted and practicable, be made after consultation with the other Parties and after taking into account their reasonable requirements as to its timing, content and manner of making or dispatch; and (ii) made to any Person entitled to receive information under Section 7.2.
- (b) Each of the Warrantors shall not, and shall procure that each Group Member will not, without the prior written consent of the Investor, (i) use in advertising, publicity, or otherwise the name of the Investor or its Affiliates, nor any trade name, trademark, trade device, service mark, symbol or any abbreviation, contraction or simulation thereof owned by the Investor or its Affiliates, or (ii) represent, directly or indirectly, that any product or any service provided by the Company or any other Group Member has been approved or endorsed by the Investor or an Affiliate thereof.

**SECTION 8  
ACCESS**

As from the date of this Agreement up to the Closing Date, each Warrantor shall, and shall cause each Group Member to, give to the Investor and its Affiliates, and their respective employees, officers, accountants and counsel (and other advisors and consultants who are subject to the obligations of confidentiality set forth in Section 7) reasonable access, upon reasonable prior notice and during normal business hours, to the premises of the Company and each of the Group Members and all of their respective Contracts, accounts, books, records and other documents and data, and instruct their respective officers and employees to give promptly all information and explanations to the Investor or any such Persons as the Investor may reasonably request, provided, however, that any such access or furnishing of information shall be conducted at the Investor's expense and in such a manner as not to interfere with the normal operations of the business of the Company or its relevant Subsidiary; provided further, that the Company shall not be required to provide access to or disclose any information if such access or disclosure would jeopardize any attorney-client privilege of the Company or its relevant Subsidiary.

**SECTION 9  
TAXES AND EXPENSES**

- 9.1. Taxes. Except as otherwise set forth in this Agreement, each Party shall be responsible for its own Tax liabilities in connection with the Investor Subscription under this Agreement.
- 9.2. Expenses. Except as otherwise set forth in this Agreement, each Party shall pay its own costs and expenses of, and incidental to, the negotiation, preparation, execution and performance by it of this Agreement and any other Transaction Documents.

**SECTION 10  
INDEMNIFICATION**

- 10.1. General Indemnification by Warrantors. Each of the Warrantors (each, an "Indemnifying Party") shall, jointly and severally, indemnify the Investor and its Affiliates, and their respective officers, directors, members, partners, employees and agents (each, an "Indemnified Party") from and against any and all Indemnifiable Losses suffered by the Indemnified Party, as a result of, or based upon or arising from any breach or non-performance of any of the Collective Warranties, covenants or agreements made or given by any or all of the Warrantors in or pursuant to this Agreement or any of the other Transaction Documents. The amount of any payment to any Indemnified Party shall be sufficient to hold such Indemnified Party harmless from any diminution in value of the equity interest of the Company resulting from such breach. Any indemnity referred to in this Section 10.1 for breach shall be such as to place the Indemnified Party in the same position as it would have been in had there not been any such breach under which the Indemnified Party is to be indemnified. In connection with the obligation of the Indemnifying Party to indemnify for expenses as set forth above, the Indemnifying Party shall, upon presentation of appropriate invoices containing reasonable detail, reimburse each Indemnified Party for all such expenses reasonably incurred by such Indemnified Party.

- 10.2. Indemnification Matters. Without prejudice to Section 10.1, each of the Warrantors shall, on a joint and several basis, indemnify the Indemnified Parties, from and against any and all Indemnifiable Losses as a result of, or based upon or arising from, any matter set forth in Schedule 7. For the avoidance of doubt, the Investor shall be entitled to indemnification in respect of matters set forth in Schedule 7, notwithstanding any disclosures in the Disclosure Schedule relating to any matter set forth in Schedule 7.
- 10.3. Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen months from the Closing Date (other than the Collective Warranties in respect of Tax and Environment contained in Part A of Schedule 2 which shall survive the Closing and shall remain in full force and effect until the date that is five years from the Closing Date). All covenants and agreements of the Parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching Party to the breaching Party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.
- 10.4. Limitation. (a) An Indemnifying Party shall not be liable for any claim for indemnification pursuant to this Section 10 unless and until the aggregate amount of the Indemnifiable Losses which may be recovered from the Indemnifying Party equals or exceeds US\$500,000, after which the Indemnifying Party shall be liable for all such Indemnifiable Losses; (b) the aggregate amount of all Indemnifiable Losses arising from the breach of the Collective Warranties for which the Indemnifying Party shall be liable pursuant to this Section 10 shall not exceed 100% of the Consideration; and (c) the Indemnifying Party shall not have any liability under any provision of this Agreement or any other Transaction Documents for any punitive damages. For purposes of this Section 10, any inaccuracy in or breach of any representation or warranty shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.
- 10.5. Fraud. Restrictions set forth in this Section 10 shall not apply or otherwise limit any Indemnified Party's right to seek and obtain any remedy in respect of any claim by such Person on account of fraudulent, criminal or intentional misconduct on the part of JinkoSolar Holding, the Controlling Shareholder or any Group Member.
- 10.6. Notice. Any Indemnified Party seeking any Indemnifiable Loss shall give written notice to the Indemnifying Party of any matter which an Indemnified Party has determined has given or could give rise to a right of indemnification under this Agreement, within twenty Business Days of such determination, describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or action and stating the amount of the Indemnifiable Loss, if reasonably practicable, provided that failure to provide such notice will not relieve the Indemnifying Party of its obligations hereunder unless it is actually materially prejudiced by such failure to receive such notice.

- 10.7. Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of, or disclosure (other than disclosure in the Disclosure Schedule) by any Warrantor or another Person to, the Indemnified Party (including any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or any covenant is breached or by reason of the Indemnified Party's waiver of any condition set forth in Schedule 1.
- 10.8. Remedies. Subject to Section 14.10, the Parties acknowledge and agree that, following the Closing, the indemnification provisions of Section 10 shall be the sole and exclusive remedies of a Party for any breach by any other Party of any representations and warranties and for any failure by any Party to perform and comply with any covenants and agreements in this Agreement (other than claims arising from fraud, criminal activity or willful misconduct on the part of a Party in connection with the transactions contemplated by this Agreement). Each Party hereto shall take all reasonable steps to mitigate the Indemnifiable Losses upon and after becoming aware of any event which could reasonably be expected to give rise to any such Indemnifiable Losses. Nothing in this Section 10.8 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any Party's fraudulent, criminal or intentional misconduct.

## SECTION 11 EFFECTIVENESS AND TERMINATION

- 11.1. Effective Date. This Agreement shall become effective upon execution by all of the Parties and shall continue in force until terminated in accordance with Section 11.2.
- 11.2. Event of Termination. This Agreement may be terminated by the relevant Party prior to the Closing Date as follows:
- (a) if any one or more of the conditions to the obligations of the Investor to close set forth in Part A or Part B of Schedule 1 has not been fulfilled by 5:00 p.m. Hong Kong time on the Long Stop Date, the Investor may, at its option, without prejudice to its rights hereunder and under applicable Laws:
    - (i) defer the Closing to a date not later than 30 days after the Long Stop Date (in which case the provisions of this Agreement shall apply as if that later date is the Closing Date as set forth in Section 4.1);
    - (ii) proceed to the Closing in respect of the Investor Subscription so far as practicable but subject to such conditions as the Investor may determine at its sole discretion; or
    - (iii) terminate this Agreement;

- (b) if any one or more of the conditions to the obligations of the Warrantors to close set forth in Part A or Part C of Schedule 1 has not been fulfilled by 5:00 p.m. Hong Kong time on the Long Stop Date, each Warrantor may, at its option, without prejudice to its rights hereunder and under applicable Laws:
- (i) defer the Closing to a date not later than 30 days after the Long Stop Date (in which case the provisions of this Agreement shall apply as if that later date is the Closing Date as set forth in Section 4.1);
  - (ii) proceed to the Closing in respect of the Investor Subscription so far as practicable but subject to such conditions as such Warrantor may determine at its sole discretion; or
  - (iii) terminate this Agreement;
- (c) if any Warrantor has materially breached any representation, warranty, covenant or agreement contained in this Agreement, which breach is incapable of being cured, or if capable of being cured, has not been cured (other than by mere disclosure of the breach) within twenty Business Days after written notice of such breach from the Investor to any Warrantor, the Investor shall have the right to terminate this Agreement;
- (d) if the Investor has materially breached any representation, warranty, covenant or agreement contained in this Agreement, which breach is incapable of being cured, or if capable of being cured, has not been cured (other than by mere disclosure of the breach) within twenty Business Days after written notice of such breach from any Warrantor to the Investor, the Warrantors (acting jointly) shall have the right to terminate this Agreement; and
- (e) at any time on or prior to the Closing Date, the Parties may, by mutual written consent, terminate this Agreement.
- 11.3. Consequences of Termination. If this Agreement is terminated pursuant to Section 11.2, this Agreement shall become null and void, except that the Parties shall continue to be bound by the provisions of this Section 11.3, Section 7 (Confidentiality; Restrictions on Publicity), Section 9 (Taxes and Expenses), Section 10 (Indemnification), Section 12 (Notice) and Section 13 (Governing Law and Dispute Resolution). Nothing in this Section 11.3 shall be deemed to release any Party from any liability for any breach of this Agreement prior to such termination.

## SECTION 12 NOTICES

- 12.1. Notices. Each notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant Party at its address or fax number set out below (or such other address or fax number as the addressee has by 10 days' prior written notice specified to the other Parties).

If to the Warrantors: JinkoSolar Power Engineering Group Limited

Address: 16F, 2nd Building, No.428 South Yanggao Road, Pudong New Area, Shanghai, China 200127  
Attention: Owen Chen/ Gener Miao  
Facsimile: +86 21 6876 1115

with a copy to:

Shearman & Sterling  
Address: 12/F., Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong  
Attention: Shuang Zhao  
Facsimile: +852 2140 0302

If to the Investor: MEGCIF Investments 6 Limited  
c/o ISIS Fund Services (Cayman) Ltd  
Address: 89 Nexus Way, Camana Bay, Grand Cayman KY1-9007, Cayman Islands  
Attention: Directors  
Facsimile: +1 441 279 2090

With a copy to (which copy shall not constitute a notice):

Macquarie Greater China Infrastructure Advisory Limited  
Address: Level 18, One International Finance Centre, One Harbour View Street, Central, Hong Kong  
Attention: Company Secretary  
Facsimile: +852 3922 1889

and

Ropes & Gray  
Address: 41F, One Exchange Square, 8 Connaught Place, Central, Hong Kong  
Attention: Gary Li  
Facsimile: +852 3664 6485

Each notice, demand or other communication to be given or delivered pursuant to this Section 12.1 shall be deemed so given or delivered (a) if sent by registered or certified mail within one country on the third Business Day after such notice, demand or communication, addressed as above provided, is delivered to a post office and a receipt therefor is issued thereby, (b) if sent by registered or certified mail to another country on the tenth Business Day after such notice, demand or communication, addressed as above provided, is delivered to a post office and a receipt therefor is issued thereby, (c) if sent by courier or personnel delivery, when such notice, demand or communication is delivered to the appropriate address as above provided, and (d) if sent by facsimile, when such notice, demand or communication is transmitted to the appropriate facsimile number as above provided and the relevant report for successful transmission is given.

### **SECTION 13 GOVERNING LAW AND DISPUTE RESOLUTION**

- 13.1. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF HONG KONG WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION.



13.2. Consultation. Any dispute, controversy or claim (each, a “Dispute”) arising out of or in connection with or relating to this Agreement, or the breach, termination or invalidity hereof (including the validity, scope and enforceability of the arbitration provision set forth in Section 13.3 below) shall be resolved at the first instance through consultation between the Parties to such Dispute. Such consultation shall begin immediately after any Party has delivered written notice to the other Party to the Dispute requesting such consultation.

13.3. Arbitration.

- (a) If the Dispute is not resolved within 30 days following the date on which a notice for consultation is given or upon the written notice of any Party to the Dispute notifying that such consultation has failed, the Dispute shall be finally resolved by arbitration administered by the Hong Kong International Arbitration Centre under the UNCITRAL Arbitration Rules (the “Rules”) as are in force at the time of any such arbitration and as may be amended by the rest of this Section 13.3. For the purpose of such arbitration, there shall be three arbitrators to form an arbitration board (“Arbitration Board”). One arbitrator shall be appointed by the all claimants collectively and one shall be appointed by all respondents collectively. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the Hong Kong International Arbitration Centre shall select the third arbitrator. If any arbitrator to be appointed by a Party has not been appointed and consented to participate within 30 days after the selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the Hong Kong International Arbitration Centre.
- (b) The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre. All arbitration proceedings shall be conducted in English. The arbitrators shall decide any such Dispute or claim strictly in accordance with the governing law specified in Section 13.1. Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.
- (c) The Parties shall facilitate the arbitration by (i) cooperating in good faith to expedite (to the maximum extent practicable) the conduct of the arbitration, (ii) making available to one another and to the Arbitration Board for inspection and extraction all documents, books, records, and personnel under their Control or under the Control of a Person Controlling or Controlled by such Party if determined by the Arbitration Board to be relevant to the Dispute, (iii) conducting arbitration hearings to the greater extent possible on successive business days and (iv) using their best efforts to observe the time periods established by the Rules or by the Arbitration Board for the submission of evidence and briefs.
- (d) The costs and expenses of the arbitration, including the fees of the arbitration and the Arbitration Board, shall be borne by the losing Party to the Dispute or claim, and each Party shall pay its own fees, disbursements and other charges of its counsel; provided that the Arbitration Board shall have the right to allocate the costs and expenses between each Party as the Arbitration Board deems equitable.

- (e) Any award made by the Arbitration Board shall be final and binding on each of the Parties that were parties to the Dispute. The Parties expressly agree to waive the applicability of any Laws that would otherwise give the right to appeal the decisions of the Arbitration Board so that there shall be no appeal to any court of law for the award of the Arbitration Board, and a Party shall not challenge or resist the enforcement action taken by any other Party in whose favor an award of the Arbitration Board was given.

**SECTION 14  
MISCELLANEOUS**

- 14.1. No Third Party Beneficiary. This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the Parties, and except as otherwise provided in this Agreement, nothing herein shall confer any rights, remedies or claims upon any Person that is not a Party or a permitted assignee of a Party.
- 14.2. No Partnership. The Parties expressly do not intend hereby to form a partnership, either general or limited, under any jurisdiction's partnership Law. The Parties do not intend to be partners one to another, or partners as to any third party, or create any fiduciary relationship among themselves, solely by virtue of their status as shareholders of the Company. To the extent that any Party, by word or action, represents to another Person that any Party is a partner or that the Company is a partnership, the Party making such representation shall be liable to any other Party that incur any losses, claims, damages, liabilities, judgments, fines, obligations, expenses and liabilities of any kind or nature whatsoever (including any investigative, legal or other expenses reasonably incurred in connection with, and any amount paid in settlement of, any pending or threatened legal action or proceeding) arising out of or relating to such representation.
- 14.3. Assignment. No Party may assign its rights or obligations under this Agreement without the prior written consent of each other Party, and any purported assignment without such consent shall be void and without effect; provided that the Investor may assign this Agreement or any of its rights or duties hereunder to (a) any of its Affiliates or (b) following the Closing, any transferee of the Investor in a transfer permitted by the Shareholders' Agreement.
- 14.4. Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument executed by each of the Parties.
- 14.5. Waiver. No waiver of any provision of this Agreement shall be effective unless set forth in a written instrument signed by the Party waiving such provision. No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of the same preclude any further exercise thereof or the exercise of any other right, power or remedy. Without limiting the foregoing, no waiver by a Party of any breach by any other Party of any provision hereof shall be deemed to be a waiver of any subsequent breach of that or any other provision hereof.

- 14.6. Provisions Modifiable. If any restriction on any Party hereunder shall be adjudged to be void or unenforceable because it exceeds what is reasonable in all the circumstances for the protection of the interests of the Parties or any of them but would be valid if part of the wording thereof were deleted or the periods thereof reduced or the range of activities or area dealt with thereby reduced in scope, such restriction shall apply with such modifications as may be necessary to make it valid and effective.
- 14.7. Rights Cumulative. Each and all of the various rights, powers and remedies of a Party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party.
- 14.8. Entire Agreement. This Agreement (together with the other Transaction Documents and any other documents referred to herein or therein) constitutes the entire agreement between the Parties relating to the subject matter hereof and supersedes any prior agreements or understandings relating to such subject matter. For the avoidance of doubt, this Agreement, together with the schedules, annex and exhibits hereto, replaces and supersedes the Existing Subscription Agreement in its entirety.
- 14.9. Severability. Each and every obligation under this Agreement shall be treated as a separate obligation and shall be severally enforceable as such and in the event of any obligation or obligations being or becoming unenforceable in whole or in part. To the extent that any provision or provisions of this Agreement are unenforceable they shall be deemed to be deleted from this Agreement, and any such deletion shall not affect the enforceability of any other provisions of this Agreement. Any unenforceability of this Agreement against one Party shall not affect its enforceability as among the other Parties.
- 14.10. Consent to Specific Performance. The Parties declare that it is impossible to measure in money the damages that would be suffered by a Party by reason of the failure by any other Party to perform any of the obligations hereunder. Therefore, if any Party shall institute any action or proceeding to enforce the provisions hereof, any Party against whom such action or proceeding is brought hereby waives any claim or defense therein that the other Parties has an adequate remedy at law.
- 14.11. Counterparts. This Agreement may be executed in one or more counterparts, including counterparts transmitted by telecopier or facsimile, each of which shall be deemed an original, but all of which signed and taken together shall constitute one document.
- 14.12. Drafting Presumption. This Agreement shall be construed fairly as to each Party regardless of which Party drafted it. Each Party acknowledges and agrees that each of them played a significant and essential role in the preparation, drafting and review of this Agreement.

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IN WITNESS WHEREOF, the Parties have caused their respective representatives to execute this Agreement as of the date first written above.

**JINKOSOLAR WWG INVESTMENT CO. LTD.**

By: /s/ LI Xiande  
Name: LI Xiande  
Title: Director

**JINKOSOLAR POWER ENGINEERING GROUP LIMITED**

By: /s/ LI Xiande  
Name: LI Xiande  
Title: Director

**JINKOSOLAR HOLDING CO., LTD.**

By: /s/ LI Xiande  
Name: LI Xiande  
Title: Director

**JIANGXI JINKO SOLAR ENGINEERING CO., LTD. (江西晶科能源工程有限公司)**

By: /s/ LI Xiande  
Name: LI Xiande  
Title: Legal Representative

**JINKO POWER CO., LTD. (晶科电力有限公司)**

By: /s/ LI Xiande  
Name: LI Xiande  
Title: Legal Representative

[Signature Page to Amended and Restated Subscription Agreement]

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IN WITNESS WHEREOF, the Parties have caused their respective representatives to execute this Agreement as of the date first written above.

**MEGCIF INVESTMENT 6 LIMITED**

By: /s/ Abali Hoilett  
Name: Abali Hoilett  
Title: Director

[Signature Page to Amended and Restated Subscription Agreement]

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**SCHEDULE 1**  
**CONDITIONS PRECEDENT TO THE CLOSING**

**Part A – Conditions Precedent to the Parties’ Obligation to Close**

1. there being no Governmental Authority or other Person that has:
  - (a) instituted or threatened any legal, arbitral or administrative proceedings or inquiry against any Warrantor or any other Group Member or the Investor to restrain, prohibit or otherwise challenge the subscription of the Subscription Shares or any other transaction contemplated under any Transaction Document or requested any information in connection with the possible institution of any such proceedings or inquiry; or
  - (b) proposed or enacted any statute or regulation which would prohibit, materially restrict, impact or delay implementation of the transactions contemplated under any Transaction Document or the operation of any Group Member or the operation of any Group Member after the Closing as contemplated in the Transaction Documents.

**Part B – Conditions Precedent to the Investor’s Contribution**

1. other than the Collective Warranties contained in Sections 1(a) through 1(g), 2, 3(b), 4(a) and 4(d) of Part A of Schedule 2, which shall be true, correct, accurate, complete and not misleading when made and shall have continued to be true, correct, accurate, complete and not misleading as of the date of this Agreement and as of the Closing Date with the same effect as though made at and as of such date, each of the Collective Warranties made by the Warrantors in Section 6.1 and Part A of Schedule 2 (a) that are qualified as to “materiality” or “Material Adverse Effect” having been true, correct, accurate, complete and not misleading when made, and having continued to be true, correct, accurate, complete and not misleading as of the date of this Agreement and as of the Closing Date with the same effect as though made at and as of such date, and (b) that are not qualified as to “materiality” or “Material Adverse Effect” having been true, correct, accurate, complete and not misleading in all material respects when made, and having continued to be true, correct, accurate, complete and not misleading in all material respects as of the date of this Agreement and as of the Closing Date with the same effect as though made at and as of such date, in each case, or as of another date if any representations and warranties are made with respect to such other date;
2. each Warrantor and other Group Members having performed and complied with all agreements, obligations and conditions contained in this Agreement and the other Transaction Documents that are required to be performed or complied with by it on or before the Closing Date;
3. each Warrantor and other Group Members having duly attended to and carried out all corporate procedures that are required under the Laws of its place of incorporation or establishment to effect its execution, delivery and performance of this Agreement and the other agreements with the Investor to which it has signed as a party, and the transactions contemplated hereby and thereby, and having provided copies of all resolutions (and all attachments thereto) described below to the Investor (each certified by a duly authorized director or officer to be true, complete and correct copies as of the Closing Date) which corporate procedures shall include:

- (a) approval by the Board and the shareholder(s) of the Company, each to the extent required by the applicable Law and the Company Charter Documents, of, among other things, (i) the issue of the Subscription Shares by the Company to the Investor; (ii) the execution, delivery and performance of the Transaction Documents to which it is a party; and (iii) the transactions contemplated under the relevant Transaction Documents to which it is a party; and
  - (b) approval by the boards of directors of JinkoSolar Holding, the Controlling Shareholder, Jiangxi Jinko, Jinko Power and each of the other Group Members, to the extent required by the applicable Law or the relevant charter documents, of the execution, delivery and performance by such entity, of each Transaction Document to which the relevant entity is a party and all transactions contemplated thereby;
- 4. each of the Transaction Documents having been duly executed by each party thereto other than the Investor and delivered to the Investor;
  - 5. the Company Charter Documents having been duly adopted by the Company and filed with the Registrar of Companies in the Cayman Islands;
  - 6. (a) the Company or relevant Group Members having entered into definitive loan agreements with China Development Bank in respect of the loans in an aggregate amount of RMB241,400,000 with respect to the PV Projects operated by Alaer and Gansu Longchang; and (b) Jinko Power having secured from China Development Bank a letter of acknowledgement with respect to the transactions contemplated by the Transaction Documents and the Company having delivered to the Investor a copy of such letter of acknowledgement; and
  - 7. no Material Adverse Effect having occurred.

**Part C – Conditions Precedent to the Warrantors’ Obligations to Close**

- 1. each of the Investor Warranties in Section 6.2 and Part B of Schedule 2 having been true, correct, accurate, complete and not misleading when made, and having continued to be true, correct, accurate, complete and not misleading as of the date of this Agreement and as of the Closing Date with the same effect as though made at and as of such date, in each case, except (a) to the extent such Investor Warranty is made as of another date, in which case such Investor Warranty shall be true, correct, accurate, complete and not misleading as of such date and (b) where the failure of such Investor Warranty to be so true, correct, complete and not misleading has not prevented or materially adversely affect the ability of the Investor to consummate the transactions contemplated hereby;
- 2. the Investor having performed and complied with all agreements, obligations and conditions contained in this Agreement and the other Transaction Documents that are required to be performed or complied with by it on or before the Closing Date; and
- 3. each of the Transaction Documents to which the Investor is a party having been duly executed by the Investor and delivered to the Warrantors.

**SCHEDULE 2**  
**PART A – COLLECTIVE WARRANTIES**

**1. Corporate Matters**

- (a) Organization, Good Standing and Qualification. Each of the Group Members, JinkoSolar Holding and the Controlling Shareholder has been duly incorporated and organized under the Laws of its place of incorporation, and is validly existing and in compliance with all registration and approval requirements with respect to its incorporation, organization and any changes thereof. Each of the Group Members, JinkoSolar Holding and the Controlling Shareholder has the corporate power and authority to own and operate its assets and properties and to carry on its business as currently conducted.
- (b) Charter Documents. The copies of the effective charter documents of each Group Member (having attached thereto all amendments made to date) that have been delivered to the Investor are true and complete. All legal and procedural requirements and other formalities concerning such charter documents have been duly and properly complied with in all material respects.
- (c) Group Structure. The corporate chart set forth in Part A of Schedule 4 is a true, complete and accurate description of the corporate structure of the Group as of the date of this Agreement and the Closing Date. All transactions involved in the Restructuring of Wide Wealth have been undertaken in compliance with all applicable Laws, including applicable requirements under Tax Laws, in all material respects, and consistent with the structure reflected in Part A of Schedule 4.
- (d) Capitalization and Other Particulars of the Group Members. JinkoSolar Holding owns, legally and beneficially, all of the issued and outstanding share capital of the Controlling Shareholder. The Controlling Shareholder is the sole legal and beneficial owner of the Existing Shares and such Shares comprise the entire allotted and issued share capital (other than the Subscription Shares agreed to be issued under the terms of this Agreement) of the Company, have been properly allotted and issued and are fully paid. The particulars of each Group Member's share capital set forth in Part B of Schedule 4 are a true, complete and correct description of the share capital of such Group Member. The outstanding share capital of, or other Equity Securities in, each Subsidiary is duly authorized, validly issued, fully paid and non-assessable. The registered capital of each PRC Subsidiary has been fully and duly paid up within the prescribed time, and each PRC Subsidiary has successfully completed its annual inspection by the competent Governmental Authorities of the PRC in a timely manner since its establishment (except for the period during which such annual inspection requirement has ceased to apply under PRC Laws). Neither the Company nor any of its Subsidiaries has any agreement, arrangement, relationship or understanding with any Person that facilitates, entitles, obligates or compels or would reasonably be expected to facilitate, entitle, obligate or compel the Company or such Subsidiary to consolidate the financial conditions of any Person. The PRC Subs Registered Capital is no less than US\$100,000,000; the aggregate consideration (including par value and any share premium, as applicable) paid to the Company by its shareholder(s) for issuance of the total issued and outstanding share capital of the Company is no less than US\$150,000,000; the aggregate consideration (including par value and any share premium, as applicable) paid to Canton Best by its shareholder(s) for issuance of the total issued and outstanding share capital of Canton Best is no less than US\$150,000,000; and the aggregate consideration (including par value and any share premium, as applicable) paid to Wide Wealth by its shareholder(s) for issuance of the total issued and outstanding share capital of Wide Wealth is no less than US\$150,000,000.



- (e) Options, Warrants and Reserved Shares. There are no outstanding options, warrants, rights (including conversion or preemption rights) or agreements for the subscription or purchase from any Group Member of any Equity Securities of any Group Member or any securities convertible into or ultimately exchangeable or exercisable for any Equity Securities of any Group Member other than as contemplated by the Transaction Documents. No shares or equity interest in the capital stock of any Group Member, or issuable upon exercise of any outstanding options, warrants or rights, or issuable by any Group Member, are subject to any preemptive rights, rights of first refusal or other rights to subscribe or purchase such shares (whether in favor of a Group Member or any other Person), pursuant to any agreement or commitment of any Group Member, or otherwise subject to any Encumbrance, other than as contemplated by the Transaction Documents.
- (f) Other Rights With Respect to Shares. No voting or similar agreements exist related to the Equity Securities of any Group Member that are presently outstanding or that may hereafter be issued.
- (g) Subsidiaries. Save for the Subsidiaries set forth in Part A of Schedule 4, the Company does not own any Equity Securities of, or other direct or indirect interest of any kind in, any other Person.
- (h) Business of PRC Group Members. Other than Jiangxi Jinko, Jinko Power, Delingha, Gansu Longchang, Hainanzhou, Shaya, Wusu Zhongjing, Alaer and Bohu Jingjia, none of the Group Members incorporated in the PRC has carried out any business since the date of its incorporation and or have any assets or Liabilities
- (i) Business of Non-PRC Group Members. Each of the Group Members incorporated in a jurisdiction other than the PRC is a holding company and save for its holding of 100% the share capital of one or more Group Members, it has not carried out any business since the date of its incorporation and does not have any assets or Liabilities.
- (j) Corporate Records. Each Group Member is operating its business in all material respects in accordance with its constitutional documents. Each register, minute book and other book which each Group Member is required by applicable Law to keep has been properly kept and contains a true, accurate and not misleading record of the matters which it is required by the Laws of its jurisdiction of incorporation or establishment to record. The registers of shareholders, resolutions and all other documents of each Group Member required to be filed with any relevant Governmental Authority have been filed or submitted for filing in accordance with applicable Law or the constitutional documents. No notice has been received or, to the knowledge of the Warrantors, allegation made that a register or book is incorrect or should be rectified.

(k) Competitive Activities.

- (i) None of JinkoSolar Holding and its Connected Persons (other than the Group Members) directly or indirectly holds any Equity Securities in any entity that carries on any business that is completely or partially identical or similar to, or competes directly or indirectly with, the business of any Group Member as presently conducted (other than a listed company in which it has a passive shareholding of less than one percent of the Equity Securities of such company).
- (ii) To the knowledge of the Warrantors, none of the Senior Managers directly or indirectly (1) engages in any business, whether for his own account or for the account of any other Person, that is completely or partially identical or similar to, or competes directly or indirectly with, the business of any Group Member as presently conducted or as contemplated to be conducted, or (2) has entered the employ of, or renders any services to, any entity that carries on such business.

2. **Authorization and Validity of Transaction**

- (a) Authorization. Each of the Group Members, JinkoSolar Holding and the Controlling Shareholder has power and authority to execute, deliver and perform the Transaction Documents to which it has signed as a party. All actions on the part of each of the Group Members, JinkoSolar Holding and the Controlling Shareholder necessary for the authorization, execution, delivery of and the performance of all of its obligations under the Transaction Documents, the filing and, where required, approval of this Agreement have been taken or will be taken prior to the Closing. All actions on the part of the Company necessary for the issuance of the Subscription Shares have been taken or will be taken prior to the Closing.
- (b) Valid Issuance of Equity Securities. The Subscription Shares when issued and paid for as provided in this Agreement will be duly and validly issued, fully paid and non-assessable. The Subscription Shares are and will be free of restrictions on transfer other than restrictions on transfer under this Agreement, the Company Charter Documents, the Shareholders' Agreement and any applicable Laws. Immediately after the Closing, the Subscription Shares and the Existing Shares shall represent all the shares in the capital of the Company.
- (c) Enforceability. This Agreement is, and each other agreement to which a Group Member, JinkoSolar Holding or the Controlling Shareholder is a party will when executed be, the valid and binding obligation of such Group Member, JinkoSolar Holding or the Controlling Shareholder (as applicable), enforceable against it in accordance with their respective terms, except where such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally.

- (d) Consents and Approvals. All consents, Approvals, orders or authorizations of, or registrations, qualifications, designations, declarations or filings with, any Governmental Authority or any other Person required to be obtained in connection with the execution, delivery and performance by each Group Member, JinkoSolar Holding and the Controlling Shareholder of this Agreement and each other Transaction Document to which it is a party and the consummation of the transactions contemplated hereby or thereby have been obtained.
- (e) No Conflict. The execution and delivery by each Group Member, JinkoSolar Holding and the Controlling Shareholder of this Agreement and each other Transaction Document to which it is a party and the implementation and performance by each such entity of all the transactions contemplated under this Agreement and such other Transaction Document do not and will not:
  - (i) breach or constitute a default under any memorandum of association, articles of association, by-laws or other charter document of such entity;
  - (ii) result in a breach of, or constitute a default under, any Contract to which such entity is a party or by which such entity or its property or assets is bound or result in the acceleration of any obligation under any financing arrangement;
  - (iii) result in a violation or breach of or default under any applicable Law; or
  - (iv) result in any Group Member losing the benefit of an asset, grant, subsidy, right or privilege which it enjoys at the date of this Agreement.
- (f) No Brokerage Fees. No Person is entitled to receive from any Group Member, JinkoSolar Holding or the Controlling Shareholder any finder's fee, brokerage or commission in connection with the transactions contemplated by the Transaction Documents.

3. **Legal Compliance**

- (a) No Violation of Law. None of the Group Members, JinkoSolar Holding and the Controlling Shareholder is or has at any time been in violation of any applicable Law in any material respect which may result in any Liability or criminal or administrative sanction or otherwise adversely affect the ability of any Group Member to conduct its business as currently conducted or as contemplated to be conducted or any future listing plan of any Group Member.
- (b) Permits. Each Group Member has, and has complied in all material respects with the terms and conditions of, all necessary material Permits to own its assets and for the conduct of its business and construction, development, operation and occupancy of the facilities and projects of such Group Member. Each material Permit is in full force and effect, and to the knowledge of each Warrantor, no Permit will be revoked, suspended, cancelled, varied or not renewed. Each action required for the renewal or extension of each Permit has been taken.

- (c) Conduct of Business and Acquisitions. With respect to its business and acquisitions, each Group Member has obtained or completed all Approvals, registrations, consents, authorizations, filings and procedures from all relevant Governmental Authorities that are necessary to its business or the validity of such acquisitions (including all required Approvals, registrations, consents, authorizations, filings and procedures required in connection with the transfer of state owned assets, if applicable).
- (d) Interference with Transaction. There is no Governmental Authority or other Person that has:
- (i) requested any information in connection with or instituted or threatened any legal proceedings, arbitration or administrative proceedings or regulatory or other inquiry against any Group Member, JinkoSolar Holding or the Controlling Shareholder to restrain, prohibit or otherwise challenge the Investor Subscription or any of the transactions contemplated under the Transaction Documents, other than in connection with Approvals, registrations, consents, authorizations, filings and procedures from any relevant Governmental Authorities that are necessary to implement the transactions contemplated by the Transactions Documents; or
  - (ii) to the knowledge of the Warrantors, proposed or enacted any statute or regulation that would prohibit, restrict or delay implementation of the Investor Subscription or the operation of any Group Member after the completion of the Investor Subscription.
- (e) Environmental Compliance. Each Group Member is in compliance with all Environmental Laws in all material respects and has obtained, and has complied in all material respects with the terms and conditions of, each Environmental Permit. Each Environmental Permit is in full force and effect, and to the knowledge of each Warrantor, no Environmental Permit will be revoked, suspended, cancelled, varied or not renewed. Each action required for the renewal or extension of each Environmental Permit has been taken. None of the Group Members has been subject to any investigation, enquiry or inspection relating to the Environment (other than for the purpose of obtaining Environmental Permits), and to the knowledge of the Warrantors, none is pending or threatened.

- (f) Compliance with Anti-Corruption Laws.
- (i) None of the Group Members nor any director, officer, agent, employee of the Group Members has taken any action, failed to take any action or has been alleged to have taken any action that, directly or indirectly, would constitute a violation by such Persons of Anti-Corruption Laws in any material respect, including making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value (“Payment”) (A) to or for the use of any Government Official, (B) to any other Person either for an advance or reimbursement, if it knows or has reason to know that any part of such Payment will be directly or indirectly given or paid by such other Person, or will reimburse such other Person for Payments previously made, to any Government Official; or (C) to any other Person, to obtain or keep business or to secure some other improper advantage, the Payment of which would violate applicable Anti-Corruption Laws.
  - (ii) None of the Group Members is a governmental entity or an instrumentality of a government.
  - (iii) To the knowledge of the Warrantors, no director or senior officer of the Group Members is currently a Government Official.
  - (iv) None of the Group Members nor any director, officer, agent or employee of the Group Members is subject to any sanction administered by the Office of Foreign Assets Control of the United States Treasury Department (“U.S. Economic Sanctions”) and has not made any sales to or engage in business activities with or for the benefit of any Persons and countries that are subject to U.S. Economic Sanctions, including any “Specially Designated Nationals and Blocked Persons.”
  - (v) The operations of each Group Member have been conducted at all times in compliance with Money Laundering Laws.
- (g) Books and Records and Internal Controls.
- (i) Each Group Member has made and kept books, records, and accounts which, in reasonable detail, accurately and fairly reflect its transactions and dispositions of assets.
  - (ii) Each Group Member has devised and maintained a system of internal accounting controls sufficient to provide reasonable assurance that: (A) transactions are executed and access to assets is permitted only in accordance with management’s general or specific authorization; (B) transactions are recorded as necessary to permit preparation of periodic financial statements and to maintain accountability for assets; and (C) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.
- (h) SAFE Compliance. (i) Each holder or beneficial owner of the Equity Securities of the Company who is a “domestic resident” (as set forth in SAFE Circular 75) and subject to any of the registration or reporting requirements of SAFE Circular 75 or any other applicable SAFE rules and regulations directly relating to SAFE Circular 75 (collectively and including any successor PRC Law, the “SAFE Circular 75 Rules and Regulations”), including Mr. Li Xiande, Mr. Li Xianhua and Mr. Chen Kangping, has complied with such reporting and/or registration requirements under the SAFE Circular 75 Rules and Regulations with respect to such holder’s investment in the Company and indirectly in the Group Members, (ii) none of the Company and its Subsidiaries and any such holder has received any written inquiries, notifications, orders or any other forms of correspondence from SAFE or any of its local branches with respect to any actual or alleged non-compliance with the SAFE Circular 75 Rules and Regulations, and (iii) each of the Company and its relevant Subsidiaries and such holder has made all written filings, registrations, reporting or any other communications required by the SAFE Circular 75 Rules and Regulations.

- (i) None of the Subsidiaries incorporated in the PRC acts as an agent, trustee or intermediary to comply with any registration or reporting requirement in respect of any employee incentive plans under SAFE Circular 7 or any other applicable SAFE rules and regulations relating to SAFE Circular 7.

4. **Assets**

- (a) Title to Assets. Except as disclosed in Section 4(a) of the Disclosure Schedule, the assets included in the Accounts or acquired by any Group Member since the Accounts Date and all other assets currently recorded as owned by any Group Member are the absolute property of the relevant Group Member free from any Encumbrance and are fully paid without outstanding payments to be made or Indebtedness to be settled in respect thereof and not the subject of any leasing, hiring or hire-purchase agreement or agreement for payment on deferred terms or assignment or factoring or other similar agreement, and all such assets are in the possession or under the control of the relevant Group Member.
- (b) Status of Assets. Each Group Member owns or has the right to use all assets currently used by it in the conduct of its business as currently conducted and contemplated to be conducted. Except as disclosed in Section 4(b) of the Disclosure Schedule, the assets owned by the Group are free and clear of all Encumbrances. The Company has made available to the Investor or its advisers true and complete copies of the leases relating to all assets leased by the Group, whether as a lessor or lessee. Each relevant Group Member is in all material respects in compliance with all such leases. The assets of each Group Member have been properly used, and are in all material respects in a condition that is adequate for the intended uses of such assets, subject to continued repair and replacement in accordance with past practice, save for normal wear and tear.
- (c) Inventory. Each Group Member has good and marketable title to all inventory used in its business. All such inventory are free from any Encumbrances and are in good condition and of merchantable quality.

- (d) Real Estate, Section 4(d) of the Disclosure Schedule contains a full list of all Real Estate, whether owned or leased. Except as disclosed in Section 4(d) of the Disclosure Schedule, each Group Member has all Permits and necessary leases for the intended construction, use, possession and sole occupation of the Real Estate. No Group Member is in material breach of or default under any such Permit or lease. No Real Estate is subject to any Encumbrance, and none of JinkoSolar Holding, the Controlling Shareholder and the Group Members is aware of any fact or circumstance that may adversely affect its right to use, possess and occupy the Real Estate (including any plan or proposal for compulsory acquisition or expropriation). In respect of each Real Estate owned by a Group Member, (i) the relevant Group Member has valid and legal land use rights for the land underlying such owned Real Estate and building ownership rights for the buildings and structures on such Real Estate granted by a competent Governmental Authority; (ii) the land use rights to such owned Real Estate are either state-owned granted land use rights or allocated land use rights; (iii) all procedures relating to the granting or allocating of land use rights in respect of the owned Real Estate have been duly effected in compliance with applicable Laws; (iv) the grant fee or the compensation fees for the land use rights evidenced by the land use rights certificates held by the Group Members was paid in full, and no Group Member is, and will be, required to pay any additional land premium or land transfer fee or any other fees or levies for any of its owned Real Estate; and (v) the relevant granted land use right contracts and the relevant land registration cards contain no restrictions on the Group Member's use of the Real Estate for which such land use rights have been granted. In respect of each Real Estate leased by a Group Member in the PRC, the lease is legal, valid and subsisting and has been properly approved by the competent Governmental Authority and registered at the relevant land or housing bureau in the PRC.
- (e) Insurance.
- (i) All material assets and Real Estate of each Group Member which are of an insurable nature are insured in such value and in such categories and for such risks that are in accordance with good commercial practice in the PRC normally insured against, including accident, business interruption, public liability, product liability and other risks normally covered by insurance taken out by companies carrying on the same type of business or having similar assets as the Group.
  - (ii) All such insurance has been obtained from a well established and reputable insurer. All premiums which are due and payable have been paid, and nothing has been done or omitted to be done by or on behalf of any Group Member that would make any policy of insurance void or voidable or enable the insurers to avoid the same; there is no claim under any such policy; and there are no circumstances likely to give rise to such a claim or result in a substantially increased rate of premium.
  - (iii) No Group Member is in default under any insurance policy which would make any such policy void or voidable or enable the insurers to avoid the same or substantially increase the rate of premium under such policy.
  - (iv) No Group Member has waived any rights of material or substantial value under any insurance policy or allowed any insurance to lapse prior to expiration of its term.

5. **Contracts and Transactions**

- (a) Contracts. No Group Member is a party to, or bound by, any Contract that (i) was entered into outside of its ordinary course of business or other than by way of a bargain at arm's length, (ii) has a term (including extensions at the option of any other party thereto) no less than one year or involves a payment or receipt of amounts (individually or in the aggregate) in excess of US\$1,000,000, (iii) is (A) an indenture, credit agreement, loan agreement, security agreement, guarantee, note, or mortgage involving an amount in excess of US\$1,000,000, or (B) a Contract relating to Indebtedness or other Encumbrance having an outstanding amount in excess of US\$500,000 individually or US\$1,000,000 in the aggregate, (iv) is between the Company or any of its Subsidiaries, on the one hand, and JinkoSolar Holding or its Affiliates (other than the Group Members), on the other hand, under which there are rights or obligations outstanding, (v) is for the purchase or use by any Group Member of materials, supplies or equipment which is in excess of the requirements of such Group Member for its normal operating purposes, (vi) is a joint venture, shareholders' or partnership arrangement or agreement or similar arrangement or agreement or any agreement which purports to regulate, control or otherwise affect the voting or disposition of shares in its share capital or equity interest in its registered capital, (vii) involves the acquisition from another Person or disposition to another Person, directly or indirectly, of share capital, other equity interests or control of another Person including the acquisition of all or substantially all assets of such Person, (viii) prohibits the payment of dividends or distributions in respect of the share capital of the Company or any of its Subsidiaries, prohibits the pledging of the share capital of any Group Member or prohibits the issuance of any guaranty by any Group Member, (ix) would be required to be filed by JinkoSolar Holding pursuant to Item 4 of the Instructions to Exhibits to JinkoSolar Holding's most recently filed annual report on Form 20-F under which there are material rights or obligations outstanding, (x) grants any land use rights or other real property interest to any Group Member, (xi) contains any provision that purports to restrict any business activity of any Group Member or limit the freedom of any Group Member to engage in any line of business or compete with any Person, or (xii) would, individually or in the aggregate, prevent, delay or impair the Company's ability to consummate the transactions contemplated hereby, or is otherwise material to the business or financial condition of the Group (collectively, "Material Contracts"). A full list of the Material Contracts has been set forth in Section 5(a) of the Disclosure Schedule, and true and complete copies of all Material Contracts have been made available to the Investor or its advisers. Each Material Contract to which any Group Member is a party has been duly authorized, executed and delivered by such Group Member and by each other party thereto and constitutes the valid and binding obligation of such Group Member and, to the knowledge of the Warrantors, of each other party thereto, enforceable against such Group Member and, to the knowledge of the Warrantors, against each other party thereto in accordance with its terms, in each case, except where such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally. No Group Member is in any material default in the performance, observance or fulfillment of any of its obligations or covenants contained in any Material Contract to which it is a party, and to the knowledge of the Warrantors, no party with whom any Group Member has entered into a Material Contract is in any material breach of such Material Contract or has indicated any intention to terminate such Material Contract prior to the expiration of its term.



- (b) Compliance with Laws. There are no Material Contracts or obligations, agreements, arrangements or concerted practices to which any Group Member is a party or by which any Group Member is bound, that are void, illegal, unenforceable or that contravene any applicable Laws.
- (c) Finance Documents. There are no loans, guarantees or Encumbrances given or made by or on behalf of any Group Member (and, in particular but without limiting the foregoing, no loans have been made by or on behalf of any Group Member to any directors or shareholders of any Group Member) and no Person has given any guarantee of or security for any overdraft, loan or loan facility granted to any Group Member.
- (d) Change in Board Composition. There are no agreements concerning any Group Member that can be terminated or that have been terminated or under which the rights of any Person are liable to be adversely affected as a result of a change in the composition of the board of directors of a Group Member. There are no circumstances whereby, following a change in the composition of the board of directors of a Group Member, any of the principal customers of or suppliers to any Group Member would cease to remain customers or suppliers to the same extent and of the same nature as prior to the date hereof.
- (e) Connected Person Transactions. There are (i) no Contracts, understandings, transactions or proposed transactions between any Group Member on the one hand and any of its Connected Persons on the other hand; (ii) no Connected Person of any Group Member is indebted to any Group Member, nor is any Group Member indebted, or committed to make loans or extend or guarantee credit, to any of them; (iii) no Connected Person of any Group Member has any direct or indirect ownership in any business entity with which any Group Member is affiliated or with which any Group Member has a business relationship, or any business entity that competes with any Group Member, other than passive shareholdings of less than one percent in publicly listed companies; and (iv) no Connected Person is, directly or indirectly, interested in any Contract with any Group Member.
- (f) Authority to Enter into Contracts. No Group Member has given any power of attorney or other authority, express, implied or ostensible, which is still outstanding or effective to any Person to enter into any Contract or commitment to do anything on its behalf, other than the authority of the Representatives of such Group Member to enter into Contracts granted (x) under the charter documents of such Group Member, (y) in the ordinary course of business of such Group Member, or (z) under or by operation of applicable Laws.

6. **Financial Matters**

- (a) Accounts. The Accounts have been prepared in accordance with the requirements of all applicable Laws and US GAAP in the case of the Group Members incorporated in a jurisdiction other than the PRC and PRC GAAP in the case of Group Members incorporated in the PRC on a recognized and consistent basis and are complete and accurate and show a true and fair view, in all material respects, of the state of affairs, assets and liabilities, financial position and profit or loss of the Group as at the respective dates thereof and for the periods covered thereby and are not affected by any unusual or non-recurring items not disclosed therein. The bases and policies of accounting of the Group adopted for the purpose of preparing the audited Accounts are the same for each of the two Financial Years immediately preceding the Accounts Date.
- (b) Provision and Reserve for Liabilities and Commitments. The Accounts disclose and make full provision or reserve for or note (i) all material Liabilities, including all material contingent, unqualified or disputed Liabilities, of any Group Member and (ii) all material capital and other commitments of any Group Member.
- (c) Tax Provision and Reserve. Full provision or reserve has been made in the Accounts for all Taxes, including deferred or provisional taxation, in respect of the accounting periods ended on or before the Accounts Date, for which any Group Member was liable on the Accounts Date in accordance with the applicable financial and accounting system and as required by Law.
- (d) Debts and Receivables. None of the amounts shown in the Accounts in respect of debtors is represented by debts which were then or are now overdue for payment and none of the same has been released or settled for an amount less than that shown in the Accounts. All of the book debts of each Group Member, whether shown in the Accounts or arising since the Accounts Date, are valid and enforceable and have realized or will in aggregate realize the nominal amount thereof.
- (e) Except as shown in Schedule 13, there are no Indebtedness or payables that are owed by any Group Member to any Person in connection with the construction of the Existing PV Projects.
- (f) Special Financial Arrangements. No Group Member has factored any of its receivables or entered into any financing arrangement of a type which would be required to be shown or reflected in the Accounts, including any factoring of any receivables, creation of any contingent Liability or provision of any guarantee.
- (g) Financial Obligations and Liabilities. Except (1) as disclosed in the Accounts and (2) guarantees provided within the Group there are:
  - (i) no loans, guarantees, undertakings, commitments on capital account or unusual liabilities, actual or contingent, made, given, entered into or incurred by or on behalf of any Group Member;
  - (ii) no mortgages, charges, liens or other Encumbrances on the Real Estate of any Group Member or any part thereof;
  - (iii) no outstanding loans to any Group Member; and

- (iv) no Liabilities of any Group Member, except (A) those which are adequately reflected or reserved against in the Accounts, and (B) those which have been incurred in the ordinary course of business consistent with past practice since the Accounts Date.
- (h) No Acceleration of Borrowings. (i) No borrowing of any Group Member has become or is now due and payable prior to its normal or originally stated maturity and no demand or other notice requiring the payment or repayment of money prior to its normal or originally stated maturity has been received by any Group Member; (ii) no Group Member has committed any act or failure to act that would entitle any Person to require the payment or repayment of any borrowing of any Group Member before its normal or originally stated maturity; and (iii) to the knowledge of the Warrantors, no event or circumstance has occurred, or may occur with the giving of notice or lapse of time, determination of materiality or satisfaction of any other condition that would entitle any Person to require the payment or repayment of any borrowing of any Group Member before its normal or originally stated maturity or which is or will cause any entitlement to draw money or otherwise exercise the rights of any Group Member under an agreement relating to any borrowing to be terminated, cancelled or rendered incapable of exercise.
- (i) Increase in Amounts Secured. Except in the ordinary course of business, none of the amounts secured by the mortgages, charges, liens or other Encumbrances disclosed in the Accounts has been increased beyond the amounts shown in the Accounts, and none of the amounts secured by any mortgage, charge, lien or other Encumbrance created after the Accounts Date has been increased beyond the amount disclosed to the Investor as of the date hereof.
- (j) Dividends and Distributions. No Group Member has distributed any dividends or bonuses or made any other distributions of any sort whatsoever to any of its equity holders, other than dividends paid by a Subsidiary to the Company.

7. **Tax, Records and Returns**

- (a) Compliance with Laws. No Group Member is or has at any time been in violation of any applicable Law in any material respect which may result in any liability or criminal or administrative sanction or otherwise adversely affect the ability of any Group Member to conduct its business as currently conducted or as contemplated to be conducted or any future listing plan of any Group Member. No Group Member is involved in any dispute with any Governmental Authority in relation to Tax, and no material deficiency for any amount of Tax has been asserted or assessed by a Governmental Authority against the Company or any of its Subsidiaries that has not been satisfied by payment, settled or withdrawn. The Company and its Subsidiaries have complied in all material respects with all requirements of any Tax exemptions, reductions, holiday and preference claimed on any Tax return.

- (b) Tax Returns and Payments. All Tax returns and reports have been timely submitted by each Group Member and are true and correct in all material respects. Except as would not materially adversely affect the ability of any Group Member to conduct its business as currently conducted or as contemplated to be conducted or any future listing plan of any Group Member, (i) each Group Member has paid all Taxes and other assessments due, and none of them has become liable to pay any fine; (ii) each Group Member has correctly deducted or withheld all Tax which it has been obliged under applicable Laws to deduct or withhold, and has properly accounted to the relevant Governmental Authority for all amounts of Tax so deducted or withheld; and (iii) neither the Company nor any of its Subsidiaries is a party to or is bound by any tax sharing arrangement (other than such an agreement or arrangement exclusively between or among the Company and its Subsidiaries).
- (c) Jurisdiction. Each Group Member is only subject to taxation in the jurisdictions in which the relevant Group Member is incorporated. No Group Member is liable to pay and has at any time incurred any liability to Tax chargeable under the Laws of any jurisdiction other than the jurisdiction in which the relevant Group Member is incorporated.
- (d) Effect of Transaction. The execution and performance of the transactions contemplated by this Agreement or any other Transaction Document, or the carrying out of any transaction pursuant to any provision of any Transaction Document, will not result in any Tax treatment, benefits or exemptions enjoyed by the Group under applicable Laws or otherwise (including the Feed-in Tariff) being eliminated or reduced, or render the Group liable for any, or any additional, Tax, except for stamp duties and Taxes payable due to the transaction itself.
- (e) Deferred Tax Treatment. No Group Member receives any exemption, reduction or rebate of Taxes from any Governmental Authority.

8. **Activities Since Accounts Date**

Since the Accounts Date, (a) the Group Members have conducted their businesses in all material respects in the ordinary course and in a manner consistent with past practice, and (b) there has not been (i) any change in the financial condition, business or results of their operations or any circumstance, occurrence or development which has had or would be reasonably expected to have a Material Adverse Effect, (ii) any declaration, setting aside or payment of any dividend or other distribution in cash, shares, property or otherwise in respect of any Group Member's share capital, except for any dividend or distribution by a Subsidiary to the Company or another Subsidiary, (iii) any redemption, repurchase or other acquisition of any shares of share capital of any Group Member, (iv) any material change by any Group Member in its accounting principles, except as may be appropriate to conform to changes in statutory or regulatory accounting rules or regulatory requirements with respect thereto, (v) any action outside the ordinary course of business that could reasonably be expected to result in any Group Member being required to include a material term of income in, or exclude a material deduction from, a Tax return for a period beginning with the Closing Date or (vi) any other event, change, occurrence or effect that, if taken during the period from the date of this Agreement through the Closing Date, would constitute a breach of Section 5.2.

9. **Employees**

- (a) **Employees.** No Group Member (other than the Subsidiaries incorporated in the PRC) has any employees or has engaged any individuals to provide services under any consultancy agreement. Each Subsidiary incorporated in the PRC has duly entered into legal and valid written employment contracts with its employees in accordance with applicable Laws, including the obligation to enter into employment contracts without a fixed term with qualified employees, and each Group Member has, in relation to its current or former employees or workers, complied with applicable Laws and has no outstanding liability for termination of any employment contract. None of the Group Members has received any notice of termination or received any notice of resignation from any Senior Manager. To the knowledge of the Warrantors, no Senior Manager intends to resign as a result of the completion of the transactions contemplated by the Transaction Documents. Except as required under applicable Law, (i) the basis of the remuneration and benefits which each Group Member's directors, managers and employees are entitled to is the same as at the Accounts Date, subject to changes or adjustments in the ordinary course of business consistent with past practice, and (ii) no Group Member has proposed or is proposing to introduce a share incentive, share option, profit sharing, bonus or other incentive scheme for any of its directors, managers or employees. The employees of each Group Member have not established a trade union and no Group Member has any agreement or arrangement (binding or otherwise) with any trade union or other organization representing its employees. No Group Member is involved in any dispute with any trade union or organization representing the employees or a group of employees and there are no circumstances likely to give rise to any such dispute. No Group Member has at any time had, nor is there currently threatened to be, any strike, work stoppage or other material labor dispute.
- (b) **Social Benefits.** Except for the mandatory social insurance funds (including pension, medical, unemployment, work-related injury and maternity insurance) and housing funds provided under applicable PRC Laws to which the Subsidiaries incorporated in the PRC are subject, (i) no Group Member is under any legal obligation to pay any other welfare benefit to any of its directors, managers or employees, and (ii) there are no retirement benefits, or pension or death benefits, provident funds or schemes, life assurance or health insurance or health protection, or similar schemes or arrangements in relation to, or binding on, any Group Member or to which any Group Member contributes or has contributed or proposes to contribute. Except as disclosed in Section 9(b) of the Disclosure Schedule, all payments and contributions to, or relating to, the mandatory social insurance funds (including pension, medical, unemployment, work related injury and maternity insurance) and housing funds provided under applicable PRC Laws which are required to be made by the Subsidiaries incorporated in the PRC and by their respective employees have been duly paid.

10. **Claims and Proceedings**

- (a) **No Litigation.** No Group Member has engaged in or has been notified that it is the subject of any litigation, arbitration or administrative or criminal proceedings (collectively, "Litigation"), whether as plaintiff, defendant or otherwise, which may give rise to a claim against a Group Member. No shareholder or equity interest holder of any Group Member, director or legal representative of any Group Member or Senior Managers is engaged in or has been notified that it is the subject of any Litigation, whether as plaintiff, defendant or otherwise, that has had or may result in any material loss on any Group Member.

- (b) No Pending Proceedings. No Litigation is pending or, to the knowledge of the Warrantors, threatened against any Group Member which may give rise to a claim against a Group Member, and there are no facts or circumstances known to the Company, JinkoSolar Holding and the Controlling Shareholder that are likely to give rise to any Litigation or claim against any Group Member.
- (c) No Insolvency. No order has been made and no resolution has been passed for the winding up, liquidation or dissolution of any Group Member. No distress, execution or other process has been levied on any part of the assets of any Group Member. No Group Member is insolvent or unable to pay its debts as they fall due. Each Group Member is able to pay its debts as they fall due and has sufficient assets to repay all of its debts.

11. **Intellectual Property**

- (a) Each Group Member owns or has a license to use all rights in all Intellectual Property for its business as currently conducted. Each of the Intellectual Property is (i) legally and beneficially owned by the relevant Group Member, free from any license, Encumbrance or restriction on use, or otherwise granted to the relevant Group Member pursuant to a valid license which is not terminable as a result of the transactions contemplated by the Transaction Documents; and (ii) valid and enforceable and nothing has been done or omitted to be done by which it may cease to be valid or enforceable.
- (b) None of the Group Members has infringed or is infringing any Intellectual Property owned by any other Person in any material respect, and to the knowledge of the Warrantors, there is not nor has there been any unauthorized use or infringement by any Person of any of the Intellectual Property owned by the Group.

12. **Disclosure**

- (a) None of the Transaction Documents contains any untrue statement of a material fact.

13. **Hazardous Technical and Construction Defects**

- (a) The hazardous and other technical and construction defects set forth in Schedule 12 that are marked as "Completed" in the column "Status" have been completed as of the date of this Agreement.

**SCHEDULE 2**  
**PART B – INVESTOR WARRANTIES**

The Investor represents and warrants to the Warrantors that the following statements are true and accurate as of the date hereof and the Closing Date:

1. **Organization.** The Investor is duly incorporated as an exempted company with limited liability under the Laws of the Cayman Islands and has been in continuous existence since its incorporation and it has all requisite corporate power and lawful authority to carry on its business.
2. **Authority.** The Investor has the full legal right, power and all authority and approvals, and has taken all action necessary, to execute, deliver and to exercise its rights, and perform its obligations, under the Transaction Documents and each document to be executed on or before the Closing Date.
3. **Legally Binding and Enforceability.** This Agreement is, and each other Transaction Document to which the Investor is a party will when executed be, the valid and binding obligation of the Investor, enforceable against it in accordance with their respective terms, except where such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally.
4. **No Conflict.** The execution, delivery and performance of this Agreement by the Investor will not:
  - (a) violate any provision of the memorandum and articles of association (or other constitutional documents) of the Investor;
  - (b) require the Approval of any Governmental Authority or any other Person outside of the PRC; or
  - (c) conflict with or result in any breach or violation of any of the terms and conditions of, or constitute (or with notice or lapse of time or both constitute) a default under, any applicable Laws or any Contract to which the Investor is a party or by or to which the Investor is bound or subject.
5. **No Interference.** There is no ongoing litigation, arbitration, other legal or administrative proceedings or governmental investigation against the Investor, and there is no threat of any procedure against it, which would affect in any way its execution of this Agreement, or its ability to perform its obligations under this Agreement.
6. **Purchase Entirely for Own Account.** The Subscription Shares to be acquired hereunder and the shares converted from the Subscription Shares will be acquired by the Investor for investment for the Investor's own account, not as a nominee or agent, not with a view to the immediate resale or distribution of any part thereof and having no present intention of immediately selling, granting any participation in, or otherwise distributing the same.

7. **Status of Investor.** The Investor (a) is purchasing the Subscription Shares outside the United States in compliance with Regulation S under the Securities Act of 1933, as amended (the “Act”) and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction or (b) is an “accredited investor” within the meaning of Securities and Exchange Commission Rule 501 of Regulation D, as presently in effect, under the Act.
8. **Restricted Securities.** The Investor understands that the Subscription Shares it is purchasing are characterized as “restricted securities” under U.S. federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the Act, only in certain limited circumstances.
9. **Information Concerning the Company.** The Investor has had an opportunity to discuss the Company’s business, management, financial affairs and the terms and conditions of the offering of the Subscription Shares with the Company’s management and has had an opportunity to review the Company’s facilities. For the avoidance of doubt, the foregoing shall not prejudice any rights of the Investor in respect of the Collective Warranties or other covenants, undertakings or obligations of the Warrantors under the Transaction Documents.
10. **No Public Market.** The Investor understands that no public market now exists for the Subscription Shares, and that the Company has made no assurances that a public market will ever exist for the Subscription Shares. For the avoidance of doubt, the foregoing shall not prejudice any rights of the Investor in respect of the Collective Warranties or other covenants, undertakings or obligations of the Warrantors under the Transaction Documents.



**SCHEDULE 3**  
**LIST OF EXISTING PV PROJECTS**

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**SCHEDULE 4**  
**OWNERSHIP AND PARTICULARS OF THE GROUP**

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## SCHEDULE 5

Following are the actions referred to in Section 5.2 of this Agreement in respect of the Company or any other Group Member:

1. amend, modify, restate or waive its memorandum and articles of association or articles of association;
2. enter into, terminate, amend or modify any Contract or other arrangement, outside the scope of the Business;
3. provide or enter into any guarantee, indemnity, surety, financial indebtedness, letter of comfort, performance bond or other security, or assume any Liability, extend loan, credit or financing of any type, for or on behalf of any Person other than a Group Member, except in connection with debt financing arrangement of a PV Project for and on behalf of a Group Member approved by the Investor;
4. change the size of the Board or the board of directors of any Subsidiary;
5. commence voluntary proceeding seeking reorganization, bankruptcy, dissolution, liquidation, winding-up or restructuring;
6. (a) acquire an interest in any Person through merger, consolidation, amalgamation or otherwise, outside the scope of the Business, (b) acquire a substantial portion of the assets or business of any Person or any division or line of business thereof, outside the scope of the Business, (c) conduct any other acquisition of assets, outside the scope of the Business, (d) dispose of a substantial portion of assets or business of the Group or any division or line of business thereof, outside the scope of the Business or (e) dispose of assets, outside the scope of the Business
7. enter into any transaction with any Connected Person outside the scope of the Business or, if within the scope of the Business, with a value in excess of US\$50,000 that is not in accordance with related party rules based on an arm's length principle;
8. adopt or approve any equity incentive plan, or amend any equity incentive plan to increase the share reserve;
9. recommend, declare or pay any dividend or other distribution of profits, assets or reserves;
10. enter into any partnership, consortium, joint venture or other similar enterprise or invest in any equity interest or debt securities of a third party over which the relevant Group Member does not have Control;
11. vary, modify, abrogate, convert or re-designate the securities of any Group Member or the rights attached thereto;
12. reduce the authorized share capital, registered capital or any capital reserve of any Group Member, reduce or waive the uncalled Liability in respect of any unpaid or partly-paid shares of any Group Member or effect a purchase, buy-back or redemption of any securities of any Group Member;

13. issue, allot or grant any right to issue, allot or acquire any securities of any Group Member;
14. except in the ordinary course of business, create any Encumbrance over the assets or undertakings of any Group Member;
15. cease or materially change the Business of the Group or commence any material new business or operational activities other than the Business of the Group; and
16. initiate any litigation, arbitration or other proceedings outside the ordinary course of business involving the Company or any Subsidiary that has an aggregate claimed amount in excess of US\$5,000,000, or settle any litigation, arbitration or other proceedings whether within or outside the ordinary course of business involving the Company or any Subsidiary at a settlement amount in excess of US\$1,000,000.

**SCHEDULE 6**  
**ACTIONS TO BE TAKEN**

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**SCHEDULE 7  
INDEMNIFICATION MATTERS**

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**SCHEDULE 8**  
**SENIOR MANAGERS**

| <b>Name</b>       | <b>Position</b> |
|-------------------|-----------------|
| Mr. LI Xiande     | Chairman        |
| Mr. LI Guangsheng | General Manager |
| Mr. Chen Yan      | Vice President  |

**SCHEDULE 9  
REAL ESTATE**

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**SCHEDULE 10**  
**TERMS OF SERIES A PREFERRED SHARES**

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**SCHEDULE 11**  
**DISCLOSURE SCHEDULE**

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**SCHEDULE 12**  
**TECHNICAL AND CONSTRUCTION DEFECTS**

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**SCHEDULE 13**  
**PAYABLE CLEARANCE PLAN**

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**SCHEDULE 14**  
**VALUATION MODEL**

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**EXHIBIT A**  
**SHAREHOLDERS' AGREEMENT**

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**EXHIBIT B**  
**COMPANY CHARTER DOCUMENTS**

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**EXHIBIT C**  
**FORMS OF LEGAL OPINIONS**

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**EXHIBIT D**  
**FORM OF NON-COMPETE AGREEMENT**

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**EXHIBIT E**  
**MODULE WARRANTY TERMS**

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**EXHIBIT F**  
**FORM OF EQUITY PLEDGE AGREEMENT**

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| Subsidiaries  | Date of Incorporation | Place of Incorporation | Percentage of Ownership |
|---|-----------------------|------------------------|-------------------------|
| JinkoSolar Technology Limited                             | November 10, 2006     | Hong Kong              | 100%                    |
| Jinko Solar Co., Ltd.                                     | December 13, 2006     | PRC                    | 100%                    |
| Zhejiang Jinko Solar Co., Ltd.                            | June 30, 2009         | PRC                    | 100%                    |
| JinkoSolar International Limited                          | November 25, 2009     | Hong Kong              | 100%                    |
| Jinko Solar Import and Export Co., Ltd.                   | December 24, 2009     | PRC                    | 100%                    |
| JinkoSolar GmbH   | April 1, 2010         | Germany                | 100%                    |
| Zhejiang Jinko Trading Co., Ltd.                          | June 13, 2010         | PRC                    | 100%                    |
| JinkoSolar (U.S.) Inc.                                    | August 19, 2010       | USA                    | 100%                    |
| Jiangxi Photovoltaic Materials Co., Ltd                   | December 1, 2010      | PRC                    | 100%                    |
| JinkoSolar (Switzerland) AG                               | May 3, 2011           | Switzerland            | 100%                    |
| JinkoSolar (US) Holdings Inc.                             | June 7, 2011          | USA                    | 100%                    |
| JinkoSolar Italy S.R.L.                                   | July 8, 2011          | Italy                  | 100%                    |
| JinkoSolar SAS  | September 12, 2011    | France                 | 100%                    |
| Jinko Solar Canada Co., Ltd                               | November 18, 2011     | Canada                 | 100%                    |
| Jinko Solar Australia Holdings Co. Pty Ltd                | December 7, 2011      | Australia              | 100%                    |
| Jinko Solar Pty Ltd.                                      | April 13, 2012        | South Africa           | 100%                    |
| Jinko Solar Japan K.K.                                    | May 21, 2012          | Japan                  | 100%                    |
| JinkoSolar Power Engineering Group Limited                | November 12, 2013     | Cayman                 | 100%                    |
| JinkoSolar WWG Investment Co., Ltd                        | April 8, 2014         | Cayman                 | 100%                    |
| JinkoSolar Comércio do Brazil Ltda                        | January 14, 2014      | Brazil                 | 100%                    |
| Projinko Solar Portugal Unipessoal LDA.                   | February 20, 2014     | Portugal               | 100%                    |
| JinkoSolar Mexico S.DE R.L. DE C.V.                       | February 25, 2014     | Mexico                 | 100%                    |
| Jiangxi Jinko Domestic Photovoltaics Technology Co., Ltd  | October 8, 2014       | PRC                    | 100%                    |
| Zhejiang Jinko Financial Leasing Co., Ltd                 | October 10, 2014      | PRC                    | 100%                    |
| Zhejiang Jinko Domestic Photovoltaics Technology Co., Ltd | October 15, 2014      | PRC                    | 100%                    |
| Shanghai Jinko Photovoltaics Technology Co., Ltd          | November 6, 2014      | PRC                    | 100%                    |
| Shanghai Jinko Financial Information Service Co., Ltd     | November 7, 2014      | PRC                    | 100%                    |
| JinkoSolar Household PV Technology Holding Co., Ltd       | December 30, 2014     | Hong Kong              | 100%                    |

\* JinkoSolar Power is the holding company of a number of power plant project companies established in various locations in China.

The following table sets forth information concerning the JinkoSolar Power's major subsidiaries as of December 31, 2014:

| <b>Subsidiaries</b>   | <b>Date of Incorporation /Acquisition</b> | <b>Place of Incorporation</b> | <b>Percentage of Ownership</b> |
|---|---|-------------------------------|--------------------------------|
| Canton Best Limited (“ <i>Canton Best BVT</i> ”) **   | September 16, 2013                        | BVI                           | 100%                           |
| Wide Wealth Group Holding Limited (“ <i>Wide Wealth Hong Kong</i> ”) **   | June 11, 2012                             | Hong Kong                     | 100%                           |
| Jiangxi JinkoSolar Engineering Co., Ltd. (Originally named as Shangrao Jinko PV Technology Engineering Co., Ltd.) | July 28, 2011                             | PRC                           | 100%                           |
| Jinko Power Co., Ltd. (Zhejiang) (formerly Haining JinkoSolar Investment Co.,Ltd)                                 | September 14, 2012                        | PRC                           | 100%                           |

\*\*Canton Best BVI is a wholly owned subsidiary of JinkoSolar Power, and Wide Wealth Hong Kong is a wholly owned subsidiary of Canton Best BVI. Wide Wealth Hong Kong holds solar power operating subsidiaries in PRC.

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**  
**PURSUANT TO SECTION 302 OF THE**  
**SARBANES-OXLEY ACT OF 2002**

I, Kangping Chen, certify that:

1. I have reviewed this annual report on Form 20-F of JinkoSolar Holding Co., Ltd.;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
  4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
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5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 16, 2015

/s/ Kangping Chen  
Kangping Chen  
Chief Executive Officer

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER**  
**PURSUANT TO SECTION 302 OF THE**  
**SARBANES-OXLEY ACT OF 2002**

I, Haiyun (Charlie) Cao, certify that:

1. I have reviewed this annual report on Form 20-F of JinkoSolar Holding Co., Ltd. ;
  2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
  3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this annual report;
  4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
    - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
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5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 16, 2015

/s/ Haiyun (Charlie) Cao  
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Haiyun (Charlie) Cao  
Chief Financial Officer

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**CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of JinkoSolar Holding Co., Ltd. (the "Company") on Form 20-F for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kangping Chen, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2015

/s/ Kangping Chen  
Kangping Chen  
Chief Executive Officer

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**CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of JinkoSolar Holding Co., Ltd. (the "Company") on Form 20-F for the fiscal year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Haiyun (Charlie) Cao, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 16, 2015

/s/ Haiyun (Charlie) Cao  
Haiyun (Charlie) Cao  
Chief Financial Officer

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-170693 and No. 333-180787) of JinkoSolar Holdings Co., Ltd. of our report dated April 16, 2015 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP

PricewaterhouseCoopers Zhong Tian LLP  
Shanghai, the People's Republic of China  
April 16, 2015

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