

ANNUAL REPORT 2019

POWER YOUR WORLD



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About ReneSola Power

Founded in 2005, and listed on the New York Stock Exchange in 2008, ReneSola Power (NYSE: SOL) is a leading global solar project developer and operator. The Company focuses on solar power project development, construction management and project financing services.

With local professional teams in more than 10 countries around the world, the business is spread across a number of regions where the solar power project markets are growing rapidly, and can sustain that growth due to improved clarity around government policies. The Company's strategy is to pursue high-margin project development opportunities in these profitable and growing markets; specifically, in the U.S. and Europe, where the Company has a market-leading position in several geographies, including Poland, Hungary, Minnesota and New York.

In the future, the Company will leverage its global presence and solid experience to drive sustainable green energy development with attractive returns.



2019 Highlights

As of December 31, 2019, we had completed 779 MW of solar power projects. We were operating approximately 216 MW solar power projects globally. The development pipeline were strong at around 700 MW, of which over 400 MW are late-stage projects and about 30 MW are under construction. We believed the profile of this pipeline is attractive due to its broad geographic diversification in the best markets.

779 MW

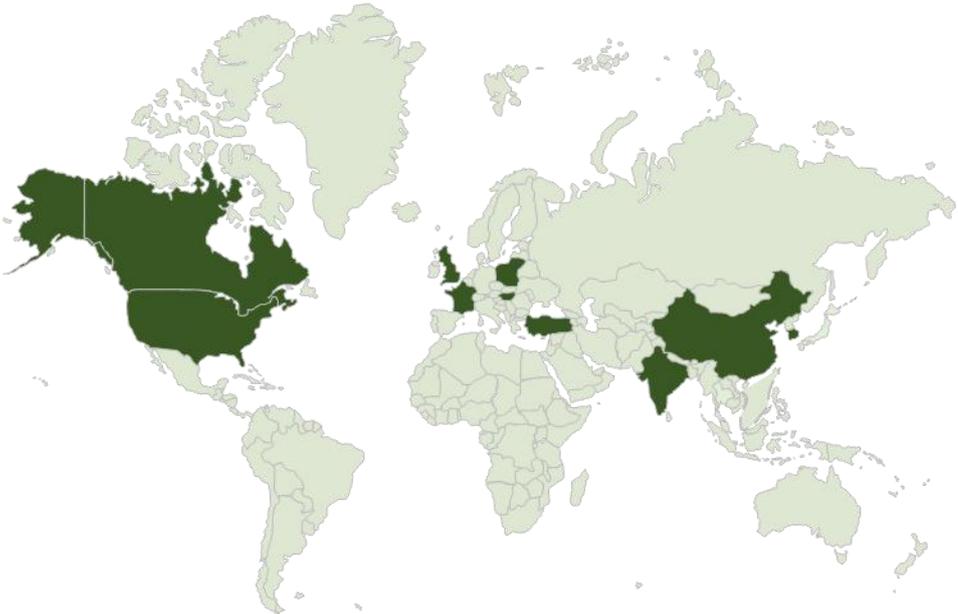
Completed

216 MW

In Operation

417 MW

Late-stage Pipeline
(Estimate COD: 2019-2021)

- Revenue increased 23% to \$119.1 million from \$96.9 million in 2018;
 - \$90.1 million from Project Development business
 - \$28.7 million from IPP business, primarily from the sale of electricity in China
 - Gross margin was 28.7%, compared to 29.0% in 2018;
 - Non-GAAP net income attributed to ReneSola Ltd was \$14.1 million, up from \$7.0 million in 2018.
 - Generated \$55.9 million of cash from operations;
- 
- Connected 24.1 MW solar projects and sold 21.1 MW community solar projects in U.S.;
 - Connected 10.8 MW of rooftop projects and sold 49.2 MW projects in China;
 - Connected 11 MW of DG projects and sold 81 MW of projects in Poland;
 - Connected 6.2 MW of DG projects and sold 13.9 MW of projects in Hungary;
 - Connected 7.0 MW of Fit projects in Canada;
 - Sold 2.5 MW of solar projects in France.

| 2019 Full Year Financial Highlights | 2019 (\$ millions) | 2018 (\$ millions) | Y/Y Change |
|--|-----------------------|-----------------------|------------|
| Revenue | \$119.10 | \$96.90 | +23% |
| Gross Profit | \$34.20 | \$28.10 | +22% |
| Non-GAAP Operating Income | \$26.40 | \$18.20 | +45% |
| Adjusted EBITDA | \$33.60 | \$26.90 | +25% |
| Non-GAAP net income attributed to ReneSola Ltd | \$14.10 | \$7.00 | +101% |

Letter to Shareholders

2019 marked the rebirth of your company. We completed a multiyear transformation, emerging with exciting prospects for years of solid growth. We have a new name. We are relocating headquarters to the U.S. We have new leadership. We returned to profitable operations. We finished the transformation of our business model, now solely focused on solar power project development. We turned our geographic focus to the best markets in Europe and the U.S. And we shored up our balance sheet, enabling us to better fund growth.

In 2019 we...

... **renamed the company**. We are now ReneSola Power. The name preserves our brand equity while highlighting our sole focus on power project development.

... **moving our headquarters**. We will be based in Stamford, Connecticut near New York City. Our CEO, CFO, most headquarters staff, and the bulk of the U.S. operations team all work and live in the U.S.

... **recruited a new leadership team**. I joined ReneSola Power as CEO in December and bring to the Company twenty years of leadership experience at several industry leaders. In addition, Ke Chen was appointed as CFO in November. Ke is a capital markets expert with close ties to one of our largest shareholders, ensuring a laser-focus on increasing shareholder value.

... **returned to profitable operations**. We grew our top line by 23%, increased our adjusted EBITDA by nearly 25%, more than doubled our non-GAAP net income attributed to ReneSola Power, and generated operating cash flow of \$56 million and free cash flow of more than \$54 million.

... **finished our transformation to a project developer**. The transformation started a couple of years ago. We are now fully staffed in our target geographies, and generating profitable sales in the U.S. and Europe. Our operations in China consist only of managing our rooftop DG portfolio, which produces a steady flow of high margin revenue.

... **shored up our balance sheet**. One of our principal shareholders increased their investment in us. We used this funding and our operating cash flow to strengthen our balance sheet. We reduced total borrowings by more than \$46 million and significantly improved our cash position. As a result of the reduced debt, our total liability ratio significantly improved. Our total equity value increased to \$137 million.

2019 Operating Details

Attractive Profit-Optimized Project Pipeline

The development pipeline is strong at around 700 MW, of which over 400 MW are late-stage projects and about 30 MW are under construction. We believe the profile of this pipeline is attractive due to its broad geographic diversification in the best markets.

Late-stage projects include those with the legal right to develop based on definitive agreements, including those held by project Special Purpose Vehicles ("SPVs") or joint-venture project SPVs whose controlling power belongs to us.

Strong Performance and Outlook around the World

United States

Our late-stage projects total 193.4 MW, of which 70.9 MW are community solar projects in Minnesota and New York. Additionally, we have projects under development in Utah, Florida, and Maine. Meanwhile, we operate 24.1 MW of utility projects in North Carolina.

Poland

As of December 31, 2019, we had total projects of 19 MW in our development pipeline, 7 MW were awarded to us in the government auction in December 2019.

Hungary

In Hungary, we invest in small-scale DG projects. Our late-stage pipeline has multiple “micro projects”, with an average size of 0.5 MW per project, bringing total capacity to 35.5 MW. Of the late-stage projects, 15.1 MW are under construction and expected to be connected to the grid in the second quarter of 2020.

France

In France, we have a project pipeline of 42.5 MW, all of which are ground-mounted projects. Additionally, one of these ground-mounted projects is a 30 MW solar park we are developing with our strategic partner, Green City Energy.

Spain

We have a late-stage pipeline of 37 MW of ground-mounted projects primarily located in the Murica and Algorfa regions.

U.K.

We have a late-stage pipeline of 90 MW of ground-mounted projects primarily located in Stratford and Derby.

Operating Assets and Completed Projects for Sale

We currently own 216 MW of operating projects. Of the 216 MW of assets, we operate 172 MW of rooftop projects in China, 24.1 MW in the U.S., 15.4 MW in Romania, and 4.3 MW in the United Kingdom. In China, we operate 172 MW of rooftop solar, concentrated in a few eastern provinces with credit-worthy Commercial and Industrial (C&I) off-takers.

As of December 31, 2019, we had 7 MW of completed projects that are currently for sale.

2019 Financial Details

Revenue

Full year 2019 revenue of \$119.1 million was up 23% year-over-year. Revenue from the Project Development business was \$90.1 million, driven by project sales in multiple countries, including the U.S., France, Poland and Hungary. Electricity sales were \$28.7 million, primarily attributable to the 191.8 million KWh of electricity generated by our projects in China.

Gross Profits and Gross Margin

For the full year 2019, gross profit was \$34.2 million, yielding a gross margin of 28.7%. This compares to a gross profit of \$28.1 million and gross margin of 29.0% in 2018.

Operating Expense and Operating Income

For the full year 2019, operating expenses were \$35.2 million, up from \$12.5 million in 2018. Sales and marketing expenses were \$750,000, down from \$886,000 in 2018. General and administrative expenses were \$15.8 million, up from \$10.2 million in 2018. Operating expenses in 2019 included an impairment charge of \$6.9 million on the fixed assets related to the expected lower sale price of power projects in China and other operating loss of \$11.8 million related to the write-down of canceled projects in U.S. and China, disposal loss of power plants and time value discount on government electricity subsidy receivables in China.

Operating loss was \$1.0 million in 2019, compared to operating income of \$15.5 million in 2018. Non-GAAP operating income was \$26.4 million in 2019, up from \$18.2 million in 2018. Non-GAAP operating margin was 21.9% in the full year of 2019, up from 18.8% in 2018.

Net Income/loss

Net loss attributed to ReneSola Ltd was \$8.8 million in the full year 2019, compared to net income of \$1.8 million in 2018. Net loss per share was \$0.22 in 2019, compared to net income per share of \$0.05 in 2018. Non-GAAP net income attributed to ReneSola Ltd was \$14.1 million in the full year 2019, compared to \$7.0 million in 2018. Non-GAAP net income per share was \$0.35 in 2019, compared to \$0.18 in 2018.

Financial Position

Our balance sheet strengthened in 2019. We had cash and equivalents of \$24.3 million as of December 31, 2019, compared to \$6.8 million as of December 31, 2018. Long-term borrowings were \$3.4 million as of December 31, 2019, compared to \$41.4 million as of December 31, 2018. Long-term failed sale-lease back and finance lease liabilities, associated with the financial leasing payables for rooftop projects in China, were \$46.7 million as of December 31, 2019, compared to \$77.9 million as of December 31, 2018. Short-term borrowings were \$35.8 million as of December 31, 2019, down from \$44.5 million as of December 31, 2018.

Looking Ahead ...

Our solid results in 2019 demonstrate that our strategy is the right one. The appointment of new leadership marks the completion of a period of intense transformation, as we prepare to drive sustained high growth. Our strategic focus on the U.S. and Europe positions us as a global leader in project development, which is supported by the relocation of our headquarters to the U.S. We intend to drive down our cost of capital by continuing to strengthen our balance sheet, and through greater visibility and accessibility in the U.S. capital markets. We are focused on operating efficiently and profitably, delivering high returns and generating good cash flow, which we believe can drive a higher valuation for us over time.

Sincerely,



Yumin Liu
Chief Executive Officer

Our Business

Project Development Business

As a developer, we have two basic project development models.

1. Build-Transfer : develop and build the solar power projects, which will be sold and delivered after being connected on grid.
2. Project Rights Sale : involve in earlier development stages to secure land/roof with interconnection capacity and sell project rights at “notice to proceed”, or NTP.

Independent Power Producer (or "IPP") Business

We started our IPP business by owning and operating solar power projects and selling electricity generated by these solar power projects.

We have tried to build our business as an IPP to develop and operate DG projects in well-developed regions, and focus on projects with credit worthy Commercial and Industrial (C&I) off-takers or favourable FiT/PPA.

Other Business

We continue to pursue opportunities around the world. In addition to project development and IPP business, following are other services we can offer.

1. Provide advisory services: help third party to have a better knowledge of the local energy policies. E.g. Provide professional analysis of electricity market.
2. Provide Project development services: help third party to develop new energy projects in designated areas and provide construction management as well as financing services.
3. Other services: E.g. Accept the commission of acquiring new energy assets on behalf of energy fund; Offer services including energy asset management, financial work, O&M.

05
Overseas Projects







06

China DG Projects







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

FORM 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (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, 2019.
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: 001-33911

RENESOLA LTD

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

3rd Floor, 850 Canal St
Stamford, CT 06902
U.S.A

(Address of principal executive offices)

Ke Chen
Chief Financial Officer
3rd Floor, 850 Canal St
Stamford, CT 06902
U.S.A

Tel: +1(347) 577 9055 x115.

Fax: +1 (347) 577-9985

E-mail: ke.chen@renesolapower.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>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|---|--------------------------|--|
| American Depositary Shares, each representing 10 shares, no par value per share | SOL | 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.

480,818,902 shares, no par value per share, as of December 31, 2019.

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

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

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). 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

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

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INTRODUCTION

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 “ReneSola” refers to ReneSola Ltd, a British Virgin Islands company, its predecessor entities and its subsidiaries;
- “China” or “PRC” refers to the People’s Republic of China, excluding, for the purpose of this annual report on Form 20-F only, Taiwan, and the special administrative regions of Hong Kong and Macau;
- “RMB” or “Renminbi” refers to the legal currency of China; all references to “\$,” “dollars” and “U.S. dollars” refer to the legal currency of the United States;
- “ADSs” refers to our American depositary shares, each of which represents 10 shares, and “ADRs” refers to the American depositary receipts that evidence our ADSs;
- “shares” refers to shares of ReneSola Ltd with no par value;
- “DG projects” refers to distributed generation solar power projects, including ground-mounted distributed generation projects and rooftop distributed generation projects;
- “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;
- “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 lower grid connection voltage grade and with a substantial portion of the electricity generated to be consumed within the substation area of the grid connection points;
- “rooftop DG projects” refers to distributed generation solar power projects built on roof tops; and
- “utility-scale projects” refers to ground-mounted projects that are not ground-mounted DG projects.

All 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 balance sheets as of December 31, 2018 and 2019 and our audited consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2017, 2018, and 2019.

This annual report contains translations of certain Renminbi amounts into U.S. dollars at the rate of RMB6.9618 to \$1.00, the noon buying rate in effect on December 31, 2019 as set forth in the H.10 Statistical Release of the Federal Reserve Board. We make no representation that the Renminbi or dollar amounts referred to in this annual report on Form 20-F could have been or could be converted into dollars or Renminbi, as the case may be, at any particular rate or at all. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Fluctuations in exchange rates may have a material adverse effect on your investment.” On April 10, 2020, the noon buying rate was RMB 7.0341 to \$1.00.

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

In September 2017, we completed a non-cash restructuring to dispose of substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business. These dispositions have been accounted for as discontinued operations.

The following table presents the selected consolidated financial information of our company. The selected consolidated statement of operations data for the years ended December 31, 2017, 2018 and 2019 and the selected consolidated balance sheet data as of December 31, 2018 and 2019 are derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statement of operations data for the years ended December 31, 2015 and 2016 and the consolidated balance sheets data as of December 31, 2015, 2016 and 2017 have been revised from our previously audited consolidated financial statements, which are not included in this annual report on Form 20-F to give effect to the discontinued operations presentation resulting from our non-cash restructuring in September 2017. 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 U.S. generally accepted accounting principles, or U.S. GAAP. The historical results are not necessarily indicative of results to be expected in any future period.

On January 1, 2018, we adopted new revenue guidance ASC Topic 606, “Revenue from Contracts with Customers,” using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning on or after January 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting method under ASC Topic 605.

On January 1, 2019, we adopted new lease guidance ASC Topic 842, “Leases” using the modified retrospective approach at the beginning of the period of adoption through a cumulative-effect adjustment which, among other things, allowed the Company to not reassess prior conclusions related to contracts containing leases or lease classifications. Upon commencement of a lease, the Company recognizes a lease liability for the present value of the lease payments not yet paid, discounted using an interest rate that represents the Company ability to borrow on a collateralized basis over a period that approximates the lease term. The Company also recognizes a lease asset, which represents the Company right to control the use of the underlying property, plant and equipment, at an amount equal to the lease liability adjusted for prepayments and initial direct costs. The adoption did not have a material impact on our results of operations or cash flows.

| | For the Year Ended December 31, | | | | |
|---|---------------------------------|---------------|----------------|---------------|----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Consolidated Statement of Operations Data Continuing operations: | | | | | |
| Net revenue | \$ 116,330,936 | \$ 80,504,734 | \$ 102,973,999 | \$ 96,906,335 | \$ 119,117,024 |
| Income/(loss) from operations | 16,318,426 | 2,348,663 | 6,555,610 | 15,531,888 | (964,304) |
| Income/(loss) from continuing operations, net of tax | 20,213,270 | 94,482 | 3,199,831 | 5,096,480 | (11,680,155) |
| Income/(loss) from discontinued operations, net of tax ⁽¹⁾ | (25,288,392) | (34,792,733) | 31,257,707 | - | - |
| Net income/(loss) | (5,075,122) | (34,698,251) | 34,457,538 | 5,096,480 | (11,680,155) |
| Less: Net income/(loss) attributed to noncontrolling interests | - | - | - | 3,336,769 | (2,848,932) |
| Net income/(loss) attributed to ReneSola Ltd | (5,075,122) | (34,698,251) | 34,457,538 | 1,759,711 | (8,831,223) |
| Income/(loss) attributed to ReneSola Ltd per ADS from continuing operations | | | | | |
| Basic | 0.99 | 0.00 | 0.13 | 0.05 | (0.22) |
| Diluted | 0.99 | 0.00 | 0.13 | 0.05 | (0.22) |
| Income/(loss) attributed to ReneSola Ltd per ADS from discontinued operations | | | | | |
| Basic | (1.24) | (1.72) | 1.27 | - | - |
| Diluted | (1.24) | (1.72) | 1.27 | - | - |
| Weighted average number of ADS used in computing income/(loss) per ADS* | | | | | |
| Basic | 20,408,504 | 20,222,977 | 24,689,929 | 38,075,293 | 40,595,551 |
| Diluted | 20,422,254 | 20,240,390 | 24,690,529 | 38,075,293 | 40,595,551 |

*Each ADS represents 10 ordinary shares.

- (1) Discontinued operations relate to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business, which were disposed of in the third quarter of 2017, the transaction of which was completed on September 29, 2017.

| | As of December 31, | | | | |
|--|--------------------|---------------|---------------|--------------|---------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Consolidated Balance Sheet Data | | | | | |
| Cash and cash equivalents | \$ 14,581,590 | \$ 3,964,896 | \$ 13,429,301 | \$ 6,750,178 | \$ 24,292,113 |
| Total assets | 1,346,319,585 | 1,088,405,688 | 335,698,792 | 377,712,342 | 319,944,193 |
| Total non-current liabilities | 130,523,784 | 117,827,787 | 100,019,369 | 119,309,869 | 72,991,550 |
| Total liabilities | 1,234,385,673 | 1,022,259,908 | 245,216,322 | 253,046,937 | 182,397,018 |
| Total shareholders' equity | 111,933,912 | 66,145,780 | 90,482,470 | 124,665,405 | 137,547,175 |
| Common share capital | - | - | - | - | - |
| Number of common share issued | 203,331,288 | 202,478,702 | 381,027,002 | 381,027,002 | 481,027,002 |

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business

Developing and operating solar power projects exposes us to various operational risks and our result of operations may be subject to fluctuations.

In a given period, our revenue is affected by a limited number of solar power projects that are under development and sold to third parties, and therefore subject to significant fluctuations. In order to further evolve into an asset-light solar project developer with a global presence, we will continue to develop and sell solar power projects to take advantage of attractive market opportunities. As a result, we may generate more of our revenues from the one-time sale of solar power projects for certain periods.

Development of solar power projects can take many months or years to complete and may be delayed for reasons beyond our control. They often require us to make some up-front payments for, among other things, land/rooftop use rights and permitting in advance of commencing construction, and revenue from these projects may not be recognized for several additional months following contract signing. Any inability or significant delays in entering into sales contracts with customers after making such up-front payments could adversely affect our business and results of operations. Furthermore, we may become constrained in our ability to simultaneously fund our other investment in these projects.

Development of solar power projects also requires significant of management attention to negotiate the terms of our engagement and monitor the progress of the projects which may divert management's attention from other matters. Our revenue and liquidity may be adversely affected to the extent the market for solar power projects weakens or we are not able to successfully complete the customer acceptance testing due to technical difficulties, equipment failure, or adverse weather, and we are unable to sell our solar power projects at prices and on terms and timing that are acceptable to us.

We operate solar power projects and sell electricity to the local or national grid or other power purchasers such as commercial and industrial end users. As a result, we are subject to a variety of risks associated with intense market competition, changing regulations and policies, insufficient demand for solar power, technological advancements, failure of our power generation facilities and credit risks related to the power purchasers. If we cannot manage these risks, our business, financial condition and results of operations may be materially adversely affected.

Solar project development is challenging and may ultimately not be successful and miscalculations in planning a project may negatively affect our engineering, procurement and construction, or EPC, prices, all of which could increase our costs, delay or cancel a project, and have a material adverse effect on our business, financial condition, results of operations and profit margins.

The development of solar projects involves numerous risks and uncertainties and requires extensive research, planning and due diligence. We may be required to incur significant amounts of capital expenditure for land/rooftop use rights, interconnection rights, preliminary engineering, permits, legal and other expenses before we can determine whether a solar power project is economically, technologically or otherwise feasible. Success in developing a solar power project is contingent upon, among other things:

- securing investment or development rights;
- securing suitable project sites, necessary rights of way, satisfactory land/rooftop use or access rights in the appropriate locations with capacity on the transmission grid and related permits, including completing environmental assessments and implementing any required mitigation measures;
- rezoning land, as necessary, to support a solar power project;
- negotiating satisfactory EPC agreements;
- negotiating and receiving required permits and approvals for project development from government authorities 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 electric grid or to transmit energy;
- paying interconnection and other deposits, some of which are non-refundable;
- signing grid connection and dispatch agreements, power purchase agreements, or PPAs, or other arrangements that are commercially acceptable, including adequate for providing financing;
- obtaining project financing, including debt financing and own equity contribution; and
- negotiating favorable payment terms with suppliers;
- completing construction on schedule in a satisfactory manner.

Successful completion of a particular solar project may be adversely affected by numerous factors, including without limitation:

- unanticipated changes in project plans or defective or late execution;
- difficulties in obtaining and maintaining governmental permits, licenses and approvals required by existing laws and regulations or additional regulatory requirements not previously anticipated;
- potential challenges from local residents, environmental organizations, and others who may not support the project;
- uncertainty in the timing of grid connection;
- the inability to procure adequate financing with acceptable terms, especially for EPC;
- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls;
- labor, equipment 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 overruns, due to any one or more of the foregoing factors.

Accordingly, some of the solar power projects in our pipeline may not be completed or even proceed to construction. If a number of solar power projects are not completed, we may not benefit from the feed-in-tariffs, or FITs, our solar power projects are otherwise entitled to, our business, financial condition and results of operations could be materially and adversely affected.

In addition, if we are unable to complete the development of a solar power project or we fail to meet any agreed upon system-level capacity or energy output guarantees or warranties or other contract terms, or our projects cause grid interference or other damage, we may be subject to significant damages, penalties and other obligations relating to the project, including obligations to repair, replace or supplement materials for the project.

Occasionally, we may enter into fixed-price EPC agreements in which we act as the general contractor for our customers in connection with the installation of their solar power systems. All essential costs are estimated at the time of entering into the EPC agreement for a particular project or project portfolio, and these costs are reflected in the overall fixed price that we charge our customers for the project. These cost estimates are preliminary and may or may not be covered by contracts between us and the subcontractors, suppliers and other parties involved in the project. In addition, we require qualified, licensed subcontractors to install most of our solar power systems. Shortages of skilled labor could significantly delay a project or otherwise increase our costs. Should miscalculations in planning a project occur, including those due to unexpected increases in commodity prices or labor costs, or delays in execution occur and we are unable to increase the EPC sales price commensurately, we may not achieve our expected margins or our results of operations may be adversely affected.

Expansion of the pipeline of our solar power project business exposes us to a number of risks and uncertainties.

As our net revenue is derived from our solar power project business, we will be increasingly exposed to the risks associated with solar power projects. Further, our future success largely depends on our ability to expand our solar power project pipeline. The risks and uncertainties associated with our solar power project business and our ability to expand our solar power project pipeline include:

- the need to raise funds to develop greenfield or purchase late-stage solar power projects, which we may be unable to obtain on commercially reasonable terms or at all;
- the uncertainty of being able to sell the projects or secure purchasers in a timely manner, in which case we may need to operate such projects for an extended period of time;
- the uncertainty of being able to receive full payment for the sold projects upon completion or receive payment in a timely manner;
- failure of our business partners with which we work together under certain cooperation agreements to operate in a way satisfactory to us or any disputes with our business partners to develop projects or enter into new geographic markets;
- delays and cost overruns as a result of a number of factors, many of which are beyond our control, including delays in regulatory approvals, construction, grid-connection and customer acceptance testing;
- delays or denial of required approvals, permits or licenses by relevant government authorities in connection with the construction, grid-connection and operation of solar power projects;
- failure to negotiate favorable payment terms with suppliers;
- unforeseeable engineering problems, construction or other unexpected delays and contractor performance shortfalls;
- labor, components and materials supply delays, shortages or disruptions, or work stoppages;
- failure to grid connection and dispatch agreements, execute power purchase agreements or other arrangements that are commercially acceptable to us;
- diversion of significant management attention and other resources;
- failure to execute our project pipeline expansion plan effectively; and
- changes in government regulations and policies.

If we are unable to successfully expand our solar power project business, and in particular, our solar power project pipeline, we may be unable to expand our business, maintain our competitive position, improve our profitability and generate the cash flows we have currently forecasted.

Our development activities may be subject to cost overruns or delays, which may result in reduction or forfeiture of FIT payments or would materially and adversely affect our financial results and results of operations.

Development of our solar power projects may be adversely affected by circumstances outside of our control, including inclement weather, a failure to receive regulatory approvals on schedule or third-party delays in providing solar modules, inverters or other materials. Obtaining full permits for our solar power projects is time consuming and we may not be able to meet our expected timetable for obtaining full permits for our solar power projects in the pipeline. In addition, from time to time, we may need to engage external EPC contractors for our solar power projects and we may not be able to negotiate satisfactory EPC agreements. Changes in project plans or designs, or defective or late execution may increase our costs and cause delays. Increases in the prices of solar products and balance-of-system components may increase procurement costs. Labor shortages, work stoppages or labor disputes could significantly delay a project or otherwise increase our costs. In addition, delays in obtaining, our inability to obtain or a lack of proper construction permits or post-construction approvals could delay or prevent us from construction of our solar power projects, commencing operation and connecting to the relevant grid.

Moreover, we rely on our related parties, as well as a limited number of third-party suppliers, for certain components and equipment used in the construction of our solar power projects, such as solar modules. To the extent the processes that our suppliers use to manufacture components are proprietary, we may be unable to obtain comparable components from alternative suppliers. Any failure of a supplier to supply components and equipment in a timely manner, or at all, or to supply components and equipment that meet our quality, quantity and cost requirements, could impair our ability to install solar power projects or may increase our costs.

In addition, we typically utilize and rely on third-party contractors to construct and install our solar power projects. If our contractors do not satisfy their obligations or do not perform work that meets our quality standards or if there is a shortage of third-party contractors or if there are labor strikes that interfere with the ability of our employees or contractors to complete their work on time or within budget, we could experience significant delays or cost overruns.

We may not be able to recover any of these losses in connection with construction cost overruns or delays. In addition, if we are unable to connect a solar power project to the power grid on schedule, we may experience lower FIT, as FIT regimes generally ratchet down the FIT awarded to solar power projects that connect later to the power grid. In addition, in certain cases of delay, we might not be able to obtain any FIT or PPA at all, as certain PPAs require that we connect to the transmission grid by a certain date. If the solar power project is significantly delayed, we may forfeit the PPA and we may only be able to obtain reduced FIT payments or may even become ineligible for FIT payments at all. A reduction or forfeiture of FIT payments or would materially and adversely affect the financial results and results of operations for that solar power project.

We may not be able to develop or acquire additional attractive solar power projects to grow our NTP portfolio.

Our current business strategy includes plans to further grow the solar power project portfolio for our project rights sale business, or NTP portfolio, and own and operate some of the solar power projects we develop. To develop a solar power project, we are required to enter into investment agreements, development agreements, interconnection agreements and/or other contractual agreements with the local authorities and obtain relevant permits, licenses and approvals. 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 allocated solar power project quota in some countries, based on which the agreement can be entered into government incentive programs. Our competitors may have greater financial resources, more effective or established localized business presence or greater willingness or ability to operate with little or no operating margins for sustained periods of time. It is difficult to predict whether and when we will be awarded a new solar power project. Any increase in competition or reduction in our competitive capabilities could have a significant adverse impact on our market share and on the margins we generate from our solar power projects.

If we cannot complete the agreement on schedule, or at all, the PPA/FIT price may be reduced, our reputation may be damaged and it may increase the difficulty of winning new projects. In addition, in any event the government bodies terminate the agreement with us, we will have limited recourse. Although the government bodies have historically not terminated the agreements with us, there is no assurance that they would not do so in the future.

If we cannot secure the opportunities to develop new solar power projects, our business, financial position and financial conditions will be materially adversely affected.

Other difficulties executing this business strategy, particularly in new jurisdictions we may enter, include:

- accurately prioritizing geographic markets for entry, including estimates on addressable market demand;
- obtaining construction, environmental and other permits and approvals;
- securing land, rooftop or other site control;
- managing local operational, capital investment or components sourcing regulatory requirements;
- connecting to the power grid on schedule and within budget;
- connecting to the power grid if there is insufficient grid capacity;
- identifying, attracting and retaining qualified development specialists, technical engineering specialists and other personnel;
- managing any acquired assets or assets held under affiliates;
- securing cost-competitive financing on attractive terms;
- operating and maintaining solar power projects to maintain the power output and system performance; and
- collecting FIT payments and other economic incentives as expected.

Our financial leverage may hamper our ability to expand and may materially affect our results of operations. Our borrowing levels and the tightening of credit generally in the industry in the PRC may adversely impact our ability to obtain new financing.

We have relied on working capital, short-term and long-term financing, including development loan financings, construction loan financings and project financings, and capital market financings to fund our capital requirements and expect to continue to do so in the future. These financings, which consist of short-term borrowings, long-term borrowings, bond and other long-term liabilities, are primarily from financial institutions and fund investors globally, as well as financing lease companies in China. As of December 31, 2019, we had short-term borrowings of \$35.8 million, long-term borrowings of \$3.4 million, bond payable of \$2.5 million and failed sale-lease back and finance lease liabilities of \$56.3 million, and a debt-to-asset ratio of 57.0%.

We had a negative working capital of \$6.3 million as of December 31, 2019 and the amount of our borrowings and financing liabilities could constrain our operational flexibility, including requiring a substantial portion of our cash flows to be set aside to service our debt obligations, increasing our exposure to interest rate fluctuations and limiting our ability to obtain additional financing. Furthermore, governments may pass measures to tighten credit. All of the above may impair our ability to obtain financing on favorable terms, or at all. In addition, we may not be able to raise necessary funding on favorable terms, or at all, to refinance our debt obligations. If our cash flows and capital resources are insufficient to service our debt obligations, our business, prospects and financial conditions may be materially and adversely affected. If we fail to obtain additional sources of financing, we may not be able to continue to fund our operations or business.

We intend to obtain additional debt obligations to finance our operations and future expansion. To the extent we are successful in obtaining additional financing, we will allocate an increasing portion of our cash flows to service our debt obligations. This could impair our ability to make necessary capital expenditures, develop business opportunities or make strategic acquisitions. Our business may not generate sufficient cash flows from operations in the future to service our debt and make necessary capital expenditures, in which case we may seek additional financing, dispose of certain assets or seek to refinance some or all of our debt. In addition, these alternatives may not be implemented on satisfactory terms, if at all. In the event that we are unable to meet our debt obligations when they become due or if our creditors take legal action against us for repayment upon any default, we may have to liquidate our long-term assets to repay our creditors. Such a situation would materially and adversely affect our operations and prevent us from successfully implementing our business strategy. In addition, we may have difficulty converting our long-term assets into current assets in such a situation and may suffer losses from the sale of our long-term assets and may not be able to continue our business.

We face a number of risks involving PPAs and project-level financing arrangements, including failure or delay in entering into PPAs, defaults by counterparties and contingent contractual terms such as price adjustment, termination, buy-out, acceleration or other clauses, all of which could materially and adversely affect our business, financial condition, results of operations and cash flows.

We may not be able to enter into PPAs for our solar power projects due to intense competition, increased supply of electricity from other sources, reduction in retail electricity price, changes in government policies or other factors. There may be a limited pool of potential purchasers in some jurisdictions for electricity generated by our solar power plants due to regulatory policies. The willingness of purchasers to purchase electricity from an IPP like us may be based on a number of factors and not solely on pricing and surety of supply. If we cannot enter into PPAs on terms favorable to us, or at all, it would negatively impact our revenue and our decisions regarding the development of additional power plants. We may experience delays in entering into PPAs for some of our solar power projects or may not be able to replace an expiring PPA with a contract on equivalent terms and conditions, or otherwise at prices that permit operation of the related facility on a profitable basis. Any delay in entering into PPAs may adversely affect our ability to enjoy the cash flows generated by such projects. If we are unable to replace an expiring PPA with an acceptable new PPA, the affected site may temporarily or permanently cease operations, which could materially and adversely affect our financial condition, results of operations and cash flows.

Substantially all of the electricity generated by our solar power projects will be sold under long-term PPAs with government end users and a few to licensed suppliers or commercial and industrial users. We expect our future projects will also have long-term public PPAs or similar offtake arrangements such as tariff programs but the portion under licensed suppliers or commercial and industrial users may increase due to our focus in DG projects, and also due to the falling system cost which makes solar energy more accessible to non-State Grid users such as commercial and industrial users. If, for any reason, any of the purchasers of power under these contracts are unable or unwilling to fulfill their related contractual obligations or if they refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. Further, to the extent any of our power purchasers are, or are controlled by, governmental entities, our facilities may be subject to legislative or other political action that may impair their contractual performance or contain contractual remedies that do not provide adequate compensation in the event a counterparty defaults.

Some of our PPAs are subject to price adjustments over time or subject to inflation. If the price under any of our PPAs is reduced below a level that makes a project economically viable, our financial conditions, cash flow and results of operations could be materially and adversely affected. Further, some of our long-term PPAs do not include inflation-based price increases or other price adjustment clauses. Certain of the PPAs for our projects and those for projects that we have acquired and may acquire in the future contain or may contain provisions that allow the offtake purchaser to terminate or buy out the project or require us to pay liquidated damages upon the occurrence of certain events. If these provisions are exercised, our financial condition, results of operations and cash flows could be materially and adversely affected.

In addition, certain of the project-level financing arrangements for projects allow, and certain of the projects that we may acquire in the future may allow, the lenders or investors to accelerate the repayment of the financing arrangement in the event that a PPA is terminated or if certain operating thresholds or performance measures are not achieved within specified time periods if we do not timely notify the lenders and investors such event and fail to provide additional guarantee. Certain of our PPAs and project-level financing arrangements include, and in the future may include, provisions that would permit the counterparty to terminate the contract or accelerate maturity in the event we own, directly or indirectly, less than 50% of the combined voting power or, in some cases, if we cease to be the majority owner, directly or indirectly, of the applicable project subsidiary. The termination of any of our PPAs or the acceleration of the maturity of any of our financing arrangements as a result of a change-in-control event could have a material adverse effect on our financial condition, results of operations and cash flows.

We may not be able to identify suitable sites and obtain related access and use right to expand our project pipeline

Solar power projects require solar and geological conditions that can only be found in a limited number of geographic areas.

Our solar power projects in overseas markets are primarily ground-mounted DG projects, with a few small-scale utility-scale projects and community solar gardens. Our solar power projects in China are primarily the rooftop DG projects. There is intense competition for a limited number of project sites appropriate for solar power projects. As the solar power project market continues to evolve, the number of attractive project sites available has decreased and will continue to decrease.

Even if we sign investment or development 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 for our ground-mounted projects through land use right granting or assignment by the government, or leasing from the land 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 operations and our results of operation and financial condition will be materially adversely affected.

We require flat land parcels for our small-scale solar power projects, including ground-mounted DG projects, small-scale utility projects and community solar gardens. Also, it is crucial to have a land parcel close to the grid connection point for our ground-mounted projects for interconnection to the power grid and 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 flat land parcels close to transmission lines. 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.

We strictly check the land ownership and use and access rights to avoid agricultural land, wetland or any land which require rezoning. However, we cannot assure you that we will not acquire land with the understanding that such land may be rezoned for solar power project development in the future. Rezoning may take longer than expected or may not be possible. Any future rezoning efforts may materially and adversely impact our business and results of operation.

Our legal rights to certain real properties used for our solar power projects are subject to third party rights and may be challenged by property owners or third parties.

Our rights to the properties used for our solar power projects may be challenged by property owners and other third parties, subject to other third-party rights such as right of passage and right to place cables and other equipment on the properties, which may result in certain interferences with our use of the properties. Our rights to the properties used for our solar power projects may be challenged by property owners and other third parties for various other reasons as well. For example, we may not have the exclusive right to use a given site. Any such challenge, if successful, could impair the development or operations of our solar power projects on such properties. We may also be subject to the risk of potential disputes with property owners or third parties who otherwise have rights to or interests in the properties used for our solar power projects. Such disputes, whether resolved in our favor or not, may divert management's attention, harm our reputation or otherwise disrupt our business.

We may be subject to unforeseen costs, liabilities or obligations when operating and maintaining solar power projects.

We operate and maintain the solar power projects in our IPP portfolio. In addition to the operations and maintenance, or O&M, services which our in-house O&M team provides to our developed solar power projects in China, we also enter into separate contractual agreements to operate and maintain substantially all of the solar power projects operated by us outside China. Pursuant to these agreements, we generally perform scheduled and unscheduled maintenance and operating and other asset management services and we subcontract certain O&M services, including security and repair, to third-parties, who may not perform their services adequately.

If we or our third-party contractors fail to properly operate and maintain the solar power projects, the solar power projects may experience decreased performance, reduced useful life or shutdowns. Through changes in our own operation or in local conditions, the costs of operating the project may increase, including costs related to labor, equipment, insurance and taxes. If they are careless or negligent, resulting in damage to third parties, we may become liable for the consequences of any resulting damage. We may also experience equipment malfunction or failure, leading to unexpected maintenance needs, unplanned outages or other operational issues. In addition, inconsistencies in the quality of solar panels, solar modules, balance-of-system components or maintenance services for our solar power projects may affect the system efficiency of our solar power projects. We may also encounter difficulties selling electricity to the power grid due to failures in infrastructure or transmission systems. To the extent that any of the foregoing affects our ability to sell electricity to the power grid, or we incur increased costs in relation to operating and maintaining solar power projects, our business, financial condition and results of operation could be materially and adversely affected.

The delay between making significant upfront investments in our solar power projects and receiving revenue could materially and adversely affect our liquidity, business and results of operations.

There are generally many months or even years between our initial significant upfront investments in developing permits to develop solar power projects we expect to own and operate and when we commence to receive revenue from the sale of electricity generated by such solar power projects after connecting on grid. Such investments include, without limitation, consulting, legal, accounting and other third-party fees, costs associated with feasibility study, payments for land rights, government permits, large transmission and PPA deposits or other payments, which may be non-refundable. Furthermore, we historically relied on our own equity contribution, bank loans, capital market financing and third-party financing to pay for costs and expenses incurred during project development, especially to third parties for solar modules and balance-of-system components and EPC and O&M services. Solar power projects typically generate revenue only after becoming commercially operational and starting to sell electricity. There may be an especially long delay from initial land and interconnection assessments to projects becoming late-stage, especially when we obtain permits directly from regulators and site control rights directly from prior rights holders under our primary permit development model. Between our initial investments in the development of permits for solar power projects and their connection to the transmission grid, there may be adverse developments to such solar power projects. Furthermore, we may not be able to obtain all of the permits as anticipated, permits that were obtained may expire or become ineffective or we may not be able to obtain financing as anticipated. In addition, the timing gap between our upfront investments and actual generation of revenue, or any added delay in between due to unforeseen events, could put strains on our liquidity and resources, and materially and adversely affect our profitability and results of operations.

Our ability to transmit and sell the electricity generated from the solar power projects operated by us relies on the grid connection, dispatch agreements, PPAs and other contractual agreements.

We sell electricity generated from our operated solar power projects, mainly in China. Before developing a solar power project for our IPP business, we have to obtain the relevant local governmental 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.

In China, we can sell the electricity in gross metering or net metering. Under gross metering, electricity is sold to The State Grid Corporation of China, or the State Grid, an enterprise which constructs and operates power grids and is a pilot state holding company approved by the State Council of China to carry out state-authorized investment. Under the net metering, we first sell the electricity to non-State Grid power purchasers and the remaining unpurchased electricity to the State Grid. Before we can supply the electricity to our power purchasers, we are required to enter into the grid connection and dispatch agreements with the grid providers and energy management contracts, or EMCs, including PPAs with the power purchasers. Grid connection and dispatch agreements generally have terms of 1 to 5 years and are, in practice, subject to renewal by the parties when original terms expire. The EMCs, which provide the terms and pricing of the sales and include the PPAs, are in 20 years and are subject to renewal by the parties when original terms expire. 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 grid providers on a new grid connection and dispatch agreements, 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 EMCs and PPAs. See also "□ We face a number of risks involving PPAs and project-level financing arrangements, including failure or delay in entering into PPAs, defaults by counterparties and contingent contractual terms such as price adjustment, termination, buy-out, acceleration or other clauses, all of which could materially and adversely affect our business, financial condition, results of operations and cash flows." In addition, if, for any reason, the grid providers 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 we cannot produce agreed electricity for reasons solely attributed to us, the agreed PPA/FIT prices may be reduced, results of operations could be materially adversely affected.

In China, all solar projects approved by the National Development and Reform Commission, or 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. Under gross metering, we receive a total FIT amount, which comprise an agreed electricity sales price from the State Grid and the government subsidies, for 20 years. Under net metering, we receive subsidies from the government and an agreed negotiated electricity sales price from the power purchasers. However, if we cannot produce electricity normally for a number of days for reasons solely attributed to us, the agreed PPA/FIT prices may be reduced and 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 transmission of electricity may be affected, and 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 a few days per year due to regular maintenance work. The grid providers will not usually compensate us 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.

Our growth prospects and future profitability depend to a significant extent on global liquidity and the availability of additional funding options with acceptable terms.

We require a significant amount of cash to fund the development, installation and construction of our projects and the operation of our solar power projects. 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 in order to remain competitive. Historically, we primarily obtained development loans, construction loans, project financing and capital market financing from financial institutions, fund investors globally, as well as financing lease companies in China. 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. 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.

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

- our future financial condition, results of operations and cash flows;
- the general condition of global equity and debt capital markets;
- regulatory and government support in the form of tax credits, rebates, FIT price support schemes and other incentives;
- the continued confidence of banks and other financial institutions in our company and the solar industry;
- economic, political and other conditions in the jurisdictions where we operate; and
- our ability to comply with any financial covenants under the debt financing.

In addition, rising interest rates could adversely impact our ability to secure financing on favorable terms and our cost of capital. Any additional equity financing may be dilutive to our shareholders and any debt financing may require restrictive covenants. We may not be able to obtain project financing or refinance our borrowings as they mature, or if the financing is available, the terms may not be acceptable to us. In the event that we are unable to obtain extensions of these borrowings or sufficient alternative financing at reasonable terms, we may not be able to repay such borrowings in full or at all when due, or fully execute our business plan. If we were to default on the repayment of these borrowings, we would not be able to continue our operations as a going concern. Moreover, future turbulence in global economic conditions and the potential impact on the liquidity of financial institutions may have an adverse effect on our ability to fund our operations and future expansion through borrowings or our ability to borrow on terms that we believe to be reasonable, or at all. Our ability to fund our operations, develop, construct and operate solar power projects or otherwise respond to competitive pressures could be significantly impaired and we may be unable to fully execute our business plan. Our operations, results of operations and growth prospects may also be materially and adversely affected if the global economic conditions worsen or do not improve.

Volatility or large decrease in the prices of solar power project may cause significant fluctuations or declines in our revenue.

The prices of special purpose vehicles which hold the ownership of our solar power projects, or project SPVs, and solar power projects are primarily based on the electricity revenue the projects can generate and the rate of returns. The electricity price may vary. See “□Decreases in the FIT price, public utility price or market discount rate could harm our revenue.” Investors may compare the rate of returns generated from the solar power projects with the rate of returns in the financing or investment markets. Any significant volatility or decreases in the electricity price or rate of return may decrease the prices of solar power projects which may subject us to major fluctuations or declines in our revenue.

Decreases in the FIT price, public utility price or market discount rate could harm our revenue.

Revenues generated from our IPP business are primarily from China. Under gross metering, the revenues we can receive are fixed at the FIT price which is set by the government. Under net metering, the prices we sell the electricity to the non-State Grid power purchasers are mainly at a market discount to the public utility rate. The market price of electricity can be subject to significant fluctuations and can be affected by drivers such as the cost of traditional fossil fuels used for electricity generation, the discovery of new fossil fuel sources, additional electricity generation capacity, additional electric transmission and distribution lines, technological or regulatory changes, increased energy conservation or for a number of other reasons. Any decrease in the FIT price, market discount rate or the public utility rate may negatively affect our results of operations.

EPC is subject to risks associated with fluctuations in the prices of solar modules and balance-of-system components or fluctuations in the costs of design, construction and labor.

EPC is part of the process during the solar power projects' development and construction. We may engage our in-house EPC team or engage external experienced and qualified EPC contractors to conduct and monitor the EPC process. Despite that, it is the market practice for us, as the developer, to procure the key components, such as solar modules and balance-of-system components. Design, construction, labor and installation costs incurred by our in-house EPC team or external EPC contracts may also vary. Any increase in the prices of solar modules or balance-of-system components or fluctuations in design, construction, labor and installation costs may increase our procurement cost for the key components or costs to engage external contractors and hence may materially and adversely affect our results of operations.

The reduction, modification, delay or elimination of government subsidies and economic incentives for on-grid solar power applications may reduce the profitability of our business and materially adversely affect our business.

We believe that the near-term growth of the market for on-grid applications continues to depend on the availability and size of government subsidies and economic incentives which can be influenced by various factors, such as national subsidy policy and the local desulphurized coal benchmark electricity price. If the reduction or elimination of government subsidies and economic incentives are not implemented prudently, such reduction or elimination may adversely affect the growth of this market or result in increased price competition, either of which could cause our revenues to decline.

When upfront system costs are factored into the cost of electricity generation, the cost of solar power substantially exceeds the cost of power generated from conventional means in many markets. As a result, national and local governmental bodies in many countries have provided subsidies and economic incentives in the form of FITs, rebates, tax credits and other incentives to end-users, distributors, system integrators and manufacturers of solar power products to promote the use of solar power and to reduce dependence on other forms of energy.

However, as the solar power industry continues to develop, these government subsidies and economic incentives have been reduced and could continue to be reduced or be eliminated altogether. For example, reductions in FIT programs in Germany have continued since 2014 and the government in China has issued various policies to control FIT for on-grid solar power projects since 2014. See "Item 4. Information on the Company—B. Business Overview—Regulation—China—Renewable Energy Law and Other Government Directives."

Although the solar power industry is currently moving towards the economies of scale necessary for solar power to become cost-effective in a non-subsidized market, any reduction, modification, delay or elimination of government subsidies and economic incentives for on-grid solar power applications could result in decreased demand and pricing of our solar power projects, which could materially and adversely affect our revenues and profitability.

Industry trends, in particular, limited interconnection capacity, will have a negative impact on our business and results of operations.

The solar industry is expected to continue to be highly competitive due to more new entrants to the solar project market and upstream solar manufacturing players moving to the downstream project business. Increasing solar generation capacity may result in continued interconnection capacity scarcity. If the industry continues to suffer from scarcity in interconnection capacity resulting in slowed market growth and potential regulatory curtailments, our business and results of operations would be materially and adversely affected.

Our future success substantially depends on our ability to closely monitor and accurately predict market demand. This exposes us to a number of risks and uncertainties.

We intend to closely match our solar power projects and electricity to the market demand for our products. Any failure to accurately predict market demand may result in our below-supply or oversupply of our solar power projects and electricity required to meet the market demand. Our ability to achieve a balance is subject to significant risks and uncertainties, including:

- the ability to maintain existing customer relationships, attract new customers and expand our market share;
- the ability to maintain a financially healthy level of liquidity, and to manage our liquidity if we are unable to obtain additional funds and/or refinance existing debt on commercially viable terms or at all;
- the occurrence of construction delays and cost overruns;
- the occurrence of industrial disturbances, which are more likely to arise when we suffer overcapacity and our workers are not fully employed, or when our suppliers are not paid in a timely fashion;
- the ability to install and test the solar system according to the agreed time schedule;
- the delay or denial of required approvals by relevant government authorities; and
- any significant diversion of management attention.

If we are unable to successfully respond to market demand, or if we fail to resolve any of the risks and uncertainties, we may be unable to expand our business, maintain our profitability and stay competitive. Moreover, even if we are able to manage our growth, we may be unable to secure sufficient purchase orders, which could adversely affect our business and operations.

Turbulence in global financial markets and economies may adversely affect the solar industry, the demand for solar project products, and our operating results, financial condition and liquidity.

Demand for solar project products is influenced by macroeconomic factors, such as global economic conditions, the supply and the prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies concerning the public utility industry. A decrease in prices of fossil fuels, for example, could reduce demand for alternative forms of energy, such as solar power. We are also affected by the market and industry trends. See “Item 3. Key Information □ D. Risk Factors □ Risks Related to Our Business.” We may be adversely affected by a volatile solar power market and industry conditions; in particular, the demand and prices for our solar power projects and electricity generated by our solar power projects may decline, which may reduce our revenues and profitability.”

There may still be substantial uncertainties in the global credit and lending environment. If the demand for solar power projects deteriorates due to these macroeconomic factors or solar market and industry trends, our liquidity and financial condition, including our ability to refinance maturing liabilities and access the capital markets to meet liquidity needs, and the liquidity and financial condition of our customers may be adversely affected. Such development would delay and lengthen our cash collection cycles and negatively affect our operating results. Additionally, our ADS price may decrease if investors have concerns that our business, financial condition and results of operations will be negatively affected by a global economic downturn.

We may be adversely affected by volatile solar power market and industry conditions; in particular, the demand and prices for our solar power projects and electricity generated by our solar power projects may decline, which may reduce our revenues and profitability.

Our business is affected by conditions in the solar project market and industry. In December 2016 and December 2017, the NDRC announced the reduction in FITs for utility-scale solar plants. The administration of U.S. President Donald Trump is also expected to have less favorable policies for industries engaged in clean energy. As a result, many solar power project developers and solar system installers, like us, were adversely affected and the financial condition weakened. In addition, decreases in prices of other energies, such as oil, electricity and wind power, may also negatively affect the demand for solar power projects. The solar industry is also expected to continue to be highly competitive due to more new entrants to the solar project market and upstream solar manufacturing players moving to the downstream project business. If the supply of solar projects grows faster than demand, and if governments continue to reduce financial support for the solar industry, impose trade barriers or impose curtailments in the solar industry, demand for our projects, as well as our average selling price, could be materially and adversely affected.

If solar power project technology is proven not suitable for widespread adoption, or if demand for solar power projects continues to lag behind their supply, our revenues may decline and we may be unable to achieve or sustain profitability.

The solar market is still in development and the extent of acceptance of solar power projects remains uncertain. Historical and current market data on the solar power industry are not as readily available as those for established industries where trends can be assessed more reliably from data gathered over a longer period of time. In addition, demand for solar power projects has not developed as fast as many market players have anticipated although the solar industry continues to experience lower costs, improved efficiency and higher electricity output. Many factors may affect the viability of widespread adoption of solar power projects technology and demand for solar power projects, including:

- cost-effectiveness, performance and reliability of solar power projects compared to conventional and other renewable energy sources and products; and the availability of grid capacity to dispatch power generated from solar power projects;
- success of other alternative energy generation technologies, such as wind power, hydroelectric power and biomass;
- environmental concerns related to solar power projects and other local permit issues;
- public perceptions of the direct and indirect benefits of adopting renewable energy technology;
- fluctuations in economic and market conditions that affect the viability of conventional and other renewable energy sources, such as increases or decreases in the prices of oil and other fossil fuels or decreases in capital expenditures by end-users of solar power projects;
- fluctuations in interest rates, which may affect the effective prices paid for solar power projects by end-users who rely on long-term loans to finance their purchases;
- the cost of capital and availability of credit, loans and other forms of financing for solar power projects;
- the availability of government subsidies and incentives to support the development of the solar industry;
- regulations and policies governing the electric utility industry that may present technical, regulatory and economic barriers to the purchase and use of solar energy; and
- deregulation of the electric power industry and the broader energy industry.

If solar power projects technology is proven not viable for widespread adoption or the demand for solar power projects fails to develop sufficiently, our revenues may suffer and we may be unable to sustain our profitability.

Concentration in a limited number of customers for the sale of our utility-scale projects may experience us to additional risks and significant fluctuations or declines in our revenues.

In our project development, we may sell our utility-scale projects only to utilities companies or grid system operators. Although most of our developed solar power projects are not utility-scale projects, concentration in a limited number of customers in this utility-scale project market may, among others, limit our ability to expose to other purchasers, reduce our power to negotiate the pricing terms and sales terms and rely on the payment from the governmental grid companies, which may cause fluctuations or declines in our revenues.

We may not be able to locate third party purchasers for our solar projects on a timely manner, or at all, or we may not be able to timely renew or replace expiring PPAs or other contractual arrangements.

Upon completing solar projects, we either sell them to our related parties or third-party purchasers or operate them. For those projects we intend to sell, if we are not able to locate third party purchasers and agree on a purchase and sales contract on terms and conditions favorable to us and in a timely manner, or at all, our business, financial condition and results of operations could be materially and adversely affected.

For those projects we intend to operate and generate electricity for sale, if we are not able to timely renew or replace expiring PPAs or other contractual arrangements, our business, financial condition, results of operations and cash flow could be materially adversely affected. See “—Our ability to transmit and sell the electricity generated from the solar power projects operated by us relies on the grid connection, dispatch agreements, PPAs and other contractual agreements.”

Limited number of purchasers of electricity generated by solar energy may expose us and our solar power projects to additional risk.

Transmission and distribution of electricity is either monopolized or highly concentrated in most jurisdictions, there are a limited number of possible purchasers for electricity generated by solar power in a given geographic location, including transmission grid operators, state and investor-owned power companies, public utility districts and cooperatives. As a result, there is a concentrated pool of potential purchasers for electricity generated by our solar power plants and projects, which may restrict our ability to negotiate favorable terms under new PPAs and could impact our ability to find new customers for the electricity generated by our generation facilities should this become necessary. Furthermore, if the financial condition of these grid companies, utilities and/or power purchasers deteriorates or government policies or regulations to which they are currently subject that compel them to source renewable energy supplies change, demand for electricity produced by our plants could be negatively impacted. In addition, provisions in our PPAs or applicable laws may provide for the curtailment of delivery of electricity for various reasons, including preventing damage to transmission systems, system emergencies, force majeure or economic reasons. Such curtailment would reduce revenues to us from PPAs. If we cannot enter into PPAs on terms favorable to us, or at all, or if the purchaser under our PPAs were to exercise its curtailment or other rights to reduce purchases or payments under such arrangements, our revenues and our decisions regarding development of additional projects in the energy segment may be adversely affected.

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

Although in some jurisdictions, the local governmental 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, or curtailment. If this happens, our revenues will be negatively impacted.

We may be exposed to credit risks of our customers. If the practice of requiring customers to make advance payments when they place orders with us declines, we will experience increased needs to finance our working capital requirements and are exposed to increased credit risk.

We have required our purchasers acquiring our solar power projects or project SPVs to make an advance payment of a certain percentage of their orders, a business practice that has helped us to manage our accounts receivable, prepay our suppliers and reduce the amount of funds that we needed to finance our working capital requirements. This practice of requiring our customers to make advance payments is in line with market trends. Any decline in this practice will pressure us to increase our working capital turnover or obtain additional financing to fund our working capital requirements. In addition, in our project development business, the normal practice is that purchasers make payments of purchase price in stages. In our IPP business, we will be paid monthly, bi-monthly, quarterly or half-yearly based on the agreements signed with the power purchasers. Any disruptions in the financial markets and other macroeconomic challenges which have affected the global economy may cause our customers to experience difficulties in making timely payment to us. Any inability of our customers to pay us timely, or at all, may materially and adversely affect our cash flows and operating results.

If we are unable to effectively manage risks related to international sales, our ability to expand our business abroad would be materially and severely impaired.

As we continue to expand our business internationally, our international business may expose us to a number of risks with respect to our international marketing, distribution and sales activities, including:

- fluctuations in currency exchange rates, such as exchange rate volatility between the Euro and the U.S. dollar and the Renminbi against the U.S. dollar;
- increased costs associated with maintaining marketing efforts in various countries;
- the increased cost of understanding local markets and trends and developing and maintaining an effective marketing and distribution presence in various countries;
- difficulty and costs relating to compliance with the different commercial, environmental and legal requirements of the overseas markets in which we offer our products;
- difficulty in engaging and retaining sales personnel who are knowledgeable about, and can function effectively in, overseas markets and manage the overseas operations;
- the difficulty of managing the development, construction and sale of our solar power projects on a timely and profitable basis as a result of technical difficulties, commercial disputes with our customers and changes in regulations, among other factors;
- the difficulty of providing customer service and support in various countries;
- any failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- differing regulatory and tax regimes across different markets;
- trade barriers, such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of solar modules and therefore raise the costs for our solar power projects and make us less competitive in some countries;
- protectionism on the rise, as evidenced by the decision of Great Britain to leave the European Union and the election of Donald Trump as the president of U.S., who has imposed tariffs on goods imported from China;
- failure to comply with international sanction laws, including the rules and regulations promulgated by the office of Foreign Assets Control of the U.S. Department of the Treasury;
- failure to control the increase of our operating expenses without a commensurate increase in our revenues as we hire additional sales and marketing personnel in connection with the expansion of our sales business; and
- any unanticipated changes in prevailing economic conditions and regulatory requirements.

If we are unable to effectively manage these risks related to international sales, our ability to expand our business abroad will be materially and severely impaired.

We conduct our business globally and are subject to global and local risks related to economic, regulatory, social and political uncertainties.

We conduct our IPP business and/or project development business in a number of countries, such as United States, Canada, China, Poland, Hungary, Spain, France, UK and Romania. Our business is therefore subject to diverse and constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate.

Conducting business in the international markets exposes us to a number of risks globally and in each of the jurisdictions where we operate, including, without limitation:

- economic and financial conditions, including the stability of credit markets, foreign currency controls and fluctuations;
- the supply and prices of other energy products such as oil, coal and natural gas in the relevant jurisdictions;
- changes in government regulations, policies, tax, subsidies and incentives, particularly those concerning the electric utility industry and the solar industry;
- complex regulations in numerous jurisdictions, including political risks, including risks of expropriation and nationalization of assets, potential losses due to civil unrests, acts of terrorism and war, regional and global political or military tensions, strained or altered foreign relations, and protectionism;
- compliance with local environmental, safety, health and other labor laws and regulations, which can be onerous and costly, as the magnitude, complexity and continuous amendments to the laws and regulations are difficult to predict and liabilities, costs, obligations and requirements associated with these laws and regulations can be substantial;
- dependence on governments, utility companies and other entities for electricity, water, telecommunications, transportation and other utilities or infrastructure needs;
- local corporate governance and other legal requirements;
- difficulties with local operating and market conditions, particularly regarding customs, taxation and labor; and
- failure of our contractual parties to honor their obligations to us, and potential disputes with clients, contractors, suppliers or local residents or communities.

To the extent that our business operations are affected by unexpected and adverse economic, regulatory, social and political conditions in the jurisdictions in which we have operations, we may experience project disruptions, loss of assets and personnel, and other indirect losses that could adversely affect our business, financial condition and results of operations.

We face risks related to health epidemics and other outbreaks.

Our business could be adversely affected by the effects of avian flu, severe acute respiratory syndrome, or SARS, swine flu or another epidemic or outbreak. From 2005 to present, there have been reports on the occurrence of avian flu, SARS or swine flu, including a few confirmed human cases and deaths. Any prolonged occurrence or recurrence of avian flu, SARS, swine flu or other adverse public health developments may have a material adverse effect on our business operations. Our operations may be affected by a number of health-related factors which could severely disrupt our operations, the sickness or death of our key officers and employees, and a general slowdown in the local or global economy.

Recently, there was an outbreak of a novel strain of coronavirus (COVID-19) in China, which has spread rapidly to most parts of the world. The epidemic has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities in China for the past few months. Most European countries and the United States soon after imposed mandatory quarantine and tightened travel restrictions. A growing number of states in the United States have implemented stay-at-home orders. In March 2020, the World Health Organization declared COVID-19 a pandemic.

Our results of operations will likely be adversely, and may be materially, affected, to the extent that COVID-19 or any other epidemic harms the global economy in general. Any potential impact to our results will depend on, to a large extent, future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by government authorities and other entities to contain COVID-19 or treat its impact, almost all of which are beyond our control. Our consolidated results for the first quarter of 2020 were adversely affected due to the delay in closing on the sale of two projects in Hungary which was scheduled in late March 2020. The sale was closed in April 2020 and revenue from the sale will be recognized in the second quarter of 2020. Because of the delay, we now expects revenue for the first quarter of 2020 to be in range from \$18 to \$20 million, which has been revised from the original range from \$30 to \$33 million. Due to the uncertainty surrounding the COVID-19 pandemic, the financial impact for our consolidated results for the full year 2020 cannot be reasonably estimated at this time.

In general, our business could be adversely affected by the effects of epidemics, including, but not limited to, COVID-19, avian influenza, severe acute respiratory syndrome (SARS), the influenza A virus, Ebola virus, severe weather conditions such as a snowstorm, flood or hazardous air pollution, or other outbreaks. In response to an epidemic or other outbreaks, government and other organizations may adopt regulations and policies that could lead to severe disruption to our daily operations. These severe conditions may cause us and/or our partners to make internal adjustments, including but not limited to, temporarily closing down businesses, suspending project construction, limiting business hours, and setting restrictions on travel for a prolonged period of time. The effects of a severe condition may cause business disruption, resulting in material, adverse impact to our financial condition and results of operations.

We operate in a highly competitive market and many of our competitors have greater resources than we do. We may not be able to compete successfully, and we may lose or be unable to gain market share.

The solar market is increasingly competitive and continually evolving, which may result in price reductions, reduced profit margins or loss of market share by us. Our primary competitors include local and international developers and operators of solar power projects in those markets. Some of our competitors may have integrated with upstream solar manufacturers and may have advantages over us in terms of greater operational, financial, technical, management or other resources in particular markets or in general. They may have longer operating histories, stronger market positions, larger development capabilities, operation skills, greater resources, better brand name recognition, better access to favorable prices, more established distribution networks and larger customer bases than we do. As a result, they may be able to devote greater resources to the research, development, promotion and sale of their products or respond more quickly to evolving industry standards and changes in market conditions than we can. We only started our solar power projects business in recent years. There is no guarantee that we can compete successfully in the markets where we currently operate or the markets we plan to enter in the future.

In addition, in certain of our markets, such as China, state-owned and private companies have emerged to take advantage of the significant market opportunity created by attractive financial incentives and favorable regulatory environment provided by the governments. State-owned companies may have stronger relationships with local governments in certain regions and private companies may be more focused and experienced in developing solar power projects in the markets where we compete. Accordingly, we need to continue to be able to compete against both state-owned and private companies in these markets.

Moreover, the key barriers to enter into our industry at present consist primarily of in-depth market knowledge, skilled personnel, consistent development capacity, access to capital resources and competitive cost structure. If these barriers disappear or become more easily surmountable, new competitors may successfully enter our industry. If we fail to compete successfully, our business would suffer, and we may lose or be unable to gain market share.

We also earn revenues from generation and sales of electricity. We believe that our primary competitors in these markets are the incumbent utilities companies which supply energy to our potential customers under highly regulated rate and tariff structures. We compete with these conventional utilities primarily based on price, predictability of price, reliability of delivery and the ease with which customers can switch to electricity generated by our solar power projects.

As the solar power and renewable energy industry grows and evolves, we will also face new competitors who are not currently in the market. Our competitors may also enter into strategic alliances or form affiliates with other competitors to our detriment. Suppliers or contractors may merge with our competitors which may limit our choices of contractors and hence the flexibility of our overall project execution capabilities. There can be no assurance that our current or potential competitors will not offer solar power projects or services comparable or superior to those that we offer at the same or lower prices or adapt more quickly than we do.

We also face 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 reduce our market share, negatively affect our ability to develop and finance our projects and negatively impact our results of operations.

We operate in a highly competitive market. Increased competition may result in price reductions, reduced profit margins and loss of market share. Our market position depends on our financing, development and operation capabilities, reputation, experience and track record. Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors in the solar power industry, as well as the other renewable energy companies and non-renewable power companies, will limit our growth and will have a material adverse effect on our business and prospects.

Our limited operating history in solar power projects business may not serve as an adequate basis to judge our future prospects and results of operations.

We started our solar power project development business in 2012. We started our IPP business and started to sell electricity in 2013. See “Item 4. Information on the Company—B. Business Overview—Our Solar Power Projects” for details of our solar power projects. Our historic track record of selling solar power projects or electricity may not be a reliable indicator of our performance and period-to-period comparisons of our operating results and our results of operations for any period should not be relied upon as an indication of our performance for any future period. In particular, our results of operations, financial condition, and future success depend, to a significant extent, on our ability to continue to identify suitable sites, obtain required regulatory approvals, arrange financing from various sources, construct solar power projects in a cost-effective and timely manner, expand our project pipeline and manage and operate solar power projects that we develop. If we cannot do so, we may not be able to expand our business at a profit or at all, maintain our competitive position, satisfy our contractual obligations, or sustain growth and profitability.

Our project operations may be adversely affected by weather and climate conditions, natural disasters and adverse work environments.

Solar power projects depend on the amount and intensity of sunlight, which is affected by weather and climate conditions. Any change of such conditions in the areas we operate that reduces solar radiation will adversely affect our business and results of operations. In addition, we may operate in areas that are under the threat of floods, earthquakes, landslides, mudslides, sandstorms, drought, or other inclement weather and climate conditions or natural disasters. If inclement weather or climatic conditions or natural disasters occur in areas where our solar power projects and project teams are located, project development, connectivity to the power grid and the provision of O&M services may be adversely affected. In particular, materials may not be delivered as scheduled and labor may not be available. As many of our solar power projects are located in the same region, such solar power projects may be simultaneously affected by weather and climate conditions, natural disasters and adverse work environments.

During periods of curtailed activity, we may continue to incur operating expenses. We may bear some or all of the losses associated with such unforeseen events. Moreover, natural disasters which are beyond our control may adversely affect the economy, infrastructure and communities in the countries and regions where we conduct our business. Such conditions may result in personal injuries or fatalities or have an adverse effect on our work performance, progress and efficiency or even result in personal injuries or fatalities.

Seasonal variations may influence our results of operations.

Changes in climate, geography, weather patterns, and other phenomena in the regions where we operate may significantly affect our business. For example, solar power projects depend on the amount and intensity of sunlight, which is affected by weather and climate conditions. As a result, our electricity generation and amount of electricity sold and therefore the revenue generated from our IPP business tend to be higher during periods or seasons when there is more irradiation. Seasonal variations could adversely affect our results of operations and make them more volatile and unpredictable.

We are subject to counterparty risks under our FIT price support schemes and PPAs.

As an IPP, we generate revenue from the sale of electricity primarily pursuant to FIT price support schemes or PPAs, which subject us to counterparty risks with respect to regulatory regimes. Relevant regulatory authorities may retroactively alter their FIT price support regimes in light of changing economic circumstances, changing industry conditions or for any number of other reasons. If the relevant government authorities, the local power grid companies or other counterparties or responsible parties do not perform their obligations under the FIT price support schemes and PPAs and we are unable to enforce our contractual rights, our results of operations and financial condition may be materially and adversely affected.

Any disputes with our project affiliates' other equity owners may adversely affect our business.

Due to the regulations in Canada, we can only hold less than 50% of the equity interests in certain projects, with the majority equity interests held by project affiliates. We do not have control over the management and strategy with respect to solar power projects controlled by these project affiliates.

Our ability to direct the actions of or influence the decisions in relation to these affiliates or the solar power projects held by them is dependent on a number of factors, including reaching an agreement with other stakeholders with respect to certain decisions, our rights and obligations under the relevant stakeholders' agreements and the decision-making process by the board of directors or other governing bodies.

We may not successfully engage business partners that are reliable and capable. In addition, in the course of cooperation, our business partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions or make requests contrary to our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant cooperative arrangements, including their obligation to make the required capital contribution; or
- experience financial difficulties.

In particular, if our affiliates' other equity owners decide to secure permits, EPC or O&M services from other parties or otherwise take any action that may not be in our best interest or fail to perform their respective obligations or otherwise breach the terms and conditions of the governing agreements, it could have an adverse effect on our business, financial condition and results of operations. In addition, a dispute may arise with our current or future affiliate's other equity owners and cause the loss of business opportunities or disruption to or termination of the relevant solar power projects. Such dispute may also give rise to litigation or other legal proceedings, which will divert our management's attention and other resources. In the event that we encounter any of the foregoing problems, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to numerous laws and regulations at the national, regional and local levels of government in the areas where we do business. Any changes to these regulations and policies may present technical, regulatory and economic barriers to the purchase and use of solar projects and solar electricity, which may significantly reduce demand for our products and services or otherwise adversely affect our financial performance.

We conduct our business internationally and are subject to a variety of laws and regulations, some of which may conflict with each other and all of which are subject to change, including energy regulations, tax laws and regulations, environmental regulations, labor laws and other government requirements, approvals, permits and licenses.

In countries where we do business, the market for solar power projects and solar electricity is heavily influenced by national, state and local government regulations and policies concerning the electric utility industry, as well as policies disseminated by electric utilities. These regulations and policies often relate to electricity pricing and technical interconnection of customer-owned electricity generation, and could deter further investment in the research and development of alternative energy sources as well as customer purchases of solar power technology, which could result in a significant reduction in the potential demand for our solar power projects and solar electricity.

Changes in applicable energy laws or regulations, or in the interpretations of these laws and regulations, could result in increased compliance costs or the need for additional capital expenditures. If we fail to comply with these requirements, we could also be subject to civil or criminal liability and the imposition of fines. Further, national, regional or local regulations and policies could be changed to provide for new rate programs that undermine the economic returns for both new and existing projects by charging additional, non-negotiable fixed or demand charges or other fees or reductions in the number of projects allowed under net metering policies. National, regional or local government energy policies, law and regulation supporting the creation of wholesale energy markets is currently, and may continue to be, subject to challenges, modifications and restructuring proposals, which may result in limitations on the commercial strategies available to us for the sale of our power.

Regulatory changes in a jurisdiction where we are developing a project may make the continued development of the project infeasible or economically disadvantageous and any expenditure we have made to date on such project may be wholly or partially written off. Any of these changes could significantly increase the regulatory related compliance and other expenses incurred by the projects and could significantly reduce or entirely eliminate any potential revenues that can be generated by one or more of the projects or result in significant additional expenses to us, our offtakers and customers, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

We may also face regulatory risks imposed by various transmission providers and operators, including regional transmission operators and independent system operators, and their corresponding market rules. These regulations may contain provisions that limit access to the transmission grid or allocate scarce transmission capacity in a particular manner, which could materially and adversely affect our business, financial condition, results of operations and cash flows.

We are also subject to the Foreign Corrupt Practices Act of 1977, or the FCPA, and other anti-bribery and anti-money laundering laws in the United States and the countries in which we conduct our business. We face significant liabilities if we fail to comply with the FCPA and other anti-bribery and anti-money laundering laws. We may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. For example, in China, we enter into PPAs with local subsidiaries of the State Grid to sell our solar electricity. In other countries where we develop, acquire or sell solar projects, we need to obtain various approvals, permits and licenses from the local or national governments. We can be held liable for the illegal activities of our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. Any violation of the FCPA and other applicable anti-bribery laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, which could have a material adverse effect on our business, financial condition, cash flows and reputation. In addition, responding to any enforcement action may result in the diversion of management's attention and resources, significant defense costs and other professional fees.

We may fail to comply with laws and regulations in the countries where we develop, construct and operate solar power projects.

The development and operation of solar power projects are highly regulated activities. We conduct our business in many countries and jurisdictions and are governed by different laws and regulations, including national and local regulations relating to building codes, taxes, safety, environmental protection, utility interconnection and metering and other matters. We also set up subsidiaries in these countries and jurisdictions which are required to comply with various local laws and regulations. While we strive to work with our local counsel and other advisers to comply with the laws and regulations of each jurisdiction in which we have operations, there may be instances of non-compliance, which may result in fines, sanctions and other penalties against the non-complying subsidiaries and its directors and officers. While we do not believe we have any instances of non-compliance, singularly or in the aggregate, that will have a material adverse effect on our business, financial condition or results of operation, we cannot assure you that instances of non-compliance will not occur in the future which may materially and adversely affect our business, financial condition or results of operation.

In order to develop solar power projects we must obtain a variety of approvals, permits and licenses from various authorities. The procedures for obtaining such approvals, permits and licenses vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standards. Failure to obtain the required approvals, permits or licenses 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 our business or solar power projects may result in significant additional expenses. We cannot assure you that we will be able to promptly and adequately respond to changes of laws and regulations in various jurisdictions, or that our employees and contractors will act in accordance with such laws. Failure to comply with laws and regulations where we develop, construct and operate solar power projects may materially and adversely affect our business, results of operations and financial condition.

Restrictive covenants and undertakings under our project financing arrangements and loan arrangements may limit the manner in which we operate and an event of default under the loan may adversely affect our operations.

We obtain financing from financial institutions and fund investors globally, as well as financing lease companies in China. These financing arrangements contain certain restrictive covenants that limit our ability to, among other things, (i) dispose of or provide guarantees, pledges or mortgages on our operating assets in any manner that will increase risk to the lenders, (ii) repay shareholders loans or loans from our related parties, (iii) distribute dividends to shareholders, (iv) enter into other financial obligations to third parties, (v) transfer shares, (vi) make investments, and (vii) take part in any mergers or acquisitions. For more information, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources.” With our expansion into the downstream solar power projects business, we may continue to incur additional development loans, construction loans and project financing in connection with the solar power projects. Any breach by us of the various undertakings and covenants in our existing or future financing arrangements may give such lenders the right to demand immediate repayment of the outstanding loan amounts. We cannot assure you whether we will be subject to, or be able to fulfill, such undertakings in the future. Any failure to maintain any of the above covenants or undertakings could result in an acceleration of obligations under the facility agreements, which would have a material adverse effect on our business. In addition, the breach of any of the covenants and undertakings in any loan agreement may trigger the cross-default provisions in substantially all of our financing arrangements and/or the cross-acceleration provisions in some of those financing arrangements, thereby giving the lenders the right to accelerate our loan repayment obligations. As a result, we are limited in how we conduct our business and may be unable to engage in certain business activities or finance our future operations or capital needs.

Failure by our suppliers in supplying us with solar modules, balance-of-system components and other key components needed for our solar power projects in a timely manner, at a favorable price, or with the quantity or quality we require may materially and adversely affect our financial condition and results of operations.

Any failure by our suppliers in supplying us with solar modules, balance-of-system components and other key components needed for our solar power projects in a timely manner and with the quantity or at the level of pricing we require may adversely and materially impact our ability to fulfill our obligation in producing and delivering solar power projects to our purchasers in accordance with the contracts we entered into with such customers. From time to time, we may be involved in negotiations and disputes with certain suppliers that supply us with solar modules, balance-of-system components and key components needed for our solar power projects with quality defects or regarding quantity and price. Any negotiation or litigation arising out of the disputes with the suppliers could distract management from the day-to-day operation of our business subjects us to potentially significant legal expenses, the forfeiture of our advance payments to our suppliers and interruption of our project development and operations, which could materially and adversely affect our business and results of operations.

Our advance payments to our suppliers expose us to the credit risk of such suppliers, which may materially and adversely affect our financial condition and results of operations.

We typically made advance payments in connection with our procurement agreements for our solar power project business. To the extent that there is collateral and/or security attached to the advance payments, it is uncertain whether the advance payment can be repaid in full upon enforcement on such collateral or security. Any litigation arising out of disputes relating to such prepayments could subject us to potentially significant legal expenses, distract management from the day-to-day operation of our business and expose us to risks for not being able to collect damages awarded to us, all of which could materially and adversely affect our financial condition and results of operations.

We may not be able to recover such advance payments and would suffer further losses if any supplier fails to fulfill its delivery obligations under its supply contract, which would include failure to provide sufficient quantity of materials of such quality as specified in the contract or if a supplier's stock price becomes less than the price agreed to settle to our claim. Claims by us for advance payments or other supplier obligations under the supply contracts in the future may potentially expose us to the credit risks of the suppliers and other market risks and therefore materially and adversely affect our financial condition and results of operations.

Future acquisitions, investments or alliances may have an adverse effect on our business.

If we are presented with appropriate opportunities, we may make additional investment into our solar power projects, or acquire or invest in businesses or assets that are strategically important to our business or form alliances with key players in the solar power industry to further expand our business. Such acquisitions and investments could expose us to potential risks, including risks associated with the assimilation of new operations, technologies and personnel, unforeseen or hidden liabilities, the inability to generate sufficient revenue to offset the costs and expenses of acquisitions and potential loss of, or harm to, our relationships with employees, customers and suppliers as a result of the integration of new businesses. We may not be able to maintain a satisfactory relationship with our partners or handle other risks associated with future alliances, which could adversely affect our business and results of operations. Investments in new businesses may also divert our cash flow from servicing our debt and making necessary capital expenditures. In addition, we may incur impairment losses on our acquisitions and investments in equity securities.

We may lack sufficient experience in identifying, financing or completing large investments or acquisitions or joint venture transactions. Such transactions and the subsequent integration processes would require significant attention from our management. In addition, we may expand our business into international markets. In our international expansion, we may face economic, regulatory, legal and political risks inherent in having relationships, operations and sales in other jurisdictions, including challenges caused by distance and linguistic and cultural differences, as well as the potential for longer collection periods and for difficulty in collecting accounts receivable and enforcing contractual obligations. Expansion into new markets may also place significant additional burdens on our senior management and our sales and marketing teams. The diversion of our management's attention and any difficulties encountered with respect to the acquisitions, investments, alliances, expansion or in the process of integration could have an adverse effect on our ability to manage our business. Any failure to integrate any acquired or new businesses or joint ventures into our operations successfully and any material liabilities or potential liabilities of any acquired businesses or joint ventures that are not identified by us during our due diligence process for such acquisitions or investments could adversely affect our business and financial condition.

We may experience difficulty in achieving acceptable yields and product performance, or may experience production curtailments or shutdowns.

The technology for developing and operating solar power projects is continuously being modified in an effort to improve yields and product performance. Unsuccessful adoption of new processing technologies or malfunctions of the equipment or facilities used can lower yields or increase the silicon consumption rate, cause quality control problems, interrupt production or result in losses of products in process. We may also experience floods, droughts, earthquakes, power losses, labor disputes and similar events within or beyond our control that would affect our operations.

Any unplanned transmission line maintenance work with short notices from local electricity transmission line operators may suspend our project developments and operations and limit our ability to fulfill our commitments to customers on a timely basis. Although our technology and equipment are designed to minimize and eliminate the leakage of such waste, unexpected accidents may result in environmental consequences, production curtailments, shutdowns or reduced productions and even cause property damage, personal injury or loss of life. Any such event could result in civil lawsuits or regulatory enforcement proceedings, which in turn could lead to significant liabilities.

Advances in solar power project technology could render our projects uncompetitive or obsolete, which could reduce our market share and cause our sales and profit to decline. The solar market is characterized by evolving technology and customer needs. Some of our competitors may devise development technology that enables them to operate the solar power projects with higher quality than our products at a higher yield and lower cost. We will need to invest significant financial resources 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 our technology could cause our products to become uncompetitive or obsolete, which could reduce our market share and cause our revenues to decline. In addition, if we or our customers are unable to manage product transitions, our business and results of operations would be negatively affected.

Our business depends substantially on the continuing efforts of our executive officers and key employees, and our business may be severely disrupted if we lose their services.

Our future success depends substantially on the continued services of our executive officers and key employees. If any of our executive officers or key employees was unable or unwilling to continue in their present positions, we may be unable to replace them easily, in a timely manner, or at all. As such, our business may be severely disrupted, our financial conditions and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, suppliers, know-how and key professionals and staff members.

Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly technical personnel with expertise in the solar power industry. Since our industry is characterized by high demand and intense competition for talent, there can be no assurance that we will be able to attract or retain qualified technical staff or other highly skilled employees that we will need to achieve our strategic objectives. As our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the growing demands of our business. If we are unable to attract and retain qualified personnel, our business may be materially and adversely affected. In addition, it is typical in the solar industry for highly skilled employees to enter into employment agreements that contain strict non-competition provisions with their employers. If a dispute arises involving our employee, his or her former employer and us, such as a dispute over the violation of non-competition provision or other restrictive covenants, it could result in our loss of such key employee and adversely impact our operation and business. Any prolonged litigation may also result in substantial costs and diversion of resources and adversely impact our business and reputation.

Problems with the quality or performance of our developed solar power projects could result in increased costs, damage to our reputation and loss of revenues and market share.

In our project development business, substantially all of our purchasers may require us to provide retention money, performance bond or bank guarantee for a certain period of time to secure the quality and performance of our developed solar power projects. During the covered period of time, if any significant defects or efficiency problem arises from sold solar power projects, it may incur additional costs to us for providing remedial measures, divert the attention of our personnel from our operations and cause the retention money to be deducted or forfeited. Similarly, if we fail to maintain the consistent quality of our other solar power projects via effective quality control, it could also cause significant damage to our market reputation, reduce our product sales and market share and adversely affect our results of operations and business.

If we fail to maintain an effective system of internal controls, we may be unable to accurately report our financial results or prevent fraud and investor confidence and the market price of our ADSs may be adversely impacted.

We are subject to reporting obligations under the U.S. securities laws. The Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, adopted rules requiring every public company to include a management report on the effectiveness of such company's internal control over financial reporting in its annual report.

In connection with management's assessment of the effectiveness of our internal control over financial reporting for the year ended December 31, 2019, our management identified one material weakness in our internal control over financial reporting, and determined that as of December 31, 2019, our disclosure controls and procedures and our internal control over financial reporting were ineffective. See "Item 15 — Controls and Procedures." As a non-accelerated filer, we are not required to provide an attestation on the effectiveness of our internal control by our independent registered public accounting firm under the Sarbanes-Oxley Act or the requirements of the SEC promulgated thereunder. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or the PCAOB, a "material weakness" is a significant deficiency, or combination of significant deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects our ability to initiate, authorize, record, process, or report external financial data reliably in accordance with U.S. GAAP such that there is more than a remote likelihood that a misstatement of our financial statements that is more than inconsequential will not be prevented or detected by our employees.

The material weakness identified related to our lack of sufficient accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize and carry out key controls over the financial reporting process and to properly address complex accounting issues and to prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements. Although we have taken measures and plan to continue to take measures to remedy the material weakness, the implementation of these measures may not fully address the material weakness in our internal control over financial reporting, and we may not conclude that they have been fully remedied. The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that satisfies our reporting obligations.

In addition, during the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other material weaknesses and deficiencies in our internal control over financial reporting. In addition, our independent registered public accounting firm has not undertaken a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting. In light of the material weaknesses and control deficiencies that were identified as a result of the limited procedures performed, we believe it is possible that, had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional material weaknesses and control deficiencies may have been identified.

Our failure to correct these control deficiencies or our failure to discover and address any other control deficiencies could result in inaccuracies in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of our ADSs, may be materially and adversely affected. Moreover, ineffective internal control over financial reporting significantly hinders our ability to prevent fraud. We may also incur additional costs and use management and other resources in order to comply with Section 404 and remediate the material weakness.

If our operational internal control system fails to detect, prevent or remedy risks in our business as intended or if there is any misconduct by our employees in violation of our policies or applicable laws and regulations, our business, financial condition and results of operations could be materially and adversely affected, and our reputation could be severely damaged.

We maintain an operational internal control system consisting of an operational internal control department, a whistleblower hotline and other channels for internal reporting, and policies and procedures that are designed to monitor and control potential risk areas relevant to our business operations. However, due to the inherent limitations in the design and implementation of any operational internal control system, we cannot assure you that our operational internal control system will be able to identify, prevent and remedy all risks arising from our business activities as intended or otherwise effectively be implemented, monitored or managed by us. Moreover, we cannot guarantee all of our employees will act in compliance with our employee policies and be applicable laws and regulations. Any misconduct or violation by our employees could adversely affect our business and reputation or lead to regulatory sanctions being imposed against us or causing us to incur litigation costs.

In addition, starting from 2012, we began to expand our operations into the global energy efficient products and services business and downstream solar power projects. Since September 2017, after the business restructuring, we have transformed into a solar project developer and operator, a pure downstream player with robust pipeline projects around the world. Although we will continue to reassess and seek ways to improve upon our operational internal control system as necessary, the transformation of our business operations may give rise to additional operational internal control risks that are currently unknown to us, despite any efforts to anticipate such risks.

If our operational internal control system fails to detect risks in our business as intended or to be effectively implemented, monitored and managed, or if we fail to adopt new operational internal control procedures commensurate with our expanding business operations and impact of business restructuring, or if our employees fail to comply with our policies and applicable laws and regulations, our business, financial condition and results of operations could be materially and adversely affected, and our reputation could be severely damaged.

Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.

We rely primarily on trade secrets, employee contractual protections and other contractual restrictions to establish and protect our intellectual properties and proprietary rights. Nevertheless, these afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate to provide us with meaningful protection or commercial advantage. As a result, third parties may be able to use the technologies that we have developed and compete with us, which could have a material adverse effect on our business, financial condition or operating results. In addition, contractual arrangements, such as the confidentiality and non-competition agreements and terms between us and our personnel, afford only limited protection and the actions we may take to protect our trade secrets and other intellectual property may not be adequate. Our failure to protect our intellectual property and proprietary rights may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing the unauthorized use of proprietary technology can be difficult and expensive. In particular, the laws and enforcement procedures of the PRC and certain other countries are uncertain or do not protect intellectual property rights to the same extent as do the laws and enforcement procedures of the United States. We cannot assure you that we will not be involved in other intellectual property litigations that might adversely affect our results of operations and financial condition in the future. Litigation relating to our intellectual property might result in substantial costs and diversion of resources and management attention away from our business. 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 largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to solar power technology patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defense and assertion of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings against us could subject us to significant liabilities to third parties, including requiring us to seek licenses from third parties, to pay ongoing royalties or to pay monetary and punitive damages or subjecting us to injunctions that prohibit the manufacture and sale of our products or the use of our equipment. 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, which could result in losses and adversely affect our results of operations and reputation.

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

During the construction process of our solar power projects, we may generate noise, wastewater and gaseous and other waste. We are required to comply with all applicable regulations regarding protection of the environment. During our project development process, we often prepare environmental impact assessment reports as part of the permitting process. Once operational, our solar power projects do not generate industrial waste. We are in compliance with present environmental protection requirements in all material respects and have all material environmental permits necessary to conduct our business. However, if more stringent regulations are adopted in the future, the cost of compliance with these new regulations could be substantial. If we fail to comply with present or future environmental regulations, we may be required to pay substantial fines, suspend production or cease operations.

Increasing environmental concerns and climate change risks associated with fossil fuel-based power generation have created political momentum to implement strategies aimed at the reduction of emissions of carbon dioxide and certain other gases commonly referred to as “greenhouse gases.” Renewable energy sources such as solar power help address these environmental concerns, and governments around the world have implemented a variety of policy initiatives to accelerate the development and adoption of solar power. While passage of climate change legislation or other regulatory initiatives that regulate or restrict emissions of greenhouse gases may encourage use of solar power and accordingly increase demand for our projects and services, this could also cause us to incur additional direct costs in complying with any new environmental regulations during our development and construction processes, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that get passed on to us.

Cyber security risks and breaches could adversely affect our business and disrupt our operations.

We are subject to cyber security risks and may incur costs to minimize those risks. Cyber security breaches, such as unauthorized access, accidents, employee errors or malfeasance, computer viruses, computer hackings or other disruptions, could compromise the security of our data and infrastructure, thereby exposing such information to unauthorized access by third parties. Techniques used to obtain unauthorized access to, or to sabotage systems, change frequently and generally are not recognized until launched against a target. We may be required to expend significant capital and other resources to remedy, protect against or alleviate these and related problems, and we may not be able to remedy these problems in a timely manner, or at all. Any security breaches that occur could disrupt our operations, increase our security costs, or expose us to potential losses due to data corruption or information leakage, which could have a material adverse effect on our business.

Changes in the method for determining the London Interbank Offered Rate (“LIBOR”) and the potential replacement of LIBOR may affect our financial condition and results of operations.

The LIBOR benchmark has been subject to national, international, and other regulatory guidance and proposals for reform. In July 2017, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit rates for calculation of LIBOR after 2021. These reforms may cause LIBOR to perform differently than in the past and LIBOR may ultimately cease to exist after 2021 or be unsuitable to use as a benchmark. The consequences of any potential cessation, modification or other reform of LIBOR cannot be predicted at this time. Any new benchmark rate will likely not replicate LIBOR exactly, which could impact new credit facilities and derivative transaction entered into after 2021. We will need to negotiate with the commercial bank to determine an alternative reference rate for our credit facility agreement, which may perform differently than LIBOR. Any changes to benchmark rates could have an impact on our cost of funds and our access to the capital markets, which could impact our results of operations and cash flows.

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

As the insurance industry is still developing in China, the product liability insurance and business interruption insurance available in China offer limited coverage compared to that offered in many other countries. We currently maintain property insurance and machine damage insurance for all the projects we operate. We may also maintain other insurances, including commercial general liability insurance, public liability insurance, construction insurance, builder risks insurance, as well as key-man life insurance, director and officer liability insurance, from time to time depending on our financing needs. We do not maintain any insurance for business interruption. Any business disruption or natural disaster could result in substantial costs and a diversion of resources, which would have an adverse effect on our business and results of operations.

We are exposed to risks associated with product liability claims if the use of our solar power projects results in injury. We cannot predict whether product liability claims will be brought against us in the future or the effect of any resulting negative 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.

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 SEC 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, or 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, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission (the “CSRC”) and the Ministry of Finance of the People’s Republic of China (the “MOF”), which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the MOF in the United States and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC and the MOF to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. On April 21, 2020, the SEC and the PCAOB issued another joint statement reiterating the greater risk that disclosures will be insufficient in many emerging markets, including China, compared to those made by U.S. domestic companies. In discussing the specific issues related to the greater risk, the statement again highlights the PCAOB’s inability to inspect audit work paper and practices of accounting firms in China, with respect of their audit work of U.S. reporting companies.

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 ADSs 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.

Risks Related to Do Business in China

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

The development, construction and operation of solar power projects and the generation and sale of solar power are highly regulated activities. The activities in China are governed by different laws and regulations, including national and local regulations relating to renewable energy, urban and rural planning, building codes, safety, environmental protection, fire control, utility transmission, engineering and metering and related matters. We are required to obtain approvals, permits and licenses and we are subject to filings with the provincial and/or regional regulatory authorities, such as the NDRC. See “Item 4. Information on the Company□B. Business Overview□Regulation□China□Renewable Energy Law and Other Government Directives.” Any failure to obtain any 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.

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.

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

We have business and sales conducted in China. As the solar industry is highly sensitive to business and personal discretionary spending levels, it tends to decline during general economic downturns. Accordingly, our results of operations, financial condition and prospects are subject to a significant degree to economic, political and legal developments in China. China’s economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past decades, growth has been uneven across different regions and among various economic sectors of China. The PRC government has implemented various measures to encourage economic development and guide the allocation of resources. While some of these measures benefit the overall PRC economy, they may also have a negative effect on us. Furthermore, the PRC government may pass measures to tighten credit, including trade financing, available in the PRC market, which could materially impact our financing. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. As the PRC economy is increasingly intricately linked to the global economy, it is affected in various respects by downturns and recessions of major economies around the world, such as the recent financial services and economic crises of these economies. The various economic and policy measures the PRC government enacts to forestall economic downturns or shore up the PRC economy could affect our business.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although the PRC government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China are still owned by the state-owned enterprises. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Future actions and policies of the PRC government could materially affect our liquidity and access to capital and our ability to operate our business.

Uncertainties with respect to the PRC legal system could adversely affect us.

We are a holding company and we conduct our business primarily through our subsidiaries incorporated in China. These subsidiaries are generally subject to laws and regulations applicable to foreign investment in China. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since the late 1970s, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to us. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

Expiration of, or changes to, current PRC tax incentives that our business enjoys could have a material adverse effect on our results of operations.

Our solar project SPVs are currently eligible for corporate income tax incentives in China which granted them corporate income tax exemption for the first three years upon generating income and reduced corporate income tax rate at 12.5% for the next three years.

Under the Enterprise Income Tax Law and its relevant implementation rules promulgated by National People's Congress of China and State Council of China which took effect in 2008, enterprises organized under the laws of jurisdictions outside of China with their de facto management bodies located within China may be considered PRC resident enterprises and, therefore, subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The Implementing Regulation of the Enterprise Income Tax Law defines "de facto management body" as an establishment that exerts substantial overall management and control over the operation, personnel, financial affairs, assets and other aspects of the enterprise. Given the facts that we have operating subsidiaries in China and certain management teams are based in China as well, we may be deemed as a PRC tax resident enterprise and, therefore, subject to PRC enterprise income tax at the rate of 25% on our worldwide income except that the dividends we received from our PRC subsidiaries may be exempt from the enterprise income tax to the extent that such dividends are deemed as dividends among PRC resident enterprises. If our current tax benefits expire or otherwise become unavailable to us for any reason, our profitability may be materially or adversely affected.

In addition, all of our PRC subsidiaries are required to pay value added tax, or VAT, with respect to their respective gross sales proceeds.

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

We conduct our business in China through our subsidiaries. Our ability to make distributions or other payments to our shareholders depends on payments primarily from Renesola (Zhejiang) PV Power Co., Ltd. ("Renesola PV Power"). The payment of dividends by entities organized in China is subject to limitations. 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. However, subsequent to January 1, 2008, there had been no such dividend distribution to us since such earnings will permanently be used to reinvest to the PRC entities. Pursuant to the Foreign Investment Law of the People's Republic of China and the Company Law of the People's Republic of China, Renesola PV Power is also required to set aside at least 10% of its after-tax profit, if any, to fund certain statutory reserve funds until the accumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends. Renesola PV Power is also required to allocate a portion of its after-tax profits, as determined by its board of directors, to its discretion accumulation reserves, which may not be distributed to equity owners. In addition, when Renesola (Zhejiang) PV Power Co., Ltd. incurs debt on its own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us.

Under the Enterprise Income Tax Law, dividends payable by us and gains on the disposition of our shares or ADSs could be subject to PRC taxation.

Pursuant to the new PRC Enterprise Income Tax Law and its Implementing Regulation, which became effective on January 1, 2008, a 10% withholding tax applies to dividends, interests, rent or royalties payable by a foreign-invested enterprise, such as our PRC subsidiary, to any of its non-resident enterprises investors for PRC enterprise income tax purposes unless any such non-resident enterprise's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The British Virgin Islands, where our company was incorporated, does not have such a treaty with China. Thus, we expect that a 10% withholding tax will apply to dividends paid to us by our PRC subsidiaries if we are classified as a non-resident enterprise. Circular CaiShui [2008] No.1 jointly issued by the PRC State Administration of Taxation and Minister of Finance on February 22, 2008 further clarifies that dividends distributed by foreign-invested enterprise to foreign investors out of the profits generated before January 1, 2008 are still exempt from withholding tax even if they are paid after January 1, 2008. Our PRC entities' undistributed earnings, generated after January 1, 2008, will not be distributed to us since such earnings will permanently be used to reinvest to the PRC entities. Therefore, no dividend withholding tax was accrued.

Pursuant to the Notice on Widening the Scope of Application of Temporary Waiver for Withholding Income Tax for Overseas Investors Using Distributed Profits for Direct Investments (Cai Shui [2018] No. 102), for domestic direct investment by an overseas investor using distributed profits from domestic resident enterprises, the withholding tax could be deferred if certain criteria are satisfied and application procedures fulfilled.

We are incorporated in the British Virgin Islands. Under the new PRC Enterprise Income Tax Law and its Implementing Regulation, an enterprise established outside of the PRC with "de facto management bodies" within the PRC is considered a PRC resident enterprise. The Implementing Regulation defines the term "de facto management bodies" as "establishments that carry out substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties, etc. of an enterprise." Given that we have operating subsidiaries and certain management members in China, we may be considered a PRC resident enterprise. If we are determined to be a PRC resident enterprise following the "de facto management bodies" concept, our shareholders and ADS holders who are deemed non-resident enterprise may be subject to the new PRC Enterprise Income Tax Law at the rate of 10% upon the dividends paid by us or the gains on the disposition of our shares or ADSs; similarly, our noteholders who are deemed non-resident enterprise may be subject to the PRC Enterprise Income Tax Law at the rate of 10% upon the interest of the notes paid by us and the gains realized on the conversion, sale, exchange or redemption of such notes.

Fluctuations in exchange rates may have a material adverse effect on your investment.

Our sales in China are denominated in Renminbi, and our international sales are generally denominated in U.S. dollars, Euros, British pounds and other local currencies. Our costs and capital expenditures are largely denominated in Renminbi and foreign currencies, including U.S. dollars and Euros. Fluctuations in exchange rates could affect our net profit margins and could result in foreign exchange and operating gains or losses. In addition, our foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currencies.

The value of the Renminbi against the U.S. dollar, the Euros, British pounds and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. In the long term, Renminbi may further depreciate against U.S. dollar or other foreign currencies, depending on the market supply and demand with reference to a basket of currencies. It is difficult to predict how long this current situation may last and when and how it may change again.

In addition, although we have not received any dividend from our operating subsidiaries in China since 2008, we may receive such dividends in the future. Any significant depreciation of the Renminbi against the U.S. dollar may have a material adverse effect on our revenues and financial condition, and the value of, and any dividends payable on, our shares. For example, to the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us. As a proportion of our revenue is paid to us in Euros and British pounds, fluctuation between the Euros and the Renminbi as well as British pounds and the Renminbi may also have a material effect on our results of operations.

Restrictions on currency exchange may limit our ability to receive and use our revenues or financing effectively.

A portion of our revenues and expenses are denominated in Renminbi. If our revenues denominated in Renminbi increase or expenses denominated in Renminbi decrease in the future, we may need to convert a portion of our revenues into other currencies to meet our foreign currency obligations, including, among others, payment of dividends declared, if any, in respect of our shares or ADSs. Under China's existing foreign exchange regulations, our PRC subsidiary, Renesola PV Power is able to pay dividends in foreign currencies, without prior approval from State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, we cannot assure you that the PRC government will not take further measures in the future to restrict access to foreign currencies for current account transactions.

Foreign exchange transactions by Renesola PV Power under capital accounts continue to be subject to significant foreign exchange controls and require the approval of or registration with PRC governmental authorities or the institution being delegated. In particular, if Renesola PV Power borrows foreign currency loans from us or other foreign lenders, these loans must be registered with SAFE and if we finance by means of additional capital contributions, these capital contributions must be approved or registered by certain government authorities including the PRC Ministry of Commerce and the State Administration for Market Regulation, or their local counterparts, and registered with the bank as delegated by SAFE. These limitations could affect the ability of Renesola PV Power to conduct foreign exchange transactions in China and could affect our business and financial condition.

If we are required to obtain the prior approval of the China Securities Regulatory Commission for the listing and trading of our ADSs on the NYSE, we may face regulatory actions or other sanctions which may adversely affect our financial condition.

On August 8, 2006, six PRC regulatory agencies, including the CSRC, promulgated the Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investors that became effective on September 8, 2006 and were amended on June 22, 2009. This regulation, among other things, has provisions that purport to require that an offshore special purpose vehicle, or SPV, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures specifying documents and materials required to be submitted to it by SPVs seeking CSRC approval of their overseas listings.

We completed the listing of our ADSs on the NYSE in January 2008 and completed our follow-on offerings in June 2008, October 2009 and September 2013. We did not seek CSRC approval in connection with our initial public offering or our follow-on offerings. However, the application of this PRC regulation remains unclear with no consensus currently existing among the leading PRC law firms regarding the scope and applicability of the CSRC approval requirement. Our PRC counsel at the time of listing advised us that because we completed our restructuring for the initial public offering before September 8, 2006, the effective date of the new regulation, it was not and is not necessary for us to submit the application to the CSRC for its approval, and the listing of our ADSs on the NYSE did not require CSRC approval.

If the CSRC or another PRC regulatory agency subsequently determines that CSRC approval was required for the initial public offering or the follow-on offerings, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from our initial public offering and the follow-on offerings into the PRC or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs.

If the CSRC later requires that we obtain its approval, we may be unable to obtain a waiver of the CSRC approval requirements if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding this CSRC approval requirement could have a material adverse effect on the trading price of our ADSs.

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

In May 2013, SAFE issued the Notice regarding Printing and Distributing the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China and the Supporting Documents, or Notice 21, which provides detailed disclosure requirements and examination standards for SAFE registration of foreign investors (including overseas SPVs established by PRC residents) with respect to their establishment of foreign investment enterprises or projects in China.

In July 2014, SAFE released the Notice on Simplifying Certain Matters Related to the Foreign Exchange Administration Over the Overseas Investment and Financing and Roundtrip Investments by Domestic Residents Via Special Purpose Vehicles, or Notice 37.

According to these regulations, registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purpose of investment and financing by utilizing the domestic or overseas assets or equity they legally hold. PRC residents should register their initial foreign exchange at the time when they contribute their domestic or overseas assets and interests into the SPVs. Notice 21 imposes additional SAFE registration responsibilities for such SPVs' direct investments in China.

Moreover, as Notice 37 applies retroactively, PRC residents who had made capital contributions to SPVs based on their lawful domestic or overseas assets or interests but did not go through overseas investment foreign exchange registration formalities prior to the implementation of Notice 37 should provide their local SAFE branch with written explanations regarding their failure to do so, and the local SAFE branch will conduct registration retrospectively based on the principle of legality and reasonableness. For more details of Notice 37, see “Item 4. Information of the Company—B. Business Overview—Regulation—China—Regulation of Foreign Currency Exchange and Dividend Distribution—Dividend Distribution.”

We have urged our shareholders who are PRC residents to make the necessary applications and filings as required under these regulations. To our knowledge, our principal shareholders have completed the necessary filings as required under these regulations. In addition, according to rules issued by SAFE, if a PRC resident participates in any stock incentive plan of an overseas publicly-listed company, a qualified PRC domestic agent must, among other things, file on behalf of such participant an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan. We have made filings with the local SAFE branch of Jiashan County in connection with the options we granted to our PRC employees under our 2007 share incentive plan, as amended and restated in January 2009, August 2010, August 2012 and August 2016, or the 2007 share incentive plan, but were told that such registration is not required for now. We will make such filing and registration in accordance with the rules issued by SAFE if required by local SAFE branch. We attempt to comply and attempt to ensure that our shareholders who are subject to these rules comply with the relevant requirements. However, we cannot provide any assurances that all of our shareholders who are PRC residents will comply with our request to make or obtain any applicable registrations, amend the existing registrations or comply with other requirements required by Notice 37 or other related rules. The failure or inability of our PRC resident shareholders to make any required registrations or comply with other requirements may subject such shareholders to fines and legal sanctions and may also limit our ability to contribute additional capital into or provide loans to our PRC subsidiary, limit our PRC subsidiary’s ability to pay dividends or otherwise distribute profits to us, or otherwise adversely affect us.

Risks Related to Doing Business in International Markets Outside of China

Our business, prospects, financial condition, results of operations and cash flows may be adversely affected by developments that are beyond our control in other countries.

Our business, financial condition, results of operations and cash flows depend partially on the level of economic activity, government and foreign exchange policies and political and economic developments in our other principal targeted international markets outside of China, such as United States, Canada, Poland, Hungary, Spain, France, UK and Romania. Our business, revenues and prospects, as well as our financial condition, results of operations, cash flows and the market price of our ADSs, may also be materially and adversely affected by developments in international markets relating to inflation, interest rates, currency fluctuations, government subsidies, taxation, expropriation, as well as any protectionism, exchange control regulations, price and wage controls, social instability or other political, economic or diplomatic developments. We have no control over these conditions and developments which could adversely affect us and our business, financial condition, results of operations and cash flows or the price or market of our ADSs. See additional risks in “Item 3. Key Information□D. Risk Factors□Risks Related to Our Business.”

Risks Related to Our ADSs, Warrants and Shares

The market price for our ADSs may be volatile; the value of the warrants could be significantly affected by the market price of the ADSs and other factors.

The market price for our ADSs has been highly volatile and subject to wide fluctuations. During the period from January 29, 2008, the first day on which our ADSs were listed on the NYSE, until March 16, 2020, the market price of our ADSs ranged from \$0.85 to \$147.4 per ADS, after giving effect to the ADS Ratio Change. The market price of our ADSs may continue to be volatile and subject to wide fluctuations in response to a wide variety of factors including the following:

- actual or anticipated fluctuations in our operating results;
- our quarterly or annual earnings, or those of other companies in our industry;
- changes in financial estimates by securities research analysts or our ability to meet those estimates;
- changes in the economic performance or market valuations of other solar power companies;
- changes in investors’ and analysts’ perceptions of our industry, business or related industries;
- changes in accounting standards, policies, guidance, interpretations or principles;
- announcements by us or our competitors of new products, patent litigation, issuance of patents, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- technological breakthroughs in the solar and other renewable energy industries;
- reduction, modification, delay or elimination of government subsidies and other economic incentives for the solar power industry;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- potential litigation or administrative investigations;
- addition or departure of key personnel;
- fluctuations of exchange rates between the RMB and U.S. dollar, Euro or other foreign currencies;
- sales or anticipated sales of additional ADSs;
- release of lock-up or other transfer restrictions on our outstanding ADSs or shares or sales of additional ADSs;
- the operating and stock price performance of other comparable companies;
- general market conditions, fluctuations or other developments affecting us or our industry; and
- general economic conditions and conditions in the credit markets.

You should note that the stock prices of solar power companies have experienced wide fluctuations. Such wide market fluctuations may adversely affect the market price of our ADSs. The market price of the ADSs will likely continue to fluctuate in response to the factors discussed above, many of which are beyond our control.

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. Such fluctuations have occurred since 2008 and have affected the trading price of our ADSs. Continued market fluctuations may materially and adversely affect the market price of our ADSs.

Our existing principal shareholders have substantial influence over our company, and their interests may not be aligned with the interests of our other shareholders.

Mr. Xianshou Li, our previous chairman and previous chief executive officer, beneficially owned 37.7% of our shares as of March 31, 2020. As such, Mr. Li has substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. 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. For example, holders of a majority of our shares entitled to vote in a duly convened and constituted shareholders' meeting may pass a shareholders' resolution to issue preferred shares in one or more series and to fix the powers and rights of these shares, 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 existing shares. Preferred shares could thus be issued with terms that would delay or prevent a change in control or make removal of management more difficult. These actions may be taken even if they are opposed by our other shareholders and holders of our ADSs.

We may need additional capital and may sell additional ADSs or other equity, equity-linked or debt securities or incur indebtedness, which could result in additional dilution to our shareholders or increase our debt service obligations.

We require a significant amount of cash to fund our operations due to changed business conditions or other future developments, including any investments or acquisitions we may decide to pursue, and repay our outstanding debt. We may issue additional equity, equity-linked or debt securities, or obtain a credit facility for a number of reasons, including to finance our operations and business strategy, to satisfy our obligations for the repayment of existing indebtedness, or for other reasons. Any future issuances of equity securities or equity-linked securities could further dilute the interests of our shareholders and may materially adversely affect the price of our 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 ADSs. We also cannot be sure that we will not need to raise additional capital in the future as a result of continuing or worsening economic conditions or otherwise. Market conditions could require us to accept less favorable terms for the issuance of our securities in the future, which may result in the issuance of securities that have rights, preferences and privileges that are senior to those of the shares and ADSs. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Future issuances of shares or ADSs may adversely affect the price of the ADSs.

We may from time to time access the capital market to raise capital. In addition, we have reserved our shares and ADSs for the holders' exercise of our share options which are granted pursuant to our 2007 share incentive plan. All ADSs sold in our initial public offering and the follow-on offerings are freely transferable without restriction or additional registration under the Securities Act of 1933, as amended, or the Securities Act. The remaining ADSs outstanding after the initial public offering and the follow-on offerings are currently available for sale, subject to volume and other restrictions as applicable under Rule 144 and Rule 701 of the Securities Act. The issuance and sale of a substantial number of shares or ADSs, or the perception that such issuances and sales may occur, could adversely affect the market price of the shares or ADSs and impair our ability to raise capital through the sale of additional equity securities.

As a holder of our ADSs, you may not have the same voting rights as the holders of our shares and may not receive voting materials in time to be able to exercise your right to vote.

Holders of ADSs do not have the same rights as our shareholders and may only exercise the voting rights with respect to the underlying shares in accordance with the provisions of the deposit agreement. When a general meeting is convened, ADS holders may not receive sufficient notice of a shareholders' meeting to permit such holders to withdraw their shares to allow them to cast their vote with respect to any specific matter. If requested in writing by us, the depositary will mail a notice of such a meeting to ADS holders. In addition, the depositary and its agents may not be able to send voting instructions to ADS holders or carry out ADS holders' voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to ADS holders in a timely manner. 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. In addition, in your capacity as an ADS holder, you will not be able to call a shareholder meeting.

The depositary for our ADSs may give us a discretionary proxy to vote our shares underlying your ADSs if you do not give voting instructions, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if we asked for your instructions but the depositary does not receive your instructions by the cutoff date it sets, the depositary will give us a discretionary proxy to vote the shares underlying your ADSs as to all matters at the shareholders' meeting unless:

- we instructed the depositary we do not wish to receive a discretionary proxy;
- we informed the depositary that there is substantial opposition to the particular matter; or
- the particular matter would have a material adverse impact on shareholders.

The effect of this discretionary proxy is that if you do not give voting instructions, you cannot prevent the shares underlying your ADSs from being voted, except in the circumstances described above. This arrangement may make it more difficult for shareholders to influence the management of our company. Holders of our shares are not subject to this discretionary proxy.

You may not be able to participate in rights offerings and may experience dilution of your holdings as a result.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to ADS holders in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement for the ADSs, the depositary will not offer those rights available to ADS holders unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act or exempt from registration under the Securities Act with respect to all holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or underlying securities or to endeavor to cause such a registration statement to be declared effective. In addition, we may not be able to take advantage of any exemptions from registration under the Securities Act. Accordingly, in the event we conduct any rights offering in the future, the depositary may not make such rights available to holders of ADSs or may dispose of such rights and make the net proceeds available to such holders. As a result, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution in their holdings.

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

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

If a United States person is treated as owning at least 10% of our ADSs or shares, such person may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ADSs or ordinary shares, such person may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in the Company's group. Where the Company's group includes one or more U.S. subsidiaries, in certain circumstances we could be treated as a controlled foreign corporation and certain of our non-U.S. subsidiaries could be treated as controlled foreign corporations (regardless of whether we are or are not treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, whether or not we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. A failure to comply with these reporting obligations may subject a United States shareholder to significant monetary penalties and may prevent starting of the statute of limitations with respect to such shareholder's U.S. federal income tax return for the year for which reporting was due. We do not intend to monitor whether we or any of our non-U.S. subsidiaries are treated as a controlled foreign corporation or whether any investor is treated as a United States shareholder with respect to us or any of our subsidiaries or to furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult its own advisor regarding the potential application of these rules in its particular circumstances.

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

We will be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year if, applying applicable look-through rules, either (i) at least 75% of our gross income for such year is passive income or (ii) at least 50% of the value of our assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Based on the market price of our ADSs, the value of our assets, and the composition of our income and assets, we do not believe that we were a PFIC for our taxable year ended December 31, 2019, but there can be no assurances in this regard. The determination of PFIC status involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Accordingly, we cannot guarantee that the U.S. Internal Revenue Service, or IRS, will agree with any positions that we take or that we will not be treated as a PFIC for our taxable year ended December 31, 2019, the current taxable year or any future taxable year.

Changes in the composition of our income or composition of our assets may cause us to be or become a PFIC. The determination of whether we will be a PFIC for any taxable year may depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may depend upon the market price of our ADSs or shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2019, the current taxable year or one or more future taxable years.

If we are 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”) 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.”

You may face difficulties in protecting your interests, and your ability to protect your rights through the U.S. federal courts may be limited, because we are incorporated under British Virgin Islands law, conduct some of our operations in China and Europe, and some of our officers and directors reside outside the United States.

We are incorporated in the British Virgin Islands and conduct substantially all of our operations in China, United States and Europe through our wholly owned subsidiary in these regions. Some of our directors and officers reside outside of the United States, and some or all of the assets of those persons are located outside of the United States. As a result, it may be difficult or impossible for you to bring an original action against us or against these individuals in a British Virgin Islands or China court in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. It may also be difficult for you to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, some of whom are not residents of the United States and the majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the British Virgin Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. There is no statutory recognition in the British Virgin Islands of judgments obtained in the United States, although the courts of the British Virgin Islands will generally recognize and enforce a non-penal judgment of a foreign court of competent jurisdiction without retrial on the merits. It is uncertain whether such British Virgin Islands or PRC courts would be competent to hear original actions brought in the British Virgin Islands or the PRC against us or such persons predicated upon the securities laws of the United States or any state.

Our corporate affairs are governed by our memorandum and articles of association and by the BVI Business Companies Act, 2004 and common law of the British Virgin Islands. The rights of shareholders to take legal action against our directors and us, actions by minority shareholders and the fiduciary responsibilities of our directors to us under British Virgin Islands law are to a large extent governed by the common law of the British Virgin Islands. The common law of the British Virgin Islands is derived in part from comparatively limited judicial precedent in the British Virgin Islands as well as from the common law in England and other countries in the Commonwealth, which has persuasive, but not binding, authority on a court in the British Virgin Islands. The rights of our shareholders and the fiduciary responsibilities of our directors under British Virgin Islands law are not as clearly established as they would be under statutes or judicial precedents in the United States. In particular, the British Virgin Islands has no securities laws as compared to the United States and provides significantly less protection to investors. In addition, British Virgin Islands companies may not have standing to initiate a shareholder derivative action before the federal courts of the United States.

As a result of all of the above, our public shareholders may have more difficulties in protecting their interests through actions against our management, directors or major shareholders than would shareholders of a corporation incorporated in a jurisdiction in the United States.

Our ADSs may not comply with the minimum listing requirements of the NYSE and may therefore be subject to delisting if we are not able to regain compliance within the prescribed timeframe.

Our ADSs are currently listed on the NYSE. The NYSE has minimum requirements that a company must meet in order to remain listed on the NYSE. These requirements include maintaining a minimum average closing price of \$1.00 per share over a period of consecutive 30 trading days and an average market capitalization of not less than \$50 million over a 30 trading day period and stockholders' equity of not less than \$50 million. On November 7, 2016, we received a notice from the NYSE that the average closing price of our ADSs (prior to the ADS Ratio Change) was below the listing requirements. In order to bring the price of the ADSs into compliance with the listing requirements, we executed the ADS Ratio Change. As a result, effective from February 10, 2017, the number of our shares represented by each ADS has been changed from two shares to 10 shares. On March 1, 2017, we received a notice from the NYSE that a calculation of the average closing price of our ADSs for the 30-trading days ended February 28, 2017 indicated that the average closing price of our ADSs was above the minimum requirement of \$1.00 based on a 30-trading day average. Accordingly, we have resumed compliance with all NYSE continued listing requirements.

On July 26, 2017, we received another notice from the NYSE that the total market capitalization and the stockholders' equity were below the listing requirements. In order to regain compliance, we conducted a non-cash restructuring to dispose of substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer and solar module manufacturing, as well as the LED distribution business, such that we could dispose of our asset-heavy and debt-heavy businesses and focus on our asset-light and high-margin project business. The disposition was completed in September 2017. See "Item 7. Major Shareholders and Related Party Transactions" B. Related Party Transactions Transaction with our Chief Executive Officer and ReneSola Singapore Pte. Ltd." for details. On October 24, 2017, we submitted a business plan to the NYSE to demonstrate our plan to regain compliance within the continued listing requirements of the NYSE. On December 7, 2017, the NYSE accepted our business plan and recognized that we were trading at levels in excess of \$50 million average market capitalization. We resumed compliance with all NYSE continued listing requirements and the NYSE will continue to perform quarterly reviews during the 18 months from the date of the NYSE notice on July 26, 2017. On January 3, 2018, we provided the NYSE with an updated analysis of our third quarter 2017 progress and the plan submission and it was accepted by the NYSE on January 26, 2018.

On September 9, 2019, we received a notice from the NYSE again that we did not meet the NYSE's criteria for continued listing standard because the average closing price of the Company's ADSs was less than US\$1.00 per ADS over a consecutive 30-trading-day period. On October 1, 2019, we received a confirmation from the NYSE that we had regained compliance with continued listing standards after the average closing price for our ADSs for the consecutive 30-trading-day period ended September 30, 2019 exceeded US\$1.00.

We cannot assure you that we will maintain compliance with all the NYSE's continued listing requirements. If we were unable to regain compliance with the minimum share price within the prescribed timeframe or if we are unable to maintain compliance with any of the NYSE's continued listing requirements in the future, our ADSs would be subject to delisting. A delisting of our ADSs could negatively impact us by, among other things, reducing the liquidity and market price of our ADSs; reducing the number of investors willing to hold or acquire our ADSs, which could negatively impact our ability to raise equity financing; decreasing the amount of news and analyst coverage for us; and limiting our ability to issue additional securities or obtain additional financing in the future. By complying the NYSE's listing requirements will enable our business gains worldwide audience through NYSE's platform and improved reputation with potential customers.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Prior to our business restructuring in September 2017, the Company's business was initially operated through its former subsidiary ReneSola Zhejiang Energy Co., Ltd., whose predecessor Zhejiang Fengding Construction Material Machinery Manufacturing Co., Ltd., or Fengding Construction, was established as a limited liability company in the PRC in 2003. Following a series of share transfers, Fengding Construction was renamed as ReneSola Zhejiang Energy Co., Ltd. in June 2005 and commenced the solar power business in July 2005.

ReneSola Ltd was incorporated as a limited liability company in the British Virgin Islands on March 17, 2006. Our choice of the British Virgin Islands as the jurisdiction of incorporation was motivated in part by its relatively well-developed body of corporate law, various taxes and other incentives, and its acceptance among internationally recognized securities exchanges as a jurisdiction of incorporation for companies seeking to list securities on such exchanges. As we are a limited liability company under the laws of the British Virgin Islands, the liability of our shareholders to our company is limited to (i) any amount unpaid on a share held by the shareholder and (ii) any liability to repay a distribution by our company that was not made in accordance with the laws of the British Virgin Islands. Our principal executive offices are located at 3rd floor, 850 Canal St, Stamford, CT 06902, U.S.A.. Our telephone number is + 1 (347) 577-9055 x115. Our registered office is located at the offices of Harneys Corporate Services Limited, Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, VG1110, British Virgin Islands. Our agent for service of process in the United States is CT Corporation System, located at 111 Eighth Avenue, New York, New York 10011.

As of December 31, 2019, we conduct our business primarily through the following subsidiaries:

- **Renesola (Zhejiang) PV Power Co., Ltd.:** our wholly owned subsidiary incorporated in China in August 2017 to hold our Chinese subsidiaries.
- **Zhejiang ReneSola Investment Ltd.:** our subsidiary incorporated in China in February 2015 to engage in trading and investments in solar industry, as well as holding our project companies in China.
- **ReneSola New Energy S.à r.l.:** our wholly owned subsidiary incorporated in Luxembourg in March 2012 to engage in trading and investments in solar industry, as well as holding our solar power projects in Europe and Canada;
- **ReneSola Investment Management Ltd.:** our wholly owned subsidiary incorporated in the British Virgin Islands in December 2014 to engage in investments in solar industry, as well as holding our solar power projects;
- **Sichuan Bobo Electric Power Engineering Ltd.:** our wholly owned subsidiary incorporated in China in January 2017 to conduct EPC business;
- **ReneSola Consulting (Shanghai) Co., Ltd.:** our wholly owned subsidiary incorporated in China in August 2017 to engage in project management and technology support;
- **ReneSola Power Holdings LLC.:** our wholly owned subsidiary incorporated in the United States to engage in trading and investments in solar industry, as well as holding our solar power projects in the United States;
- **ReneSola Power Canada:** our wholly owned subsidiary incorporated in Canada in October 2017 to conduct solar power project development business;
- **Renesola Poksla sp. z o.o.:** our wholly owned subsidiary incorporated in Poland in July 2015 to conduct EPC business;
- **Renesola Szolgáltató és Kivitelező Kft.:** our wholly owned subsidiary incorporated in Hungary in December 2017 to conduct EPC business;
- **LUCAS EST S.R.L.:** our wholly owned subsidiary incorporated in Romania in September 2012 to operate our project in Romania;
- **ECOSFER ENERGY S.R.L.:** our wholly owned subsidiary incorporated in Romania in September 2012 to operate our project in Romania; and
- **Edison Oakapple Ltd.:** our wholly owned subsidiary incorporated in the United Kingdom in May 2015 to operate our project in UK.

For our organization structure as of the date of this annual report, see "Item 4. Information on the Company—C. Organizational Structure."

In January 2008, we and certain selling shareholders completed our initial public offering of 2,000,000 ADSs, representing 20,000,000 of our shares, on the NYSE. In June 2008, we completed a follow-on public offering of 2,070,000 ADSs, representing 20,700,000 of our shares, sold by us and certain selling shareholders. In October 2009, we completed another follow-on public offering of 3,100,000 ADSs, representing 31,000,000 of our shares, sold by us.

In March and April 2011, we completed an offering of \$200 million aggregate principal amount of convertible senior notes due in 2018. The convertible senior notes matured on March 15, 2018. In connection with the pricing of the notes, we entered into a capped call transaction and an additional capped call transaction, which cover, subject to customary anti-dilution adjustments, the number of ADSs underlying the option notes, with an affiliate of one of the initial purchasers of the notes, or the hedge counterparty. The carrying value of our convertible senior notes was \$26.1 million as of December 31, 2015. We repurchased all of the remaining outstanding convertible senior notes during the first quarter of 2016.

In September 2013, we completed a registered direct offering of 3,000,000 ADSs, representing 30,000,000 of our shares, and warrants to purchase up to 10,500,000 additional shares, representing 35% of warrant coverage in the offering, at approximate \$70 million before exercise of warrants. The warrants were exercisable immediately and expired in September 2017, four years from the date of issuance.

In September 2015, our board of directors authorized a share repurchase program under which we may repurchase up to \$20 million in aggregate value of our outstanding ADSs within 12 months ending September 2016 on the open market or in privately negotiated transactions. In September 2016, our board decided to extend the share repurchase program for another 12 months ending September 2017. As of December 31, 2017, we repurchased an aggregate of 441,906 ADSs, representing approximately 4,419,060 shares, on the open market for a total cash consideration of \$2.3 million. All of such repurchased shares were canceled as of December 31, 2017.

Our board of directors authorized the ADS Ratio Change in January 2017. Effective from February 10, 2017, the number of our shares represented by each ADS has been changed from two shares to 10 shares. For our ADS holders, this ADS Ratio Change had the same effect as a one-for-five reverse split. No new shares were issued in connection with the ADS Ratio Change. Our ADSs continue to be traded on the NYSE under the symbol "SOL." The ADS Ratio Change did not reduce any ADS holder's percentage ownership interest in us, except for minor adjustments that may result from the treatment of fractional ADSs. Proportionate voting rights and other rights and preferences of the ADS holders were not reduced by the ADS Ratio Change, subject to the treatment of fractional ADSs.

On July 26, 2017, we received a notice from the NYSE that the total market capitalization and the stockholders' equity were below the listing requirements. In order to regain the compliance, we conducted a non-cash restructuring to dispose of substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer and solar module manufacturing, as well as the LED distribution business, such that we could dispose of our asset-heavy and debt-heavy businesses and focus on our asset-light and high-margin project business. On October 24, 2017, we submitted a business plan to the NYSE to demonstrate our plan to regain compliance within the continued listing requirements of the NYSE. On December 7, 2017, the NYSE accepted our business plan and recognized that we were trading at levels in excess of \$50 million average market capitalization. We resumed compliance with all NYSE continued listing requirements and the NYSE will continue to perform quarterly reviews during the 18 months from the date of the NYSE notice on July 26, 2017. On January 3, 2018, we provided the NYSE an update analyzing our third quarter 2017 progress and the plan submission and it was accepted by the NYSE on January 26, 2018.

In September 2017, the disposition of substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer and solar module manufacturing, as well as the LED distribution business, was completed.

Prior to our business restructuring in September 2017, our capital expenditures were used primarily to optimize and maintain our Sichuan polysilicon factory, our cell and module manufacturing plant in Yixing, Jiangsu Province, to purchase production equipment, to acquire land-use rights for each of the plants and to build up our solar power product business and solar power projects business. After the completion of the business restructuring, our capital expenditures have been used primarily for our solar power projects business. For details of our capital expenditures, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Capital Expenditures."

In October 2019, we issued and sold to Shah Capital Opportunity Fund LP ("Shah") 100,000,000 newly issued ordinary shares at a price of US\$0.11 per Share, for a total consideration of US\$11.0 million. The newly issued shares are subject to a 180 day lockup period. Net proceeds from the transaction are intended to be used to expand our global project development activities.

B. Business Overview

After the completion of our business restructuring in September 2017, we have become a solar project developer and operator, a pure downstream player with robust pipeline projects around the world. We develop and sell solar power projects or sell project SPVs (project development business), and own and operate solar power projects and sell the electricity generated by our operated solar power plants (IPP business).

In 2019, we continued our multi-year transformation from money-losing equipment maker to money-making and asset-light solar project developer. We switched our long-term growth strategy from focusing on our traditional market in China to a global expansion roadmap. We now primarily focus on the promising markets in the United States and Europe. We already obtained a leading market share in Poland and Hungary, as well as some states in the United States such as Minnesota and New York. We moved our headquarters to Connecticut, the United States where our senior management team will be based going forward.

In addition, we successfully recruited a new management team with tremendous industry insights and experiences that we believe will contribute to our long-term growth following our global expansion strategy. We appointed Mr. Yumin Liu as the chief executive officer. Mr. Liu brings to us more than 20 years of experience in energy management, power generation and solar technology sectors. Before joining us, he was a highly successful and prominent executive at Canadian Solar Inc., a leading global manufacturer of solar photovoltaic modules and provider of solar energy solutions. We appointed Mr. Ke Chen as our chief financial officer. Mr. Chen has over 13 years of experience in the global capital markets, including vast investment experiences in solar industry in China. He is aligned with one of our largest shareholders, Shah Capital, and is highly incentivized to drive shareholder-friendly disclosure and outreach policies.

As of December 31, 2019, we completed 779 megawatts (“MW”) of solar power projects, including about 11 MW of new installations in China, 17 MW of ground mounted projects in Europe, 24 MW of utility-scale projects in the U.S, and 7MW of Fit projects in Canada in 2019. We were operating approximately 216 MW solar power projects globally as of December 31, 2019, including 172 MW in China, and recorded electricity generation revenue from these projects. As of December 31, 2019, we had 417 MW within the late-stage pipeline, including 193 MW in the United States, with commercial operation date, or COD, within 2020 and 2022, of which 30MW of the solar power projects were under construction.

Our net revenue from continuing operations decreased from \$103.0 million in 2017 to \$96.9 million in 2018 and increased to \$119 million in 2019. We recorded operating loss of \$1.0 million and net loss of \$11.7 million in 2019, compared to operating income of \$15.5 million and net income of \$5.1 million in 2018, and operating income of \$6.6 million and net income of \$34.5 million in 2017. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Overview of Financial Results—Net Revenue”.

Our Business

Our business primarily includes the sale of project SPVs or development and sale of solar power projects as a developer and the sale of electricity generated by the solar power projects operated by us as an IPP.

Project Development Business

We started our solar power project development business in 2012. We have recorded revenue from continuing operations from the sales of solar power projects since 2015. We have focused on small-scale DG projects, specifically commercial projects, with a few in small-scale utility projects and community solar gardens, in stable, mature, conservative country risk profile markets, including China, the United States, Canada, the United Kingdom, France, other developed countries with infrastructure upgrade needs, with attractive subsidies. See “□Our Sales and Customers.”

As a developer, we have two basic project development models.

- **Build-Transfer:** we develop and build, or contract out wholly or partially to another party to develop and build, the solar power projects, which will be sold and delivered after being connected on grid.
- **Project Rights Sale:** we involve in earlier development stages to secure land/roof with interconnection capacity and leverage the expertise of global project development teams to sell project rights at “notice to proceed,” or NTP, with attractive margin by selling project SPVs, which hold the early-to-late stage pipelines, before commencing the construction work of the solar power projects which we develop, acquire or develop jointly with other parties.

Besides the two basic models, we develop community solar gardens as developers and hold the community solar gardens through project SPVs. Prior to the delivery of the community solar gardens, SPVs enter into PPAs, which generally have a term of 20 years, with the power subscribers. After investors are found, we will sell the project rights, that is, the project SPV holding the community solar gardens, to the investors.

The prices of our solar power projects or projects SPVs are primarily based on the cash flow such projects can generate and the rate of returns. The cash flow can be affected by drivers such as electricity generation, electricity price (such as FIT or PPA), operating expenses, tax policy or a number of other reasons. Investors may compare the rate of returns generated from the solar power projects with the rate of returns in the financing or investment markets. See “Item 3. Key Information □ D. Risk Factors □ Risks Related to Our Business □ Volatility or large decrease in the prices of solar power project may cause significant fluctuations or declines in our revenue.”

Purchasers of our developed solar power projects normally pay the purchase price in stages. Substantially all of these purchasers may require us to provide retention money, performance bond or bank guarantee for a certain period of time to secure the quality and performance of our developed solar power projects. During the covered period of time, if any significant defects or efficiency problem arises from sold solar power projects, it may cause the retention money to be deducted or forfeited.

The project development business continues to be our important strategy for the foreseeable future.

IPP Business

We started our IPP business by owning and operating solar power projects in 2013 and selling electricity generated by these solar power projects in 2013. We have tried to build our business as an IPP to develop and operate DG projects in well-developed regions for high PPA/FIT users.

We primarily conduct our IPP business in China where we can sell electricity in gross metering or net metering. In China, our IPP portfolio is the solar power projects which we developed. Since 2016, we are building our in-house O&M team in China to operate and maintain our entire owned and operated IPP portfolio in China.

In China, NEA and NDRC published the Notice on the Pilot of Distributed Generation Traded in Markets (file 2017-1901) to establish electricity trading market for DG projects which are similar to virtual net metering and US community solar gardens, allowing the IPP one of following:

- to sell electricity to users directly, eligible for solar premium, and pay wheeling cost to the grid;
- to sell electricity indirectly where the grid operators will arrange the sales, eligible for solar premium, and pay only wheeling cost to the grid; or
- to sell electricity to the grid at national solar FIT price, and subtract corresponding transmission cost;

Under gross metering, except for grid parity/low pilot projects in areas with ample resource, good conditions and high market consumption, each solar project approved by the National Development and Reform Commission, or the NDRC, is eligible to receive an attractive fixed FIT which was determined by NDRC at the time when the project was filed for 20 years in principle and we expect our solar power projects to be long-term contracted assets. Therefore, except for grid parity/low pilot projects, we can sell all electricity generated by our gross metering projects to the State Grid and receive a total amount of FIT amount, which comprise an agreed electricity sales price from the State Grid and the subsidies from the government, for 20 years. Net metering is important to achieve grid parity. We develop and operate net metering DG projects in well-developed regions in China. Under net metering, we sell majority of the electricity to non-State Grid power purchasers at an agreed negotiated electricity sales price, which is usually at a market discount rate of the public retail rate, and then sell the remaining unpurchased electricity to the State Grid at a price based on the local desulphurized coal benchmark. Aside from the electricity sale, each KWh of electricity generated (sold to non-State Grid power purchasers or State Grid) will receive subsidies from the government. State Grid is an enterprise which constructs and operates power grids and is a pilot state holding company approved by the State Council of China to carry out state-authorized investment. The non-State Grid power purchasers are primarily commercial and industrial users. See “□Our Solar Power Projects.” The governmental subsidies in gross metering and net metering may be different. We have focused and will continue to focus on net metering projects with high equity return.

In our IPP business, power purchasers may pay us monthly, bi-monthly, quarterly or half-yearly based on the terms in the Energy Management Contract (EMCs) and PPAs. The EMCs, which, among others, provide the terms and pricing of the sales and include the PPAs, are long-term, generally 20 years with a possible 5 year extension. See “Item 3. Key Information□D. Risk Factors□Risks related to Our Business□Our ability to transmit and sell the electricity generated from the solar power projects operated by us relies on the grid connection, dispatch agreements, PPAs and other contractual agreements.”

As of December 31, 2019, we had more than 100 solar power projects in operation globally with an aggregate capacity of approximately 216 MW. See “□Our Solar Power Projects.”

Owning self-consumption DG projects is an attractive business model for us, as it generates very high margin recurring revenue. However, following our long-term transformation plan to be an asset-light project developer and our new global expansion strategy, we may strategically dispose our China DG assets depending on the market situation.

Operations and Maintenance Business

Since 2016, we have been building our Operations and Maintenance (“O&M”) team to operate and maintain all of our owned and operated IPP portfolios in China, Europe and the United States. We utilize customized software to monitor the performance and security of our solar power projects on a real-time basis. We maintain our solar power projects to maximize the utilization rate, rate of power generation and system life of our solar power projects.

In addition to the O&M services provided by our in-house O&M team, we also engaged third party contractors to operate and maintain substantially all of our solar power projects overseas. We are responsible for the maintenance of those projects and perform overall maintenance obligations. We subcontract certain specific O&M tasks such as security and repair to third party contractors who are on-call to deliver such services on demand. We generally require warranties for defects in materials or components and warranties for module capacity under normal testing conditions.

Engineering, Procurement and Construction Business

Our Engineering, Procurement and Construction Business (“EPC”) includes engineering design, procurement of solar modules, balance-of-system components and other components, and construction contracting and management. We may engage our in-house EPC team or engage external experienced and qualified EPC contractors to handle and monitor the EPC process for our developed projects. Despite that, as the developer, we may procure the key components, such as solar modules and balance-of-system components.

We typically enter into short-term contracts with our suppliers and contractors on project-by-project basis or project portfolio basis based on the market prices.

Engineering

Through engineering design, we aim to reduce the risks, reduce the costs and improve the performance of our solar power projects. The engineering design process includes the site layout and the electrical design as well as assessing a variety of factors to choose an appropriate technology and the modules and inverters in particular. In addition to relying on our in-house EPC team, we may engage independent third party EPC contractors to conduct and monitor this process.

Procurement

We procure solar modules and other key components for our developed solar power projects primarily by entering into short-term contracts to purchase at market prices. Suppliers of our solar modules and key components are primarily our related parties and third-party suppliers and contractors. Our purchasing decisions may take into consideration of technical specifications (including size, type and power output) bid price, warranty and insurance programs, spectral response, performance in low light, nominal power tolerance levels, degradation rate, technical support and the reputation of the supplier. We generally require warranties for defects in materials or workmanship for the components and a warranty for module capacity under normal testing conditions. Our in-house EPC team or external EPC contractors work in areas such as logistics, installation, construction and supervision. We maintain an updated list of qualified and reliable suppliers and third-party contractors with a proven track record with which we have established relationships. We choose our third-party suppliers and contractors through a bidding or quotation request process or through our affiliates or other cooperative arrangements with various manufacturers and contractors. The relevant departments of our local offices organize and collect bids/quotations, communicate with potential suppliers and contractors and coordinate with our local development teams to meet the local technical and legal requirements.

Construction

We engage third-party contractors for construction. We employ a number of measures to manage and monitor the performance of such contractors in terms of both quality and delivery time and to ensure compliance with the applicable safety and other requirements. For example, we generally have on-site supervisors and hold regular on-site meetings with the third-party contractors to monitor their work to ensure that projects progress according to schedule and adhere to quality standards. We also conduct periodic inspections to examine project implementation and quality standards compared to our project planning and prepare periodic reports for review and approval by the relevant departments in our corporate headquarters. If we identify any quality or progress issues which are attributable to the work of the third-party contractors, we will have further follow-up discussions with the third party contractors and monitor their rectification work.

We also require our third-party contractors for construction and installation to comply with applicable laws and regulations regarding work safety as well as our own production safety rules and policies. We examine and keep records of the production-related safety documentation and insurance policies of our third-party contractors. All production-related tools and equipment used by our third party contractors must be compliant with and certified by applicable regulatory standards. Our third-party contractors should also regularly provide their internal records relating to production safety (for example safety production training and safety inspections) to us, and we also conduct regular safety supervision and inspection on the third-party contractors.

Under our third-party contracting agreements, we are generally entitled to compensation if the third-party contractors fail to meet the prescribed requirements and deadlines under their contracting agreements. In general, our contractors require us to pay all of the contract price upon completion of the solar power projects and we require the contractor to provide a performance bond, which is usually for a period of one year to two years, in respect of the warranty obligations.

Commissioning and Warranties

When the EPC contractor notifies the regional solar power project team of on-grid operation, the regional solar power project team thoroughly tests each aspect of the solar power project. Commissioning tests generally include a detailed visual inspection of all significant aspects of the plant, an open circuit voltage test and short circuit current test prior to grid connection, and a direct-current test after connecting to the power grid. These tests are conducted in order to ensure that the plant is structurally and electrically safe and is sufficiently robust to operate as designed for the specified project lifetime. We have not experienced any material delays in construction or unsatisfactory workmanship with respect to our solar power projects. Following the commissioning, the solar power projects, which are intended for sale, will be handed over to the purchasers.

In addition to the warranties provided by the manufacturers of modules, balance-of-system components and other key components, EPC contractors also typically provide a limited warranty against defects in workmanship, engineering design, and installation services under normal use and service conditions for a period of time following the energizing of a section of a solar power plant or upon substantial completion of the entire solar power plant. In resolving claims under the workmanship, design and installation warranties, the new owner has the option of remedying the defect to the warranted level through repair, refurbishment, or replacement.

Our Solar Power Projects

We have built our business as project developer and have selectively owned high quality projects. We have focused on small-scale DG projects and community solar gardens with individual project size of 5 MW-25MW. Our competitive advantages lie in small-scale projects with high PPA/FIT price in diversified jurisdictions which we believe are of attractive return and will be the trend for the development of the industry. Geographically, we are currently taking a new global expansion roadmap and strategically switching from our traditional market in China to the promising markets in the United States and Europe.

Projects for Sale

As of December 31, 2019, we completed 779 MW of solar power projects, including 11 MW of new installations in China, 17 MW of ground mounted projects in Europe, 24MW of utility-scale projects in the U.S. and 7MW of Fit projects in 2018. We were operating approximately 216 MW solar power projects globally as of December 31, 2019, from which we recorded electricity generation revenue. In addition, we had a late-stage project pipeline with an aggregate capacity of approximately 417 MW in total and all these projects have a commercial operation date (“COD”) within 2020 and 2022.

As of December 31, 2019, we had 7 MW of completed projects in Canada, which was sold in the first quarter of 2020.

| Completed Projects for Sale | MW (DC) | Project Type | Status | Business Model |
|------------------------------------|----------------|---------------------|----------------|-----------------------|
| Canada | 7.0 | Ground Mounted | Ready for sale | Build-Transfer |
| | <u>7.0</u> | | | |

Operating Assets

As of December 31, 2019, we owned 216 MW of solar power projects globally in operation, including 172 MW of solar power projects in China, and generated 191.8 million kilowatt-hours, or kWh, of electricity from this IPP portfolio in China in 2019.

| Operating Assets | Capacity (MW) |
|-------------------------|----------------------|
| China DG | |
| - Zhejiang | 47.6 |
| - Henan | 56.4 |
| - Anhui | 31.6 |
| - Hebei | 17.2 |
| - Jiangsu | 12.8 |
| - Shandong | 2.0 |
| - Fujian | 4.4 |
| Total in China | <u>172.0</u> |
| Romania | 15.4 |
| United Kingdom | 4.3 |
| United States | 24.1 |
| Total | <u>215.8</u> |

Project Pipeline

Our solar power projects pipeline includes early- to mid-stage projects pipeline and late stage projects pipeline. Due to different processes of developing projects in various regions, our early- to mid-stage projects pipeline refers to projects that we have internally approved to commit operational or financial resources to develop, including projects that we have conducted internal studies and are bidding for, that we are developing the financing plans, or working to obtain external approval or permits for such projects, or that we have agreed on preliminary terms or entered into memorandum of understandings. Late-stage projects mainly refer to projects that we have the legal right to develop based on definitive agreements, including the projects held by project SPVs or joint ventured project SPVs whose controlling power belongs to us, or can be purchased by us once the late stage is reached.

As of December 31, 2019, we had late-stage project pipeline in the United States, Spain, France, Poland, Hungary and UK with an aggregate capacity of approximately 417 MW with estimated COD within 2020 and 2022, of which 30.1 MW are under construction.

The following table sets forth the information of our late-stage pipeline as of December 31, 2019 (excluding sold, ready for sale and delivered projects):

| Project Location | Project Pipeline (Late Stage) (MW) | Under Construction(MW) |
|------------------|------------------------------------|------------------------|
| USA | 193.4 | 15.0 |
| Poland | 19.0 | - |
| Hungary | 35.5 | 15.1 |
| France | 42.5 | - |
| Spain | 37.0 | - |
| UK | 90.0 | - |
| Total | 417.4 | 30.1 |

The following tables set forth our late-stage project pipeline by location:

United States

In the United States, as of December 31, 2019, we had in total of 193.4 MW late-stage projects, of which 70.9 MW were community solar projects in Minnesota and New York. Additionally, we have projects under development in Utah, Florida, and Maine. Meanwhile, we operate 24.1 MW of utility projects in North Carolina.

| Project Pipeline | Location | MW (DC) | Project Type | Status | COD / Sale | Business Model |
|------------------|--------------|--------------|-----------------|--------------------|------------|---------------------|
| Utah | UT | 9.2 | DG | Development | 2020 | Project Development |
| MN-VOS | MN | 16.9 | Community Solar | Development | 2020/2021 | Project Development |
| New York | NY | 39.0 | Community Solar | Development | 2020/2021 | Project Development |
| Florida | FL | 100.0 | TBD | Development | 2020 | Project Development |
| Maine | ME | 13.3 | TBD | Development | 2020/2021 | Project Development |
| MN 2.2 | MN | 15.0 | Community Solar | Under construction | 2020 | Build-Transfer |
| | Total | 193.4 | | | | |

Poland

In Poland, as of December 31, 2019, we had in total of 19 MW projects in our development pipeline, of which 7 MW were granted to us in the government auction in December 2019.

| Project Pipeline | Project Info | MW (DC) | Project Type | Status | Expected COD / Sale | Business Model |
|------------------|----------------------------------|-------------|----------------|-------------------|---------------------|----------------|
| Auction 2019 Dec | 19 individual projects, 1MW each | 19.0 | Ground mounted | Under development | 2020/2021 | Build-Transfer |
| | Total | 19.0 | | | | |

Hungary

In Hungary, we invest in small-scale DG projects. Our late-stage pipeline included multiple “micro projects,” which had an average size of 0.5 MW per project, totaling 35.5 MW. Of the late-stage projects, 15.1 MW are under construction and expected to be connected to the grid in the second quarter of 2020.

| Project Pipeline | Project Info | MW (DC) | Project Type | Status | Expected COD / Sale | Business Model |
|--------------------------|-----------------------------------|-------------|--------------|--|---------------------|----------------|
| Portfolio of “Micro PPs” | 0.5 MW _{AC} each project | 15.1 | DG | Under construction (Signed sales contract) | 2020 | Build-Transfer |
| Portfolio of “Micro PPs” | 0.5 MW _{AC} each project | 12.3 | DG | Ready to build | 2020 | Build-Transfer |
| Portfolio of “Micro PPs” | 0.5 MW _{AC} each project | 8.1 | DG | Under development | 2021 | Build-Transfer |
| | Total | 35.5 | | | | |

France

In France, as of December 31, 2019, we had a project pipeline of 42.5 MW, all of which were ground-mounted projects. One of these ground-mounted projects is a 30 MW solar park that we are developing with our strategic partner, Green City Energy.

| Project Pipeline | Location | MW (DC) | Project Type | Status | Expected COD / Sale | Business Model |
|----------------------|--------------|-------------|----------------|-------------------|---------------------|---------------------|
| SOLARPARK - Eguilles | France | 30.0 | Ground mounted | Under development | 2021/2022 | Project Development |
| Minjoulet | France | 5.0 | Ground mounted | Under development | 2021/2022 | Project Development |
| Les Termes | France | 4.5 | Ground mounted | Under development | 2021/2022 | Project Development |
| Les Toiras | France | 3.0 | Ground mounted | Under development | 2021/2022 | Project Development |
| | Total | 42.5 | | | | |

Spain

In Spain, as of December 31, 2019, we had a late-stage pipeline of 37 MW of ground-mounted projects primarily located in the Murcia and Algorfa regions.

| Project Pipeline | Location | MW (DC) | Project Type | Status | Expected COD / Sale | Business Model |
|------------------|---------------|-------------|----------------|-------------------|---------------------|----------------|
| Caravaca | Spain-Murcia | 6.0 | Ground Mounted | Under development | 2020/2021 | Build-Transfer |
| Altajero | Spain-Murcia | 6.0 | Ground Mounted | Under development | 2020/2021 | Build-Transfer |
| Castillo | Spain-Algorfa | 25.0 | Ground Mounted | Under development | 2021 | Build-Transfer |
| | Total | 37.0 | | | | |

U.K.

In the U.K., as of December 31, 2019, we had a late-stage pipeline of 90 MW of ground-mounted projects primarily located in Stratford and Derby.

| Project Pipeline | Location | MW (DC) | Project Type | Status | Expected COD / Sale | Business Model |
|-------------------------|-----------------|----------------|---------------------|-------------------|----------------------------|-----------------------|
| Stratford | UK | 47.0 | Ground Mounted | Under development | 2020/2021 | Project Development |
| Derby | UK | 43.0 | Ground Mounted | Under development | 2021 | Project Development |
| | Total | <u>90.0</u> | | | | |

Community Solar Gardens

As of December 31, 2019, we had community solar gardens in Minnesota with the capacity of approximately 71 MW. In 2019, we sold 21.1 MW of our Minnesota community solar gardens. Our community solar gardens in New York and Minnesota are currently in development.

Our Sales and Customers

We selectively pursue high quality and low-risk solar power project opportunities, especially DG projects, and have been building our new solar portfolio comprised of those projects. We focus on conservative risk portfolio countries and regions where the solar power project markets are growing rapidly and expected to have sustainable growth supported by favorable government policies, including United States, Poland, Hungary, Spain, France, Germany and U.K.

Our project development business is primarily focused in the United States, Poland, Hungary, Spain, France and UK. We sell our developed projects or project SPVs to purchasers, who primarily include large utility companies, other IPPs that desire to sell the electricity from the projects to local power suppliers or users, and global investors such as asset management funds, pension funds and tax equity investors. Our community solar gardens are the solutions for businesses, government entities, municipalities, schools, hospitals, residential customers, and people looking for saving money on their electricity costs. As of December 31, 2019, we had community solar gardens in development and/or under construction in the United States.

The solar power projects for our IPP business are primarily located in China. In China, we can sell the generated electricity in gross metering to the State Grid, or in net metering to the non-State Grid power purchasers first and the remaining unpurchased electricity to the State Grid. The State Grid is an enterprise which constructs and operates power grids and is a pilot state holding company approved by the State Council of China to carry out state-authorized investment. The non-State Grid power purchasers in the net metering are primarily commercial and industrial end users. Outside of China, we sell the generated electricity primarily to the local transmission grid companies, utility companies, government entities, municipalities, community and other commercial and industrial end users.

We have expanded our customer base beyond China. We have teams covering major solar power markets such as the United States, Canada, the United Kingdom, Poland, Hungary, France, Spain, Romania and Germany.

For the geographical distribution of our projects and the geographical revenues, see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Overview of Financial Results—Net Revenue—Geographical Distribution.”

Engineering, Procurement and Construction

EPC includes engineering design, procurement of solar modules, balance-of-system components and other components, and construction contracting and management. We may engage our in-house EPC team or engage external experienced and qualified EPC contractors to handle and monitor the EPC process for our developed projects. Despite that, as the developer, we may procure the key components, such as solar modules and balance-of-system components.

We typically enter into short-term contracts with our suppliers and contractors on project-by-project basis or project portfolio basis based on the market prices. For more details, see “Item 4. Information on the Company—B. Business Overview—Our Business—Engineering, Procurement and Construction Business.”

Operations and Maintenance

Since 2016, we have been building our Operations and Maintenance (“O&M”) team to operate and maintain all of our owned and operated IPP portfolios in China, Europe and the United States. We utilize customized software to monitor the performance and security of our solar power projects on a real-time basis. We maintain our solar power projects to maximize the utilization rate, rate of power generation and system life of our solar power projects.

In addition to the O&M services provided by our in-house O&M team, we also engaged third party contractors to operate and maintain substantially all of our solar power projects overseas. We are generally responsible for the maintenance of those projects and perform overall maintenance obligations. We subcontract certain specific O&M tasks such as security and repair to third party contractors who are on-call to deliver such services on demand. We generally require warranties for defects in materials or components and warranties for module capacity under normal testing conditions.

Intellectual Properties

We rely primarily on trade secrets, employee contractual protections and other contractual restrictions to establish and protect our intellectual properties and proprietary rights. See “Item 5. Operating and Financial Review and Prospects□C. Research and Development, Patents and Licenses, Etc.□Intellectual Property”. Nevertheless, these measures afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate to provide us with meaningful protection or commercial advantage. See “Item 3. Key Information□D. Risks Factors□Risks Related to Our Business□Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.”

Quality Control

We have a risk control team to conduct comprehensive market due diligence to identify solar projects that have projected internal returns that meet our standards. We have experienced and qualified engineering teams and engage external independent experienced qualified engineering to design the projects with technical specifications that provide for the quality and performance of our solar power plants. Solar modules used in our solar power projects are from our related parties or third party suppliers and have the certifications and meet test standards. We closely monitor and supervise construction contractors as part of the quality control process, who also typically provide warranties and performance guarantees for a period of time. Our O&M team and third party O&M service providers tests, checks and continuously monitors the quality and performance of our operating solar power projects. See also “□Engineering, Procurement and Construction” and “□Operations and Maintenance.”

Environmental, Social and Governance (ESG) Initiatives

We are committed to corporate social responsibility and meeting society’s changing needs despite the recent challenging economic environment. We are committed to supporting and participating in socially responsible projects that align with our core values and mission. We intend to make a difference in sustainability and environmental stewardship.

As of December 31, 2019, we completed around 800 MW projects. Our portfolio generated clean electricity about 1000 GWh/year, which reduced 700 thousand metric tons of CO2 emissions or was equal to removing 140 thousand passenger vehicles from the road.

As of December 31, 2019, we had 159 employees worldwide. We currently have two female directors on our board and two female VPs on our senior management team.

Competition

The solar market is highly competitive and continually evolving. There is increasing competition in the downstream solar business as traditional utility companies, solar manufacturers, state-owned companies, and financial institutions enter the market in midst of the existing local and international developers. We also face competition from other renewable energy companies and non-renewable power industries, including nuclear energy and fossil fuels such as coal, petroleum and natural gas. Our primary competitors include local and international developers and operators. As we broaden our solar power projects, we will encounter significant competition from both domestic and international markets.

Our failure to adapt to changing market conditions and to compete successfully with existing or new competitors in the solar power industry, as well as the other renewable energy companies and non-renewable power companies, will limit our growth and will have a material adverse effect on our business and prospects. See “Item 3. Key Information□D. Risk Factors□Risks Related to Our Business□We operate in a highly competitive market and many of our competitors have greater resources than we do. We may not be able to compete successfully and we may lose or be unable to gain market share.”

Seasonality

Changes in climate, geography, weather patterns, and other phenomena in the regions where we operate may significantly affect our business. For example, solar power projects depend on the amount and intensity of sunlight, which is affected by weather and climate conditions. As a result, our IPP electricity production and amount of electricity sold and therefore our IPP revenue tend to be higher during periods or seasons when there is more irradiation.

Environmental Matters

During our project development process, we often prepare environmental impact assessment reports as part of the permitting process. Our in-house EPC team and/or external EPC contractors monitor the EPC process and ensure the environmental compliance during the construction process. Once operational, our solar power projects do not generate industrial waste.

We are in compliance with present environmental protection requirements in all material respects and have all material environmental permits necessary to conduct our business. Our operations are subject to regulation and periodic monitoring by local environmental protection authorities. If we fail to comply with present or future environmental laws and regulations, we could be subject to fines, suspension of production or a cessation of operations.

Insurance

We maintain property insurance policies, including property all risk insurance and machinery breakdown insurance, with insurance companies covering our assets, equipment, facilities, buildings and building improvements. These insurance policies cover losses due to fire, explosion, flood and a wide range of other natural disasters. We also maintain commercial general liability insurance, including professional liability insurance to protect professional advice- and service-providing the company from bearing the full cost of defending against a negligence claim made by a customer, and damages awarded in a civil lawsuit and public liability insurance will protect our business from the claims made by third parties for injuries to the person, or damage to property caused as a result of our business activities all over the world, as well as construction insurance. We maintain key-man life insurance for our executive officers, and director and officer liability insurance for our directors and executive officers. We consider our insurance coverage to be in line with other companies of similar size in China. However, significant damage to any of our solar power projects, whether as a result of fire or other causes, could have a material adverse effect on our results of operation.

Regulation

Regulations in China

A description of the material government regulations on our business in China is summarized below:

Renewable Energy Law and Other Government Directives

In February 2005, China enacted its Renewable Energy Law, which became effective on January 1, 2006 and as amended in December 2009. The Renewable Energy Law sets forth policies to encourage the development and use of solar energy and other non-fossil energy. The renewable energy law sets out the national policy to encourage and support the use of solar and other renewable energy and the use of on-grid generation. It also authorizes the relevant pricing authorities to set favorable prices for the purchase of electricity generated by solar and other renewable power generation systems.

The law also sets out the national policy to encourage the installation and use of solar energy water-heating systems, solar energy heating and cooling systems, photovoltaic, or PV, systems and other solar energy utilization systems. It also provides the general principles regarding financial incentives for the development of renewable energy projects. The projects, as listed in the renewable energy industry development guidance catalogue, may obtain preferential loans from financial institutions and can enjoy tax preferences. The State Council is authorized to stipulate the specific tax preferential treatments. However, so far, no rule has been issued by the State Council pertaining to this matter. In January 2006, the NDRC promulgated two implementation directives under the Renewable Energy Law. These directives set out specific measures in setting prices for electricity generated by solar and other renewable power generation systems and in sharing additional expenses incurred. The directives further allocate the administrative and supervisory authorities among different government agencies at the national and provincial levels and stipulate the responsibilities of electricity grid companies and power generation companies with respect to the implementation of the Renewable Energy Law.

The PRC Ministry of Construction also issued a directive in June 2005, which seeks to expand the use of solar energy in residential and commercial buildings and encourages the increased application of solar energy in different townships. In addition, the State Council promulgated a directive in July 2005, which sets out specific measures to conserve energy resources.

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 April 1, 2008, the PRC Energy Conservation Law came into effect (subsequently revised on October 26, 2018). Among other objectives, this law encourages the utilization and installation of solar power facilities in buildings for energy-efficiency purposes.

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 April 16, 2009, the General Offices of the MOF and the PRC Ministry of Housing and Urban-Rural Development jointly issued the Guidelines for Declaration of Demonstration Project of Solar Photovoltaic Building Applications. These guidelines set the subsidy to be given in 2009 to qualified solar projects at no more than RMB20 per watt for projects involving the integration of solar components into buildings' structural elements and at no more than RMB15 per watt for projects involving the installation of solar components onto building rooftops and wall surfaces. In July 2009 and in March 2011, the MOF and the PRC Ministry of Housing and Urban-Rural Development jointly issued the Implementation Plan for Demonstration Cities with Renewable Energy Building Application, the Implementation Plan for Promoting Renewable Energy Building Application in Rural Areas and the Implementation Plan for Further Promoting Renewable Energy Building Application. Pursuant to these plans, the central government will provide subsidies to certain cities and rural areas with renewable energy building applications.

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.

On March 8, 2011, the MOF and the Ministry of Housing and Urban-Rural Development jointly promulgated the Circular 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 July 24, 2011, the NDRC issued the Notice re Improvement of On-grid Pricing Policy for Solar Photovoltaics, in which, among other things, the NDRC adopted the following nationwide unified on-grid pricing scheme for non-bidding PV projects: (i) for projects which are approved before July 1, 2011, completed before December 31, 2011 and the price of which has not been approved by the NDRC, the pre-tax on-grid price shall be RMB1.15/kWh; (ii) for projects which are approved after July 1, 2011, and for projects which are approved before July 1, 2011 but not completed as to December 31, 2011, the pre-tax on-grid price shall be RMB1/kWh, except for Tibet, the pre-tax price shall be RMB1.15/kWh. The NDRC may adjust such on-grid pricing scheme based on cost variations, technology development and other relevant factors.

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 RMB0.8/kWh by 2015 and RMB0.6/kWh by 2020 and increase production of solar panels.

On July 7, 2012, the 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 State Council issued the Twelfth Five-Year Plan for the Development of Energy. The plan supports the promotion and development of renewable energy, including the solar energy. The plan also encourages the development of solar PV power stations in the areas with abundant solar power resource.

On July 4, 2013, the State Council issued the Several Opinions on Promoting the Healthy Development of the Photovoltaic Industry, which further increases the installed capacity for solar electricity and puts forward various measures to develop the PV application market and adjust the industrial structure and regulate the industrial development order. In 2013, government authorities, including the NDRC, the MIIT, the PRC National Energy Commission, the MOF and the PRC State Administration of Taxation, have issued a series of regulations to implement the Several Opinions.

On August 26, 2013, the NDRC issued the Notice re Leveraging the Price to Promote the Health Development of the Photovoltaic Industry, in which, among other things, the NDRC adopted the following measures: (i) the country was divided into three solar resources districts, in which the FIT is separately RMB0.90/kWh, RMB0.95/kWh and RMB1.00/kWh; (ii) for distribution-grid-connected projects, the electricity subsidy standard is RMB0.42/kWh; (iii) the execution period for the aforesaid policies shall last, in principle, for 20 years; (iv) the aforesaid regional FIT policy shall apply to the PV power stations those were filed or approved after September 1, 2013 and those were filed or approved prior to September 1, 2013 but were put into operation after January 1, 2014, and the electricity subsidy standard shall apply to the distribution-grid-connected projects that are excluded from the central government investment subsidies. On December 26, 2016, the NDRC issued the Notice to adjust the FIT to RMB0.65/kWh, RMB0.75/kWh, RMB0.85/kWh, respectively, for three solar resources districts. For the distribution-grid-connected projects, the subsidy standard remains the same.

On August 29, 2013, the National Energy Administration promulgated the Interim Measures for the Administration of Solar Power Projects, which stipulated that 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.

On November 18, 2013, the NEA promulgated the Interim Measures for the Administration of Distributed Generation Projects, or the Distributed PV Interim Measures, pursuant to which 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.

On January 17, 2014, the NEA issued the Circular 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 February 8, 2014, the National Certification and Accreditation Administration and the PRC National Energy Commission jointly issued the Implementation Opinions on Strengthening the Testing and Certification of PV Products, or Implementation Opinions, which provide that only certified PV products may be connected to the public grid or receive government subsidies. The institutions that certify PV products must be approved by the Certification and Accreditation Administration. According to the Implementation Opinions, PV products that are subject to certification include PV battery parts, inverters, control devices, confluence devices, energy storage devices and independent PV systems.

On June 7, 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 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 GW of solar power projects would be connected to grid every year until 2020. On September 24, 2015, the NEA increased the capacity scale by additional 5,300 MW in total for PV power stations in certain regions and the PV power stations that fall within such increased capacity shall generally be connected to the grid no later than June 30, 2016. In March 2016, the NEA set a target of 150 GW of solar capacity by 2020. Pursuant to the relevant regulations, rooftop DG projects generally receive a national subsidy of RMB0.42/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, as well as rooftop DG projects that sell all electricity generated to the local grid companies, are entitled to FIT of RMB0.80/kWh, RMB0.88/kWh or RMB0.98/kWh, depending on where the project is located (excluding on grid solar power projects located in Tibet), provided that these projects are filed after January 1, 2016 and fall within the regional scale index of the year, or these projects are filed prior to January 1, 2016 and fall within regional scale index of the year, but do not commence operations prior to June 30, 2016. 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. Besides, certain solar power project entities enjoy the preferential tax policies in connection with the development of the western region of China and are subject to a preferential tax rate of 15%. The enterprises which are eligible for such preferential tax policy must engage in the business falling in the scope of the Catalogue of Encouraged Industries in Western Region, or Western Catalogue, promulgated by the NDRC. Enterprises that are eligible for the preferential tax rate of 15% may be able to enjoy such preferential tax rate and tax holiday simultaneously where certain criteria are met.

On September 2, 2014, the PRC National Energy Commission issued the Notice on Further Implementing Relevant Policies of Distributed Photovoltaic Power Generation, requiring relevant government authorities to continue to highly value the development of distributed photovoltaic, or PV power, further improve the quality of PV power projects, and put forward various measures to develop the PV application market and regulate the industrial development in the PV industry.

On October 9, 2014, the PRC National Energy Commission issued the Notice on Further Optimizing Operation Management of Photovoltaic Power Stations, requiring relevant government authorities to continue to highly value the construction of PV power stations, and put forward various measures to regulate the operation of on-grid and grid-tied electricity generation projects. Also, the Notice encourages local government authorities to guide and coordinate the construction of rooftop PV power systems by building owners or specialized enterprises, coordinate the connection of the systems to the power grid, enter projects on file and perform project management duties.

On October 28, 2014, NEC promulgated the Circular on Regulating the Investment and Development Order of PV Power Stations, pursuant to which 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.

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.

On April 2, 2015, the State Grid announced that 10 GW of solar power projects would be connected to grid every year until 2020. On September 24, 2015, the NEA increased the capacity scale by additional 5,300 MW in total for PV power stations in certain regions and the PV power stations that fall within such increased capacity shall generally be connected to the grid no later than June 30, 2016. In March 2016, the NEA set a target of 150 GW of solar capacity by 2020. On April 8, 2018, the State Grid announced that solar power installed capacity will be more than 160 GW by 2020.

On April 20, 2015, the PRC National Energy Commission and the State Administration of Work Safety jointly issued the Standard for Safety Production of Photovoltaic Power Enterprises, which mainly defines standardized PV power generation project, and provides for standards and requirements for PV power generation enterprises with respect to their production goals, organization and duty, safe production input, safety management system, education and training, production equipment and facilities, operation safety, hidden danger investigation and governance, monitoring of major hazard source, occupational health, emergency rescue and certain other production and operation aspects.

On June 1, 2015, the PRC National Energy Commission, the MIIT and the Certification and Accreditation Administration of the PRC jointly promulgated the Opinions on Promoting the Application of Advance Photovoltaic Technology Products and Upgrading the Photovoltaic Industry, which emphasizes that the market plays a decisive role in allocating resources and leading the industrial upgrade of PV technology. According to the different stages of the development of PV technology and products, PRC government will adopt differentiated market access standards in supporting advanced technology products to expand the market and accelerating the elimination of outmoded products. It also provides that new PV power generation project shall meet the requirements stipulated in the Standard Conditions for the Photovoltaic Manufacturing Industry promulgated by MIIT. For example, the photoelectric conversion efficiency rates of polycrystalline silicon module and single crystal silicon module shall not be less than 15.5% and 16%, respectively.

On November 27, 2015, the State Forestry Administration promulgated the Circular on the Use of Forest Land for the Construction of PV Power Stations, pursuant to which the approval from local forestry administration authority is required prior to the construction of the PV power stations and certain kinds of forest land are forbidden or restricted from being used to construct PV power stations. The Circular on Promulgating the Controlling of Index of Construction Land Use for PV Power Stations issued by the Ministry of Land and Resources on December 2, 2015, which became effective on January 1, 2016 and will be valid for five years, provides the control and approval of index of construction land use for newly constructed, reconstructed and expanded PV power stations.

On December 22, 2015, the NDRC issued the Notice on Improving the Feed-in Tariff Policies for Onshore Wind Power/Photovoltaic Power Generation, which provides the benchmarking FIT of solar power generation for the year of 2016. The NDRC continued to adopt the measures that divided the country into three solar resources districts, of which the FITs are RMB0.80/kWh, RMB0.88/kWh and RMB0.98/kWh.

In March 2016, the National People's Congress approved the Outline of the Thirteenth Five-Year Plan for National Economic and Social Development of the PRC, which mentions a national commitment to continuing to support the development of PV generation industry.

On June 3, 2016, the PRC National Energy Commission issued the Notice on Implementation Plans of Photovoltaic Generation Construction for 2016, which provides that the newly installed capacity plan for PV power systems for the year of 2016 is 18,100 MW. Centralized and distributed PV power generation projects constructed pursuant to the plan are entitled to subsidies from national specialized fund for renewable energy development.

On May 30, 2016, the NDRC and the PRC National Energy Commission jointly issued the Guidance Opinion on Improving Scale Management of Photovoltaic Generation and Implementing Competitive Allocation of Projects, classifying the PV generation projects according to, among others, the type, scale, condition to connect to the grid, the absorption scope and the purpose of facilitating technological progress of such PV generation projects. Except for PV power generation projects meeting certain conditions, other projects shall compete for the annual construction scale quota. Among others, the competition conditions include investment capacity of the enterprises, preparation in progress, the condition to connect to the grid and absorption, and most importantly, the on-grid price.

On March 24, 2016, the NDRC published the Administrative Measures on the Guaranteed Procurement Mechanism of Electricity Generated from Renewable Energy Resources, which split the electricity generated from renewable energy resources into two tranches, i.e., amount guaranteed to be purchased and amount traded in accordance with the market-oriented approach. The amount guaranteed to be purchased will be purchased at FIT according to certain allocation plans or prioritized contracts with grid companies. As for the amount traded in accordance with the market-oriented approach, the electricity providers can voluntarily enter into contracts with grid companies in the open market.

On December 10, 2016, the NDRC issued the Thirteenth Five-Year Plan for the Development of Renewable Energy. The plan supports the healthy development of renewable energy.

On December 26, 2016, the NDRC issued the Notice on Adjusting the feed-in tariff price for Onshore Wind Power/Photovoltaic Power Generation Projects, reducing the feed-in tariff price of the photovoltaic power generation infrastructures constructed after January 1, 2017. The disparity between the FIT for PV power generation projects and the desulfurized coal benchmark electricity price are funded by the renewable energy development funds.

On July 19, 2017, the NEA issued the Guidelines for Thirteenth Five-Year Plan, this document set forth the major actions to be taken and policies to regulating development of the photovoltaic industry.

On October 31, 2017, the NDRC and NEA published the Notice on the Pilot of Distributed Generation Traded in Markets (file 2017-1901) to establish electricity trading market for DG projects which are similar to virtual net metering and US community solar gardens.

On February 26, 2018, the NEA issued the Notice on Printing and Distributing the Instructions on Energy Work 2018, requiring steadily promoting the construction of PV generation projects and standardizing and promoting the development of DG projects.

On April 2, 2018, the NEA issued Notice on Matters Concerning Reducing Burden on Enterprises in the Field of Renewable Energy, which promulgated measures to reduce the investment and operation burden on renewable energy companies, promote the reduction of renewable energy costs, and support the sound development of the real economy relating to renewable energy, etc.

On April 11, 2018, the MIIT, the Ministry of Housing and Urban-Rural Development, and the Ministry of Transport jointly issued the Smart PV Industry Development Action Plan (2018-2020), which calls for accelerating the intelligent manufacturing of advanced solar cells and components.

On October 30, 2018, the NDRC and the NEA jointly issued the Notice on Printing and Distributing the Clean Energy Consumption Action Plan (2018-2020), requiring the acceleration of the process of grid parity of PV Generation and the spread of cross-provincial market transactions of clean energy.

On January 7, 2019, the NDRC and the NEA jointly issued the Notice on Actively Promoting Non-subsidized On-grid Tariffs of Wind Power Generation and PV Generation, requiring carrying PV Generation grid parity pilot project without state subsidies with price which is equal to coal benchmark electricity price, and guiding the construction of a number of grid low pilot projects with price which is lower than coal benchmark electricity price, in areas with ample resource, good conditions and high market consumption.

On May 28, 2019, the NEA issued the Notice on the Relevant Matters Concerning Construction of Wind Power and PV Generation Projects in 2019, requiring actively promoting construction of grid-parity projects, strictly regulating the competitive allocation of subsidy projects, completely implementation of the conditions for power delivery and consumption, and optimization of the business environment for construction investment.

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 (lately revised effective on April 24, 2015 and on December 29, 2018) 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 (subsequently revised on May 30, 2015), 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 November 11, 1997 (effective on March 1, 1998) and amended on April 22, 2011, and April 23, 2019 and the Regulation on Administration on Qualifications of Construction Engineering which became effective on March 1, 2015 and amended on September 13, 2016 and December 13, 2018, 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 and amended on May 30, 2015, 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/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/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/kWh, RMB0.95/kWh or RMB1.00/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 RMB0.4/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/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/kWh, RMB0.95/kWh or RMB1.00/kWh, depending on where the project is located (excluding on-grid solar power projects located in Tibet).

On December 22, 2015, the NDRC issued the Circular on Improving the Policies on the On-grid Tariffs of Onshore Wind Power Generation and PV Generation, effective on January 1, 2016, which provides that ground mounted projects, as well as rooftop DG projects that sell all electricity generated to the local grid companies, are entitled to FIT of RMB0.80/kWh, RMB0.88/kWh or RMB0.98/kWh, depending on where the project is located (excluding on grid solar power projects located in Tibet), provided that these projects are filed after January 1, 2016 and fall within the regional scale index of the year, or these projects are filed prior to January 1, 2016 and fall within regional scale index of the year, but do not commence operations prior to June 30, 2016.

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.

On December 26, 2016, the NDRC issued the Circular on Adjusting the Policies on the On-grid Tariffs of Onshore Wind Power Generation and PV Generation, effective on January 1, 2017, which provides that solar power projects that sell all electricity generated to the local grid companies, are entitled to FIT of RMB0.65/kWh, RMB0.75/kWh or RMB0.85/kWh, depending on where the project is located (excluding on grid solar power projects located in Tibet which are entitled to FIT of RMB1.05/kWh), provided that these projects are filed after January 1, 2017 and fall within the regional scale index of the year, or these projects are filed prior to January 1, 2017 and fall within regional scale index of the year, but do not commence operations prior to June 30, 2017. In addition, pursuant to the Circular, the FIT shall be adjusted once a year.

On December 19, 2017, the NDRC issued the Circular on the On-grid Tariffs of PV Generation in 2018, effective on January 1, 2018, which provides that the FIT for solar power projects is adjusted to RMB0.55/kWh, RMB0.65/kWh, RMB0.75/kWh, respectively, depending on where the project is located (excluding on grid solar power projects located in Tibet which are entitled to FIT of RMB 1.05/kWh), provided that these projects are filed after January 1, 2018 and fall within the regional scale index of the year, or these projects are filed prior to January 1, 2018 and fall within regional scale index of the year, but do not commence operations prior to June 30, 2018. Moreover, the FIT for certain DG projects is reduced to RMB0.37/kWh.

On May 31, 2018, the NDRC, the MOF and the NEA jointly issued the Circular on Issues related to PV Generation in 2018, effective on May 31, 2018, which provide that solar power projects are entitled to FIT of RMB0.5/kWh, RMB0.6/kWh or RMB0.7/kWh, depending on where the project is located, and certain DG projects are entitled to FIT of RMB0.32/kWh. In addition, pursuant to the Circular, the construction of ordinary solar power stations shall be temporarily suspended in 2018.

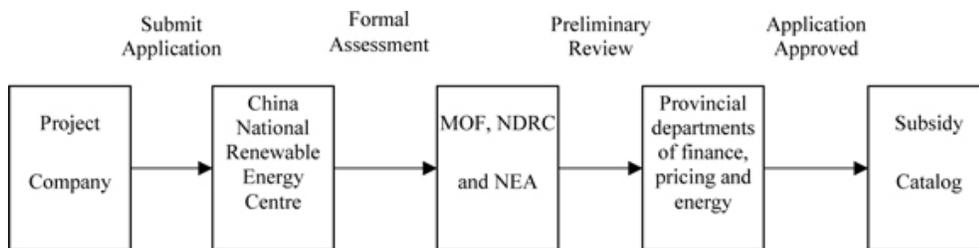
On January 7, 2019, the NDRC and the NEA jointly issued the Notice on Actively Promoting Non-subsidized On-grid Tariffs of Wind Power Generation and PV Generation, requiring carrying PV Generation grid parity pilot project without state subsidies with price equal to coal benchmark electricity price, and guiding the construction of a number of grid low pilot projects with price lower than coal benchmark electricity price in areas with ample resource, good conditions and high market consumption. We believe this notice will not have material impact on the Company existing pricing policy.

Subsidy Catalog

On November 29, 2011, the MOF, the NDRC and the 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, the NDRC and the NEA. These subsidies represent the difference between the FIT for solar power projects and the desulphurized coal benchmark electricity price. In January 2016, the NEA announced that there would be a nation-wide inspection on all the solar power projects that are in operation and under construction, and the solar power projects that fall within the regional scale index of the year would be included in and managed via the Platform for Renewable Energy Power Generation Projects for the purpose of government subsidies application and payment.

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, the NDRC and the NEA, and the MOF, the NDRC and the 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 April 2, 2015 in place of its old version, 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 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 the 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 parities 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.

On March 24, 2016, the NDRC issued the Measures for the Administration of Guaranteed Purchase of Full Amount of Renewable Energy, to strengthen the administration of, and provide details for, the implementation of purchase of the full amount of renewable energy by the grid enterprises.

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 may generate material levels of noise, wastewater, gaseous emissions and other 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 and Restriction on Foreign Ownership

The principal regulations governing foreign ownership of solar power businesses in the PRC are the Encouraged Foreign Investment Industries Catalog, effective as of July 30, 2019, or the Catalogue 2019, which is a replacement of the 2007, 2011, 2015, and 2017 versions of the Foreign Investment Industrial Guidance Catalogue, and the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2019) issued by the NDRC and the PRC Ministry of Commerce. Under the Catalog 2019, 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. ReneSola PV Power was categorized in the "encouraged" industry under the Catalogue 2019.

Environmental and Safety Regulations

We are subject to a variety of governmental regulations related to environmental protection. The major environmental regulations applicable to us include the Environmental Protection Law of PRC, the Law of PRC on the Prevention and Control of Water Pollution, Implementation Rules of the Law of PRC on the Prevention and Control of Water Pollution, the Law of PRC on the Prevention and Control of Air Pollution, the Law of PRC on the Prevention and Control of Solid Waste Pollution, and the Law of PRC on the Prevention and Control of Noise Pollution. In addition, we are also subject to laws and regulations governing work safety and occupational disease prevention.

We believe we are in compliance with present environmental protection requirements in all material respects and have all material environmental permits necessary to conduct our business. Our operations are subject to regulation and periodic monitoring by local environmental protection and work safety authorities.

In response to concerns suggesting that emissions of certain gases, commonly referred to as “greenhouse gases” (including carbon dioxide and methane) may be contributing to global climate change, China has indicated that it highly commends and supports the Copenhagen Accord, which endorses the continuation of the Kyoto Protocol. In 2009, China has decided to reduce the intensity of carbon dioxide emissions per unit of gross domestic product by 40% to 45% by 2020, compared with the levels of 2005. This decision may require changes to the current law and policy. Any such changes in environmental laws or regulations may have adverse impact on the manufacture, sale and disposal of solar power products and their raw materials, which may in turn adversely affect us, our suppliers and our customers.

Regulation of Foreign Currency Exchange and Dividend Distribution

Foreign Currency Exchange. Foreign currency exchange in China is primarily regulated by:

- PRC Foreign Exchange Administration Regulation (1996), as amended in 1997 and 2008, or the Foreign Exchange Administration Regulation; and
- The Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996).

Under the Foreign Exchange Administration Regulation, the Renminbi is convertible for current account items, which include, among other things, dividend payments, interest and royalty payments, and trade and service-related foreign exchange transactions. Conversion of Renminbi into foreign currency for capital account items, such as direct investment, loans, investment in securities and repatriation of funds, however, is still subject to the approval of SAFE or its local branches. Under the Foreign Exchange Administration Regulation, foreign-invested enterprises may only buy, sell and/or remit foreign currencies at the banks authorized to conduct foreign exchange transactions by complying with certain procedural requirements such as providing valid commercial documents and, in the case of capital account item transactions, only after obtaining approval from SAFE or its local branches. Capital investments directed outside of China by foreign-invested enterprises are also subject to restrictions, which include approvals by the PRC Ministry of Commerce, SAFE or its local branches and the PRC State Reform and Development Commission. Under our current structure, our income will be primarily derived from dividend payments from our operating subsidiaries in China.

On March 30, 2015, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Registered Capital of Foreign-invested Enterprises, or Circular 19, which allows foreign-invested enterprises generally to decide when to exchange into Renminbi their foreign exchange denominated paid-in capital, but only up to a maximum percentage specified by SAFE. The maximum percentage specified by SAFE is currently 100%, but SAFE may choose to adjust the permitted level in due time in light of international balance of payments. The use of any such Renminbi funds by foreign-invested enterprises is also subject to review and approval by SAFE or local SAFE branches or designated banks. Circular 19 further provides that any such Renminbi funds of a foreign-invested enterprise may not be used for any purpose outside of the entity’s business scope or if such use would violate the laws and regulations of the PRC. For example, such Renminbi funds may not be used for the making of Renminbi-denominated entrusted loans that are not within the enterprise’s business scope, for the repayment of inter-enterprise loans (including third party advances), or for the purpose of relending to third parties Renminbi-denominated bank loans made to the enterprise. Violations of Circular 19 could result in severe monetary penalties, including substantial fines as set forth in the PRC Foreign Exchange Administration Regulation.

Dividend Distribution. Pursuant to the Foreign Exchange Administration Regulation and various regulations issued by SAFE or its local branches, and other relevant PRC government authorities, the PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China.

The principal laws governing the distribution of dividends paid by Foreign-invested enterprises:

- Foreign Investment Law of the People's Republic of China (2019);
- Company Law of the People's Republic of China (1993), as amended in 1999, 2004, 2005, 2013 and 2018.

Under these laws and regulations, Foreign-invested enterprises in China may, subject to the ongoing compliance with applicable foreign exchange regulations, pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, an enterprise in China is required to set aside at least 10.0% of its after-tax profit based on PRC accounting standards each year to its statutory 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 discretion accumulation reserves, which may not be distributed to equity owners except in the event of liquidation.

In May 2013, SAFE issued Notice 21 (later revised on October 10, 2018), which provides detailed disclosure requirements and examination standards for SAFE registration. Foreign organizations and individuals involved in direct investment activities in China shall be registered with the relevant SAFE branche(s), including the overseas SPVs established by PRC residents for the purpose of holding domestic or offshore assets or interests. Pursuant to Notice 13 issued by the SAFE on February 13, effective as of June 1, 2015, pursuant to which, entities and individuals are required to apply for foreign exchange registration of foreign direct investment and overseas direct investment, with qualified banks, instead of SAFE.

In July 2014, SAFE promulgated Notice 37, which replaced Notice 75 (Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies) promulgated by SAFE in October 2005.

Notice 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, referred to in Notice 37 as a “special purpose vehicle,” for the purpose of holding domestic or offshore assets or interests. Notice 37 further requires amendment to a PRC resident’s registration in the event of any significant changes with respect to the SPV, such as an increase or decrease in the capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a SPV fails to fulfill the required SAFE registration, the PRC subsidiaries of that SPV may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the SPV may be restricted in its ability to contribute additional capital to its PRC subsidiary.

Moreover, Notice 37 applies retroactively. As a result, PRC residents who had made capital contributions to SPVs based on their lawful domestic or overseas assets or interests but did not go through overseas investment foreign exchange registration formalities prior to the implementation of Notice 37 should provide the local SAFE branch with written explanations regarding their failure to do so, and the local SAFE branch will conduct registration retrospectively based on the principle of legality and reasonableness.

On June 16, 2016, SAFE promulgated the Notice on Reforming and Regulating of Settlement of Foreign Exchange of Capital Account, which allows domestic enterprises, including Chinese enterprises and foreign-invested enterprises (excluding financial institutions), to exchange settlement for foreign debts in the form of voluntary exchange settlement. For foreign exchange receipts (including the foreign exchange capital, foreign debts and the repatriated funds raised in the overseas listing) which are allowed to be settled voluntarily, domestic entities may complete foreign exchange settlement formalities with their bank according to their business operation need.

According to these regulations, PRC residents who have established or acquired control of our company are required to register with SAFE in connection with their investments in us.

On December 25, 2006, the People’s Bank of China promulgated the “Measures for Administration of Individual Foreign Exchange.” On January 5, 2007, SAFE promulgated the Implementation Rules of Measures for Administration of Individual Foreign Exchange and as amended on May 29, 2016. On February 15, 2012, SAFE promulgated the Notice on Issues Related to Foreign Exchange Administration in Domestic Individuals’ Participation in Equity Incentive Plans of Companies Listed Abroad, or Notice 7. According to Notice 7, PRC citizens who are granted shares or share options by a company listed on an overseas stock market according to its employee share option plan or share incentive plan are required to register with SAFE or its local counterparts.

Intellectual Property Rights

Patents

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 PRC 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 PRC 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. This means that, where multiple patent applications are filed for the same invention, a patent will be granted only to the party that filed its 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 should 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 should not be in conflict with any prior right of another.

PRC law provides that anyone wishing to exploit the patent of another must conclude 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 but cannot obtain a license from the patent holder on reasonable terms and in a reasonable period of time, the PRC National Intellectual Property Administration 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 suit in the People's Court.

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 instituting any legal proceedings 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 is calculated 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, 2013, and 2019 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 is subject to rollover by application.

Regulations in the British Virgin Islands

The British Virgin Islands Economic Substance (Companies and Limited Liability Partnerships) Act 2018, as amended, came into effect on January 1, 2019. It, together with the rules published by the BVI International Tax Authority (the "ITA") on 9 October 2019 and updated on 10 February 2020, set out the laws on economic substance (the "Economic Substance Laws") and their effect on legal entities like the Company formed in the British Virgin Islands. The Company is required to consider its economic substance position on an annual basis on and from 30 June 2019 and to file annual reports in the British Virgin Islands each year disclosing whether or not it is carrying out relevant activities (within the meaning of the Economic Substance Law), and if it is, it must comply with its obligations as regards economic substance. The implication for non-compliance is, broadly, that the ITA may issue penalties and, potentially, apply to court in the British Virgin Islands to liquidate non-compliant entity.

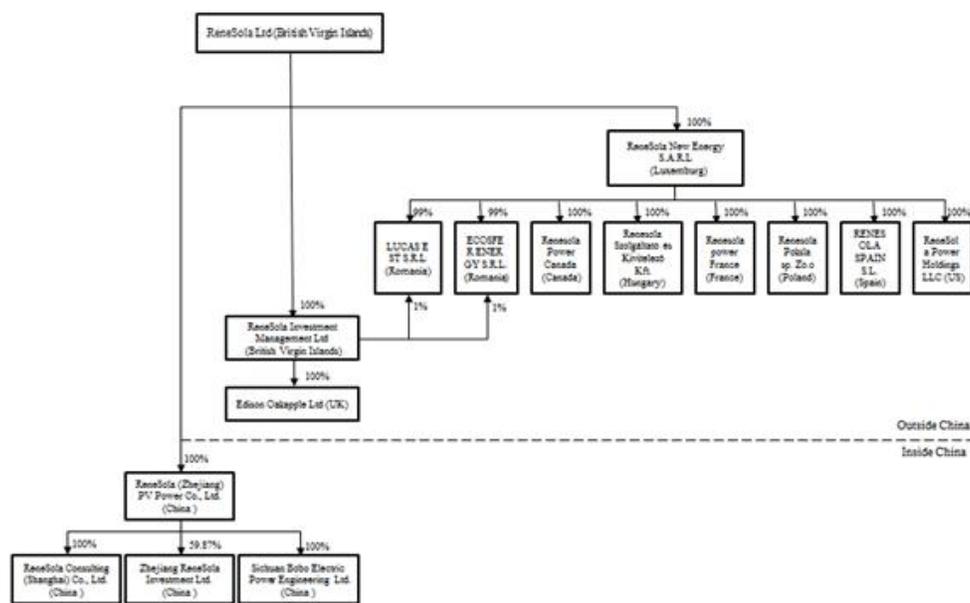
The Company is taking advice from its British Virgin Islands counsel as to the steps it should take to comply with the Economic Substance Law.

C. Organizational Structure

As of December 31, 2019, we conduct our business primarily through the subsidiaries, which are listed in “Item 4. Information on the Company — A. History and Development of the Company.”

In addition to the significant subsidiaries above, we also have other principal subsidiaries incorporated in different jurisdictions.

The following diagram illustrates our current corporate structure, including our significant subsidiaries, as of the date of this annual report.



The diagram above omits the subsidiaries that are insignificant to us.

D. Property, Plants and Equipment

Currently, our property, plants and equipment are primarily our project related infrastructures and assets, such as power stations and ancillary infrastructures. For more details, see “Item 4. Information on the Company—B. Business Overview—Our Solar Power Projects.”

Certain of our project infrastructures are pledged to secure our bank borrowings and equities of certain of our project companies are pledged in our finance lease arrangements. As of December 31, 2018, short-term borrowings of \$3,368,272 and long-term borrowings of \$82,531,342, including current portion of \$41,096,243 were jointly guaranteed by the Company and its subsidiaries.

As of December 31, 2019, short-term borrowings of \$7,173,571, bond payable of \$2,503,621 and long-term borrowings of \$31,950,441, including current portion of \$28,583,380 were jointly guaranteed by the Company and its subsidiaries. The short-term borrowings of \$7,173,571 and bond payable of \$2,503,621 were also secured by all of the Company’s estate, right, title and interest and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable and VAT account of the Company and its subsidiaries. The long-term borrowings of \$31,950,441, including current portion of \$28,583,380 were also secured and pledged by all the shares or ownership interests of the Company, accounts and accounts receivable of the Company, and insurance of the Company. Long-term borrowings contain restrictive covenants, including requirements obliging the Company to (i) obtain lender’s prior approval before entering into any transaction over certain amount after the completion of the construction and commencement of operation of the relevant project assets, (ii) obtain lender’s prior consent before opening any bank account other than the existing bank account with the lender, (iii) ensure that at least one director designated by the lender be appointed as a director of the operating entity of the relevant project assets and/or the Company, (iv) comply with certain financial ratios, such as debt-service coverage ratio and loan life coverage ratio. As of December 31, 2019, the Company was in compliance with all debt covenants under its outstanding long-term financings.

The project construction processes for our solar power projects may generate noise, wastewater, gaseous wastes and other wastes. We believe we are in compliance with present environmental protection requirements in all material respects and have all material environmental permits necessary to conduct our business. For more details, see “—B. Business Overview—Environmental Matters.”

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report on Form 20-F. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under “Item 3. Key Information—D. Risk Factors” or in other parts of this annual report on Form 20-F.

A. Operating Results

Overview

Prior to September 2017, we were a leading fully-integrated solar project developer and provider of energy-efficient products based in China. We provided high quality solar power products, including solar wafers, solar cells, solar modules and solar power projects, to a global network of suppliers and customers, which included leading global manufacturers of solar wafers, cells and modules and distributors, installers and end users of solar modules. We also provided processing services to our customers. In 2016, we shipped 2,603.3 MW of solar power products.

Starting from our inception, we were manufacturers of solar wafers, polysilicon and solar modules. Starting from 2012, we expanded our operations into the global energy efficient products and services business and downstream solar power projects in overseas markets. In September 2017, we completed a non-cash restructuring following which, among other things, substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business were transferred into ReneSola Singapore Pte. Ltd. Upon the closing of this restructuring, all the issued shares of ReneSola Singapore Pte. Ltd were transferred to Mr. Xianshou Li, our previous chairman and previous chief executive officer. As a result, we have transformed into a solar project developer and operator, a pure downstream player with a robust pipeline of projects around the world.

In 2019, we continued our multi-year transformation from negative cash flow equipment maker to a positive operating cash flow and asset-light solar project developer. We switched our long-term growth strategy from focusing on our traditional market in China to a global expansion roadmap. We now primarily focus on the promising markets in the United States and Europe. We already obtained a leading market share in Poland and Hungary, as well as within some states in the United States such as Minnesota and New York. We moved our headquarters to Connecticut, the United States where our senior management team will be based going forward.

In addition, we successfully recruited a new management team with tremendous industry insights and experiences that we believe will contribute to our long-term growth following our global expansion strategy. We appointed Mr. Yumin Liu as the chief executive officer. Mr. Liu brings to us more than 20 years of experience in energy management, power generation and solar technology sectors. Before joining us, he was a highly successful and prominent executive at Canadian Solar Inc., a leading global manufacturer of solar photovoltaic modules and provider of solar energy solutions. We appointed Mr. Ke Chen as our chief financial officer. Mr. Chen has over 13 years of experience in the global capital markets, including vast investment experiences in solar industry in China. He is aligned with one of our largest shareholders, Shah Capital, and is highly incentivized to drive shareholder-friendly disclosure and outreach policies.

As of December 31, 2019, we have completed an accumulated 779 MW of solar power projects, including about 11 MW of new installations in China, 17 MW of ground mounted projects in Europe, 24 MW of utility- scale projects in the U.S, and 7MW of Fit projects in Canada. We were operating approximately 216 MW solar power projects globally as of December 31, 2019, including 172 MW in China, and recorded electricity generation revenue from these projects. As of December 31, 2019, our late-stage pipeline totaled 417 MW, including 193 MW in the United States, with a COD within 2020 and 2022, of which 30MW of the solar power projects were under construction.

For details of our project pipeline, see “Item 4. Information on the Company—B. Business Overview—Our Solar Power Projects—Project Pipeline.”

Our net revenue from continuing operations decreased from \$103.0 million in 2017 to \$96.9 million in 2018 and increased to \$119.1 million in 2019. We recorded an operating loss of \$0.1 million and a net loss of \$11.7 million in 2019, compared to an operating income of \$15.5 million and a net income of \$5.1 million in 2018 and an operating income of \$6.6 million and a net loss of \$34.5 million in 2017. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Overview of Financial Results—Net Revenue”.

Major Factors Affecting Our Results of Operations

Our future growth is driven by among others, industry demand for solar power, our ability to win market share from our competitors and our ability to develop and operate our solar projects. Significant factors that affect the financial performance and results of operations of our solar power projects are:

- industry demand;
- product pricing;
- availability and prices of solar modules and other components;
- government subsidies and incentives;
- solar power project development;
- operation of solar power project and generation of electricity; and
- seasonality variations.

Industry Demand

Our revenue growth largely depends on market demand for solar power projects. Demand for solar power projects is influenced by macroeconomic factors such as government regulations and support of the solar power industry, the global economic situation, the supply and prices of other energy products, such as oil, coal and natural gas, as well as government regulations and policies on the electric utility industry. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business.”

Product Pricing

The prices for our solar power projects are affected by a variety of factors, including costs of solar modules and other components which we need to develop our solar power projects, supply and demand conditions globally, the quality of our products, our pricing strategy, and the terms of our customer contracts. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business.”

Availability and Prices of Solar Modules and other Components

We use solar modules to develop our solar power projects. The market price of solar modules may fluctuate as a result of economic conditions and the relative supply and demand for solar modules.

We mitigate the risk by sourcing solar modules from various sources and by entering primarily into short term contracts and spot purchases in China and internationally. Our short-term and spot purchase contracts and orders generally reflect the prevailing market prices.

Government Subsidies and Incentives

We believe that growth of the solar industry depends largely on the availability and scale of government subsidies and economic incentives. Today, the cost of solar power substantially exceeds the cost of electricity generated from conventional fossil fuels such as coal and natural gas. As a result, national and local governmental bodies in many countries have provided subsidies and economic incentives in the form of FITs, rebates, tax credits and other incentives to end-users, distributors, system integrators and manufacturers of solar power products to promote the use of solar energy and to reduce dependence on other forms of energy. These government subsidies and economic incentives, in the form of capital cost rebates, FITs, tax credits, net metering and other incentives to end users, distributors, system integrators and manufacturers of solar power products, have been reducing.

The demand for our solar power projects in our current, targeted and potential markets can be affected by the availability of such government subsidies and economic incentives. A significant reduction in the scope or discontinuation of government subsidies and incentive programs, especially those in our target markets, could cause demand for our solar power products and their prices to decline. The decline of the prices of modules may otherwise benefit our downstream solar power projects by reducing the construction costs and may in turn alleviate the negative impact. Nevertheless, significant reduction in the scope or discontinuation of government subsidies and incentive programs may still have a material adverse effect on our business, financial condition, results of operations and prospects.

Solar Power Project Development

In 2019, 2018 and 2017, we recognized \$90.1 million, \$48.8 million and \$64.8 million of net revenue from continuing operations from the sales of our solar power projects, representing approximately 75.6%, 50.3% and 63.0% of our total net revenue from continuing operations. Our solar power project development activities have expanded over the past several years through a combination of organic growth and acquisition of project development rights. We develop our solar power projects with a view to selling them. Our ability to identify and engage credit-worthy purchasers timely and to negotiate favorable selling price and payment terms directly affects our profitability. If we are unable to identify and appropriate purchasers in the short term, we may also determine to own and operate certain projects from time to time and earn revenue by generating and selling electricity to the grid companies. We expect that our revenues from the sale of solar power projects and its importance to our overall business will continue to increase in the following years.

Solar power projects developments involve numerous risks and uncertainties. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We face uncertainties in connection with the implementation of our business strategy to transform our business focus from wafer and module manufacturing to global energy efficient products and services and downstream solar power projects.”

Operation of Solar Power Project and Generation of Electricity

Our current business includes operation of our IPP portfolios. Revenues from the IPP business may be affected by the demand of our electricity, our ability to generate electricity, electricity sales price and operating costs. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business.”

Seasonality Variations

Changes in climate, geography, weather patterns, and other phenomena in the regions where we operate may significantly affect our business. For example, solar power projects depend on the amount and intensity of sunlight, which is affected by weather and climate conditions. As a result, our electricity generation and amount of electricity sold and therefore the revenue generated from our IPP business tend to be higher during periods or seasons when there is more irradiation. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Seasonal variations may influence our results of operations.”

Overview of Financial Results

Net Revenue

Historically, we derived revenue primarily from sales of solar wafers and solar modules. We began to sell solar power projects and recognize revenue from sale of solar power projects in a separate business segment since 2015. After the completion of our business restructuring in September 2017, we have transformed into a solar project developer and operator, with our revenues mainly generated from our solar power projects. Set forth below is the breakdown of our net revenue by segment in absolute amount and as a percentage of total net revenue for the periods indicated.

Prior to the disposal of discontinued business on September 27, 2017, which have been presented as discontinued operations for all the periods presented herein, the Company operated and managed three principal reportable segments, Wafer, Cell and module, and Solar power projects. The Wafer segment involves the manufacture and sales of monocrystalline and multicrystalline solar wafers and processing services. The Cell and module segment involves manufacture and sale of PV cells and modules, and service revenue from tolling arrangements. The solar power projects segment is a newly formed segment in year 2015 which involves solar power project development, EPC services and electricity generation revenue. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

Pursuant to the disposal of the manufacturing business and LED distribution business on September 27, 2017 presented in discontinued operations for all the periods presented herein, the Company further separated the solar power project segment into three reportable segments, including solar power project development, EPC services and electricity generation revenue. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

On January 1, 2018, we adopted new revenue guidance ASC Topic 606, “Revenue from Contracts with Customers,” using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning on or after January 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting method under ASC Topic 605.

| | Year ended December 31, 2017 | | | | |
|--------------|--|---------------------------------------|---------------------|--------------|----------------|
| | Solar power project development | Electricity generation revenue | EPC services | Other | Total |
| Net revenue | \$ 64,837,042 | \$ 12,247,320 | \$ 25,853,288 | \$ 36,349 | \$ 102,973,999 |
| Gross profit | \$ 3,575,775 | \$ 7,031,670 | \$ 3,524,310 | \$ - | \$ 14,131,755 |

| | Year ended December 31, 2018 | | | | |
|--------------|--|---------------------------------------|---------------------|--------------|---------------|
| | Solar power project development | Electricity generation revenue | EPC services | Other | Total |
| Net revenue | \$ 48,784,766 | \$ 29,257,928 | \$ 18,544,164 | \$ 319,477 | \$ 96,906,335 |
| Gross profit | \$ 7,052,170 | \$ 17,673,474 | \$ 3,329,402 | \$ 14,701 | \$ 28,069,747 |

| | Year ended December 31, 2019 | | | | |
|---------------------|--|---------------------------------------|---------------------|--------------|----------------|
| | Solar power project development | Electricity generation revenue | EPC services | Other | Total |
| Net revenue | \$ 90,096,551 | \$ 28,712,942 | \$ 69,751 | \$ 237,780 | \$ 119,117,024 |
| Gross profit/(loss) | \$ 17,571,303 | \$ 16,763,190 | \$ (178,414) | \$ 69,969 | \$ 34,226,048 |

Geographical Distribution

In September 2017, we completed a disposition of our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business.

After the business restructuring, we have transformed into a solar project developer and operator, a pure downstream player with a robust pipeline of projects around the world.

The following table summarizes the Company’s revenues generated by the geographic location of customers:

| | Years ended December 31, | | |
|---------------|---------------------------------|----------------------|-----------------------|
| | 2017 | 2018 | 2019 |
| China | \$ 67,533,887 | \$ 45,395,811 | \$ 24,470,827 |
| United States | 18,323,947 | 15,445,744 | 9,277,514 |
| Romania | 4,844,238 | 1,824,411 | 3,193,215 |
| England | 7,271,370 | 31,169,458 | 3,853,687 |
| Turkey | 4,995,648 | 2,129,085 | - |
| France | 4,909 | 941,826 | 730,962 |
| Poland | - | - | 59,884,835 |
| Hungary | - | - | 17,705,984 |
| Total | \$ 102,973,999 | \$ 96,906,335 | \$ 119,117,024 |

We expect the revenue from solar power project continue to increase generally in parallel with our business growth. However, the COVID-19 outbreak has brought uncertainties and interruptions to the global economy which are beyond our control. Our financial performance for the first quarter had been adversely affected. See “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We face risks related to health epidemics and other outbreaks.”

Cost of Revenue

Our cost of revenue for continuing operations consists of costs for:

- development costs (including interconnection fees and permitting costs) of solar power projects;
- acquisition costs of solar power projects, if applicable;
- project management costs;
- EPC costs (consisting of costs of the components of solar power projects other than solar modules, such as inverters, electrical and mounting hardware, trackers, grid interconnection equipment, wiring and other devices);
- interest costs capitalized for solar power projects during construction period; and
- site-specific costs

Gross Margin

Our gross margin is affected by changes in our net revenue and cost of revenue. Gross margin from continuing operations is affected by 1) the gross margin of each individual solar power project we sell, which is determined by our ability to negotiate the sales price and our ability to effectively control the project acquisition and development costs, 2) the gross margin of each individual solar power project we operate, which is determined by revenues from the sale of electricity generated from our operated solar power projects and our ability to effectively control the operation costs, and 3) the gross margin of each individual EPC services we provide, which is determined by our ability to negotiate the sales price and our ability to effectively control the engineering, procurement and construction costs.

Our gross margin increased from 13.7% in 2017 to 29.0% in 2018, primarily due to the increase of revenue from electricity generation revenue, which has a relatively higher gross margin comparing to other segments. Our gross margin slightly decreased from 29.0% in 2018 to 28.7% in 2019.

Operating Expenses

Our operating expenses primarily include sales and marketing expenses, general and administrative expenses and gains or losses on disposal of property, plant and equipment and project assets.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries, bonuses and pensions for our sales personnel, commission paid to our sales agents, outbound freight, share-based compensation expenses and benefits, travel and other sales and marketing expenses.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries, bonuses and benefits for our administrative and management personnel, consulting and professional service fees, and travel and related costs incurred by our administrative and management personnel.

Other Operating Income and Expenses

Other operating income (expenses) primarily consists of discount charges of long-term receivables, compensation income and expenses, cancellation loss of project assets and disposal gain or loss of projects assets and property, plant and equipment.

Non-operating Income and Expenses

Our non-operating income and expenses consist primarily of interest income, interest expenses, foreign currency exchange gains or losses, gains on the repurchase of convertible notes, gains or losses on derivatives, and other losses.

Our interest income represents interest on our cash balances and the recognition of the discounted interest income on the feed-in tariff(s) (FIT) for the electricity sold. Our interest expenses relate primarily to our short-term and long-term borrowings from banks and other financing parties, less capitalized interest expenses to the extent they relate to our capital expenditures.

Our foreign currency exchange gain or loss results from our net exchange gains and losses on our monetary assets and liabilities denominated in foreign currencies during the relevant period. Our functional currency is the U.S. dollar. The functional currency for our subsidiaries in the PRC is Reminbi ("RMB"). The functional currency of our overseas subsidiaries normally is the local currency of the place where the subsidiary is domiciled. Foreign currency transactions have been translated into the functional currency at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated into our functional currency at exchange rates prevailing on the balance sheet date. Our reporting currency is the U.S. dollar. Assets and liabilities have been translated into our reporting currency using exchange rates prevailing on the balance sheet date. Income statement items have been translated into our reporting currency using the weighted average exchange rate for the relevant periods. Translation adjustments have been reported as comprehensive income.

Taxation

Under the current laws of the British Virgin Islands, we are not subject to any income or capital gains tax. Additionally, dividend payments made by us are not subject to any withholding tax in the British Virgin Islands.

PRC enterprise income tax is calculated primarily on the basis of taxable income determined under PRC Enterprise Income Tax Law. In March 2007, the National People's Congress of China enacted a new Enterprise Income Tax Law, which became effective on January 1, 2008 and amended on December 29, 2018. In December 2007, the State Council of China promulgated the Implementing Regulation of the new Enterprise Income Tax Law, which became effective on January 1, 2008. The Enterprise Income Tax Law imposes a unified enterprise income tax rate of 25% on all domestic enterprises and foreign-invested enterprises unless they qualify under certain limited exceptions.

Under the Provisional Regulation of China on Value Added Tax and its implementing rules, all entities and individuals engaged in the sale of goods, the provision of processing, repairs and replacement services, and the importation of goods into China are generally required to pay VAT at a rate of 17% of the gross sales proceeds received, less any deductible VAT already paid or borne by the taxpayer. Effective from 1 May 2018, the VAT rate on goods sales is adjusted to 16%. Effective from April 1, 2019, the VAT rate on goods sales is adjusted to 13%.

If it is more likely than not that some or all of the deferred tax assets will not be realized, we will provide for valuation allowances based on available evidence. As of December 31, 2019, our PRC subsidiaries had net operating losses carry forwards of \$9.2 million, of which \$0.1 million, \$0.9 million, \$0.2 million and \$8 million will expire in 2021, 2022, 2023 and 2024, respectively.

We consider positive and negative evidence to determine whether some portion or all of the deferred tax assets will not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, our experience with tax attributes in China expiring unused and tax planning alternatives. We have considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- tax planning strategies;
- future reversals of existing taxable temporary differences; and
- further taxable income exclusive of reversing temporary differences and carry forwards.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible for tax purposes. As a result, we recognized a valuation allowance against tax loss carry forwards for continuing operations of \$5.5 million and \$11.5 million as of December 31, 2018 and 2019, respectively.

In 2019, we had overseas operations in the jurisdiction of the United States, Canada, Republic of Romania, the United Kingdom, Poland, Hungary, Spain, France and India. The corporate income tax rates in these jurisdictions range from 0% to 35%.

Critical Accounting Estimates

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experience and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from those estimates.

Critical Accounting Policies

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. We believe that the following accounting policies involve a higher degree of judgment and complexity in their application and require us to make significant accounting estimates. The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this annual report.

Revenue recognition

Under ASC 606 (effective from January 1, 2018)

Solar power project development

a) Sale of project assets constructed by a third-party EPC contractor

The Company recognizes revenue for sales of project assets constructed by a third-party engineering, procurement and construction (“EPC”) contractor over time as the Company’s performance creates an energy generation asset that is owned by the customer as it is being constructed and the customer can direct all activities related to the work in progress. Furthermore, the sale of a project asset when combined with EPC services represents a single performance obligation for the development and construction of a single generation asset. The Company recognizes revenue overtime for construction contracts which recognize revenue and gross profit as work is performed based on the relationship between actual costs incurred compared to the total estimated costs of the contract. Under this business model, the EPC services are provided by a third-party service provider. In accordance with the terms and conditions of the EPC contract, the Company has the ability to direct a third party to ensure that the EPC services to the customer are performed, therefore the Company acts as the principal in this arrangement and both the revenue and cost amounts paid to the EPC contractor are recognized on a gross basis.

b) Sale of project assets constructed by the Company’s own EPC team

Under this business model, the Company sells power projects after they have been completed or are near completion. The Company conducts the construction of the power plant and completes or nearly complete the project before it identifies a customer. When a customer is identified, the Company enters into two agreements through signing: Sale and Purchase Agreement (“SPA”) and Operations and Maintenance (“O&M”) Services Contract, which are signed on the same date. Such arrangements consist of two performance obligations: sale of solar project and O&M services.

For sale of a solar project, the Company recognizes revenue at a point in time once control of project company is transferred to customer as the Company has no remaining performance obligation once the control is transferred upon closing of the sale. For O&M services, the Company recognizes revenue over time, ratably over the service period, as this performance enhances an energy generation asset controlled by the customer.

For sales agreements that have energy generation performance guarantees covering a certain timeframe or the availability guarantee in the O&M contract, if there is an underperformance event, the Company may incur liquidated damages as a percentage of the EPC contract price or as a percentage of O&M fees. Such performance guarantees represent a form of variable consideration and are estimated at contract inception at their most likely amount and updated at the end of each reporting period as additional performance data becomes available and only to the extent that it is probable that a significant reversal of any incremental revenue will not occur. All EPC contracts had been completed by December 31, 2018, thus there were no active EPC contracts in 2019.

c) Sale of project asset rights

The Company sells the project rights to customers through the disposal of project companies holding the relevant permits. For these transactions, the project companies could either own the land or lease the land under the lease term that could cover the entire power plant’s life. In these transactions, the Company is also responsible for locating the electricity end subscribers on the customer’s behalf for certain percentage of the entire contract consideration. Such arrangements consist of two performance obligations: sale of project rights and sourcing of end subscribers.

The Company recognizes revenue for sale of project rights at a point in time once control of project rights is transferred to customer as the Company has no further obligations related to the project rights. The Company recognizes revenue for sourcing of end subscribers over time as the Company has an ongoing obligation during a certain period to source end subscribers. A portion of the sales price consideration is variable on the percentage of end subscribers sourced for the project. The Company estimates the amount that most likely overcomes the constraint on variable consideration to include in the transaction price based on the historical subscription rates achieved.

EPC Services

The Company provides EPC services under the EPC contracts, under which the Company provides one distinct performance obligation – design and build the power plant on customer’s site per customer’s request.

The Company recognizes revenue for EPC services over time as the Company’s performance creates or enhances an energy generation asset controlled by the customer. In recognizing revenue overtime, the Company follows the costs incurred method and uses the actual costs incurred relative to the total estimated costs (including module costs) in order to determine the progress towards completion and calculate the corresponding amount of revenue and profit to recognize. Costs incurred include direct materials, solar modules, labor, subcontractor costs, and those indirect costs related to contract performance, such as indirect labor and supplies.

The overtime revenue recognition requires the Company to make estimates of net contract revenues and costs to complete the projects. In making such estimates, significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other payments to customers. Significant judgment is also required to evaluate assumptions related to the costs to complete the projects, including materials, labor, contingencies, and other system costs.

Although the EPC contract usually clearly states a fixed unit price and the estimated total contract amount, the total contract amount is subject to variable consideration due to the difference between actual grid-connection capacity and estimated grid-connection capacity. The Company usually makes a reasonable estimation of grid-connection capacity, which represents a form of variable consideration. The variable consideration is estimated at the contract inception at the best estimate based on relevant experience and historical data and updated at the end of each reporting period as additional performance data becomes available and only to the extent that it is probably that a significant reversal of any revenue will not occur.

If estimated total costs on any contract are greater than the net contract revenues, the Company recognizes the entire estimated loss in the period the loss becomes known. The cumulative effect of the revisions to estimates related to net contract revenues and costs to complete contracts, including penalties, claims, change orders, performance incentives, anticipated losses, and others are recorded in the period in which the revisions to estimates are identified and the amounts can be reasonably estimated. The effect of the changes on future periods are recognized as if the revised estimates had been used since revenue was initially recognized under the contract. Such revisions could occur in any reporting period, and the effects may be material depending on the size of the contracts or the changes in estimates.

The Company bills the customer based on progress billing terms in the contract. Accounts receivable from EPC services (unbilled) represents revenue that has been recognized in advance of billing the customer, which is common for long-term construction contracts. The Company typically recognizes revenue from contracts for the construction and sale of PV solar power systems over time using cost based input methods, which recognizes revenue and gross profit as work is performed based on the relationship between actual costs incurred compared to the total estimated costs of the contract. Accordingly, revenue could be recognized in advance of billing the customer, resulting in an amount recorded to "Accounts receivable from EPC services (unbilled)" as disclosed in Note 4 to the Financial Statements. Once the Company has an unconditional right to consideration under a construction contract, the Company typically bills the customer accordingly and reclassifies the "Accounts receivable from EPC services (unbilled)" to "Accounts receivable from EPC services (billed)". Billing requirements vary by contract but are generally structured around the completion of certain construction milestones. Certain of the EPC contracts for PV solar power systems contain retainage provisions. Retainage represents contract costs for the portion of the contract price earned for work performed but held for payment by the customer as a form of security until certain defined timeframe has been reached. The Company considers whether collectability of such retainage is reasonably assured in connection with our overall assessment of the collectability of amounts due or that will become due under the EPC contracts. Retainage included within "Accounts receivable from EPC services (unbilled)" is expected to be billed and collected within the next 12 months. After the Company has satisfied the EPC contract requirements and has an unconditional right to consideration, the retainage is billed and reclassified to "Accounts receivable from EPC services (billed)". Refer to Note 4 for detail breakdown of the "Accounts receivable from EPC services (unbilled)" and "Accounts receivable from EPC services (billed)" amounts.

For EPC services, the Company provides a limited assurance only warranty for the modules, materials and construction part of the power plants. Although the Company subcontracts the construction to third party developers and purchase the raw materials and modules from third party suppliers, the Company is the primary obligor for the limited warranties such as solar module product warranty for a period of five to ten years, warranties for defects in engineering design, installation, workmanship for a period of one to two years and recorded as a liability in the Consolidated Balance Sheets. Nevertheless, the Company has a legally enforceable right to recover these warranties from the subcontractor and suppliers as these parties have contracted with the Company to assume these warranty obligations, and that the Company will also record receivables in the Consolidated Balance Sheets for expected reimbursement in amounts that the Company believe are probable. EPC warranty expenses and expected recovery amounts related to warranties are recorded net of expense in the Consolidated Statement of Operations on the basis that the amounts provided by the subcontractor and suppliers are a reimbursement of our costs. As of December 31, 2018 and 2019, the related liabilities and receivables are not material, and the related expenses for the three years ended December 31, 2017, 2018 and 2019 are not material.

Electricity generation revenue

The Company recognizes electricity generation revenue generated from power plants owned and operated by the Company over time as the customer receives and consumes the benefits as the Company performs. In recognizing revenue overtime, the Company follows the output method and uses the actual electricity supplied in order to determine the progress forwards completion and calculate the corresponding amount of revenue and profit to recognize. The electricity generation records are reconciled with the power grid companies and the price of electricity is based on a fixed unit price according to the power purchase arrangement with the power grid companies. The Company is entitled to the feed-in tariff(s) (FIT) that the government guaranteed and subsidized electricity sale price at which solar power projects can produce green energy. The Company recognizes the FIT as part of the electricity generation revenue when the entitlement to receipt of such FIT is fulfilled. Accounts receivable from such FIT are expected to be collected beyond 12 months, thus are discounted at an effective interest rate and recorded as a non-current asset.

Revenue from green certificates

The Company receives green energy certificates based on electricity generated from the power plants in a subsidiary. The Company sells these certificates to buyers who can then meet the mandatory government quota per year for green energy produced. The Company believes that these green certificates are a government incentive and the sale of green energy certificates does not fall into derivative and lease accounting scope. The Company recognizes revenue for the sale at a point in time once the control of green certificates has been transferred to the buyers according to the green certificate purchase arrangement. The consideration of selling green certificates sold is fixed as stated in the purchase arrangement.

For the years ended December 31, 2017, 2018 and 2019, revenues from sale of green certificates were \$4,184,724, \$883,741 and \$1,957,109, respectively, and are included in electricity generation revenue.

Value added tax ("VAT")

Value added tax ("VAT") at differentiated rates on invoice amount is collected on behalf of the tax authorities in respect of the different types of revenues and is not recorded as revenue. VAT paid for purchases, net of VAT collected from customers, is recorded as an asset.

Under ASC 605 (effective before January 1, 2018)

Solar power project development

a) Sale of project assets

The Company recognized revenue from the sale of project assets in accordance with ASC 360-20, Real Estate Sales. For these transactions, the Company has determined that the project assets, which represented the costs of constructing solar power projects, represented "integral" equipment and as such, the entire transaction is in substance the sale of real estate and subject to the revenue recognition guidance under ASC 360-20 Real Estate. Under the provisions of real estate accounting, the Company recognized revenue under full accrual method when all of the following requirements are met: (a) the sales are consummated; (b) the buyer's initial and continuing investments are adequate to demonstrated its commitment to pay; (c) the receivable is not subject to any future subordination; and (d) the Company has transferred the usual risk and rewards of ownership to the buyer. Specifically, the Company considers the following factors in determining whether the sales have been consummated: (a) the parties are bound by the terms of a contract; (b) all consideration has been exchanged; (c) permanent financing for which the seller is responsible has been arranged; and (d) all conditions precedent to closing have been performed, and the Company does not have any substantial continuing involvement with the project.

For sales agreements that have energy generation performance guarantees covering a certain timeframe, if there is an underperformance event, the Company may incur liquidated damages as a percentage of the EPC contract price. The Revenue recognized is reduced by the maximum amount of the payable liquidated damage, which amount is deferred until the end of the guaranteed period.

For sales agreements that have conditional repurchase clauses if certain events occur, such as not achieving specified guaranteed performance level within a certain timeframe, the Company will defer and will not recognize revenue on such sales agreements until the conditional repurchase clauses are of no further force or effect and all other necessary revenue recognition criteria have been met.

b) Sale of project asset rights

The Company also sells the project rights to customers through the disposal of project companies holding the relevant permits. For these transactions, the project companies could either own the land or lease the land under the lease term that could cover the entire power plant's life. For the transactions with the land owned, the Company accounts the entire transaction under the revenue recognition guidance of ASC 360-20 Real Estate. Under the provisions of real estate accounting, the Company recognizes revenue under full accrual method when all of the requirements mentioned in the sale of project assets above are met. For the transactions with the land leased, the Company recognizes revenue when the revenue is realized or realizable and earned in accordance with ASC 605-10-S99-1. In these transactions, the Company is also responsible for locating the electricity end subscribers for certain percentage of the entire contract consideration. A consideration reduction will occur if the located end subscribers don't reach to a defined threshold per the contract terms. The portion of the revenue is not recognized until the contingency has been removed, that is when the relevant subscription agreements are effective. Costs incurred during the course of obtaining permits are capitalized and recorded in project assets before the sale of project rights is completed.

c) Jointly arrangements of power projects for sale

The Company also entered into cooperation arrangement to jointly construct power projects for sale. In the arrangement, the Company's performance obligations generally including design, engineering, procurement of all PV modules, materials needed for the projects and locating end subscriptions, while the counterparty is the primary obligor for constructing the power projects under the joint cooperation agreement, holds the ownership of the land and power projects and sell the power projects. The Company and the counterparty each generally received 50% of the total selling price of the power projects. The Company recognized revenue, representing 50% of the selling price of the power projects, from this arrangement when the revenue is realized or realizable and earned in accordance with ASC 605-10-S99-1, which is normally when the power projects are sold to the external buyers, when all of the following requirements are met: (a) persuasive evidence of an arrangement exists; (b) delivery has occurred or services have been rendered; (c) the seller's price to the buyer is fixed or determinable; and (d) collectability is reasonably assured.

EPC Services

The Company provides engineering, procurement and construction ("EPC") services under the EPC contracts to design and build the power plant on customer's site per customer's request.

The Company generally recognized revenue for EPC services over time using a percentage-of completion method as the Company's performance creates or enhances an energy generation asset controlled by the customer per ASC 605-35. In applying the percentage-of-completion method, the Company follows the cost-to-cost method and used the actual costs incurred relative to the total estimated costs (including module costs) in order to determine the progress towards completion and calculate the corresponding amount of revenue and profit to recognize. Costs incurred include direct materials, solar modules, labor, subcontractor costs, and those indirect costs related to contract performance, such as indirect labor and supplies. When contracts specify that title to direct materials and solar modules transfers to the customer before installation has been performed, the Company will not recognize revenue or the associated costs until those materials are installed and have met all other revenue recognition requirements.

The percentage-of-completion method of revenue recognition requires the Company to make estimates of net contract revenues and costs to complete our projects. In making such estimates, management judgments are required to evaluate significant assumptions including the amount of net contract revenues, the cost of materials and labor, subcontractor costs, the impact of potential variances in schedule completion, and the impact of any penalties, claims, change orders, or performance incentives.

If estimated total costs on any contract are greater than the net contract revenues, the Company recognized the entire estimated loss in the period the loss becomes known. The cumulative effect of the revisions to estimates related to net contract revenues and costs to complete contracts, including penalties, claims, change orders, performance incentives, anticipated losses, and others are recorded in the period in which the revisions to estimates are identified and the amounts can be reasonably estimated. The effect of the changes on future periods are recognized as if the revised estimates had been used since revenue was initially recognized under the contract. Such revisions could occur in any reporting period, and the effects may be material depending on the size of the contracts or the changes in estimates.

The Company bills the customer based on progress billing terms in the contract. Accounts receivable from EPC services (unbilled) represents revenue that has been recognized in advance of billing the customer, which is common for long-term construction contracts. The Company typically recognized revenue from contracts for the construction and sale of PV solar power systems over time using cost based input methods, which recognizes revenue and gross profit as work is performed based on the relationship between actual costs incurred compared to the total estimated costs of the contract. Accordingly, revenue could be recognized in advance of billing the customer, resulting in an amount recorded to "Accounts receivable from EPC services (unbilled)" as disclosed in Note 4. Once the Company has an unconditional right to consideration under a construction contract, the Company typically bills the customer accordingly and reclassified the "Accounts receivable from EPC services (unbilled)" to "Accounts receivable from EPC services (billed)." Billing requirements vary by contract but are generally structured around the completion of certain construction milestones. Certain of the EPC contracts for PV solar power systems contain retainage provisions. Retainage represents contract costs for the portion of the contract price earned for work performed, but held for payment by the customer as a form of security until certain defined timeframe has been reached. The Company considered whether collectability of such retainage is reasonably assured in connection with the Company's overall assessment of the collectability of amounts due or that will become due under the EPC contracts. Retainage included within "Accounts receivable from EPC has services (unbilled)" is expected to be billed and collected within the next 12 months. After the Company has satisfied the EPC contract requirements and has an unconditional right to consideration, the retainage is billed and reclassified to "Accounts receivable from EPC services (billed)." Refer to Note 4 for detail breakdown of the "Accounts receivable from EPC services (unbilled)" and "Accounts receivable from EPC services (billed)" amounts.

For EPC services, the Company provides limited warranty for certain years for the modules, materials and construction part of the power plants. Although the Company subcontracts the construction to third party developers and purchase the raw materials and modules from third party suppliers, the Company is the primary obligor for the limited warranties such as solar module product warranty for a period of five to ten years, warranties for defects in engineering design, installation, workmanship for a period of one to two years and records a liability “Accrued EPC warranty liabilities” which is grouped under “Other current liabilities” in the Consolidated Balance Sheet and disclosed in Note 11. On another hand, the Company has a legally enforceable right to recover these warranties from the subcontractor and suppliers as these parties have contracted with the Company to assume these warranty obligations, and that the Company will also record receivables for expected reimbursement in amounts that the Company believes are probable as “EPC Warranty reimbursement receivables” which is grouped under “Prepaid expenses and other current assets” in the Consolidated Balance Sheet and disclosed in Note 5. The EPC warranty expenses and expected recovery amounts related to warranties are recorded net in expense in the Consolidated Statement of Operations on the basis that the amounts provided by the subcontractor and suppliers are a reimbursement of the Company’s costs.

Electricity generation revenue

The Company recognized electricity generation revenue for company operated power plant when persuasive evidence of a power purchase arrangement with the power grid company exists, electricity has been generated and been 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. Note that the Company is entitled to the feed-in tariff(s) (FIT) that the government guaranteed and subsidized electricity sale price at which solar power projects can produce green energy. The Company recognizes the FIT as part of the electricity generation revenue when the entitlement to receipt of such FIT is fulfilled.

Revenue from green certificates

The Company received green energy certificates based on electricity generated from the power plants in a subsidiary. The Company sells these certificates to buyers who can then meet the mandatory government quota per year for green energy produced. The Company believed that these green certificates are a government incentive and the sale of green energy certificates does not fall into derivative and lease accounting scope. The Company recognized revenue for the sale in accordance with ASC 605-10-S99-1 when persuasive evidence of a green certificate purchase arrangement with the buyer exists, green certificates have been delivered to the buyer, the price of total green certificates sold is fixed or determinable and the collectability of the resulting receivable is reasonably assured.

Value added tax (“VAT”)

Value added tax (“VAT”) at differentiated rates on invoice amount is collected on behalf of tax authorities in respect of the different types of revenues and is not recorded as revenue. VAT paid for purchases, net of VAT collected from customers, is recorded as an asset.

Changes in Accounting Principles

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, “Revenue - Revenue from Contracts with Customers,” as a new Topic, ASC 606. Further, in March 2016, the FASB issued ASU No. 2016-08, “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),” which clarifies the implementation guidance on principal versus agent considerations. On January 1, 2018, the Company adopted the new accounting standard ASC 606, Revenue from Contracts with Customers and all the related amendments (“new revenue standard”) to all contracts using the modified retrospective method. The new standard requires the Company to recognize revenue when a customer obtains control rather than when it has transferred substantially all risks and rewards of a good or service and requires expanded disclosures. ASC 606 superseded the real estate sales guidance under ASC 360-20.

The Company has completed a detailed review of revenue contracts representative of its business segments and its revenue streams as of the adoption date. As a result of the evaluation performed, the Company has determined that the timing and amount of revenue that it recognizes on certain contracts is affected by the adoption of the new standard. These adjustments are primarily related to the change in recognition of solar power projects development.

Under the modified retrospective method, the Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to its net income and material change in timing of recognition of revenue on an ongoing basis.

The cumulative effect of the changes made to its January 1, 2018 consolidated balance sheet for the adoption of ASU 2016-08, “Revenue - Revenue from Contracts with Customers” was as follows:

| | Balance at December 31, 2017 | Adjustments Due to ASC 606 | Balance at January 1, 2018 |
|--|---------------------------------|-------------------------------|-------------------------------|
| Assets | | | |
| Accounts receivable, net of allowances for doubtful accounts | \$ 23,312,086 | \$ 7,079,477 | \$ 30,391,563 |
| Project assets current | 76,556,400 | (400,642) | 76,155,758 |
| Contract costs | 12,668,709 | (5,808,850) | 6,859,859 |
| Liabilities and Shareholders' Equity | | | |
| Accumulated deficit | \$ (435,517,610) | \$ 869,985 | \$ (434,647,625) |

There is no cumulative effect of the changes made to its December 31, 2018 consolidated balance sheet for the adoption of ASU 2016-08, "Revenue - Revenue from Contracts with Customers".

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on its consolidated statements of operation and comprehensive income was as follows:

| | Year ended December 31, 2018 | | |
|---|------------------------------|---|---------------------|
| | As reported | Balances Without Adoption of ASC 606 | Effect of Change |
| Net revenue: | | | |
| Solar power projects development | \$ 48,784,766 | \$ 55,864,243 | \$ (7,079,477) |
| Electricity generation revenue | 29,257,928 | 29,257,928 | - |
| EPC services | 18,544,164 | 18,544,164 | - |
| Others | 319,477 | 319,477 | - |
| Cost of revenue | \$ (68,836,588) | \$ (75,046,080) | \$ 6,209,492 |
| Gross profit | 28,069,747 | 28,939,732 | (869,985) |
| Income from operations | 15,531,888 | 16,401,873 | (869,985) |
| Net income | 5,096,480 | 5,966,465 | (869,985) |
| Net income attributed to ReneSola Ltd | 1,759,711 | 2,629,696 | (869,985) |
| Basic income attributed to ReneSola Ltd per share | 0.00 | 0.01 | (0.01) |
| Diluted income attributed to ReneSola Ltd per share | 0.00 | 0.01 | (0.01) |

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months and disclosing key information about leasing transactions. Leases are classified either operating or finance, with such classification affecting the pattern of expense recognition in the income statement. The effective date of the new standard is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), which provided a transition to change to not restate comparative periods for the effects of applying the new standard. This transition election permits entities to change the date of initial application to the beginning of the earliest comparative period presented, or retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment.

The Company adopted ASC 842 on January 1, 2019 and elected to apply the standard retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment which, among other things, allowed the Company not to reassess prior conclusions related to contracts containing leases or lease classification. See "Item 5. Operating and Financial Review and Prospects—Recently Accounting Pronouncements—Recently adopted accounting pronouncements."

Deferred project revenue

Deferred project revenue mainly represents customer payments received, or customer billings made under the terms of solar power project related sales contracts for which revenue recognition for real estate transactions have not yet been met. The associated solar power project related costs are included as deferred project costs. We classify such amounts as current or noncurrent depending on when all revenue recognition criteria are expected to be met, consistent with the classification of the associated deferred project costs.

Deferred Income Taxes

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Deferred tax assets and liabilities are all classified as non-current in the consolidated balance sheets.

Project assets and deferred project costs

In 2012, we began entering into arrangements to develop commercial solar power projects ("project assets") for sale upon their completion. Project assets consist primarily of costs relating to solar power projects in various stages of development that are capitalized prior to entering into a definitive sales agreement for the solar power project. These costs include certain acquisition costs, land costs and costs for developing and constructing a solar power project. Development costs can include legal, consulting, permitting, and other similar costs. Construction costs can include execution of field construction, installation of solar equipment, and solar modules and related equipment. Interest costs incurred on debt during the construction phase are also capitalized within project assets. We do not depreciate the project assets, when they are considered held for sale. Any revenue generated from a solar power project connected to the grid would be considered incidental revenue and accounted for as a reduction of the capitalized project costs for development. In addition, we present all expenditures related to the development and construction of project assets as a component of cash flows from operating activities.

During the development phase, these project assets are accounted for in accordance with the recognition, initial measurement and subsequent measurement subtopics of ASC 970-360, as they are considered in substance real estate. While the solar power projects are in the development phase, they are generally classified as non-current assets, unless it is anticipated that construction will be completed, and sale will occur within one year.

We capitalize the costs related to solar power projects in various stages of development prior to entering into a definitive sales agreement for the solar power project and classify these costs as project assets on the consolidated balance sheets when the criteria in ASC 360-10-45-9 are met. If not met, we reclassify them to property, plant and equipment, unless the delay in the period required to complete the sale is caused by events or circumstances beyond our control.

Deferred project costs represent costs that are capitalized as project assets for arrangements that are accounted for as real estate transactions after we have entered into a definitive sales arrangement, but before the sale is completed or before all criteria to recognize the sale as revenue is met. We classify deferred project costs as noncurrent if all revenue recognition criteria is not expected within the next 12 months.

We review project assets and deferred project costs for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. We consider a project commercially viable or recoverable if it is anticipated to be sold for a profit once it is either fully developed or fully constructed. We consider a partially developed or partially constructed project commercially viable or recoverable if the anticipated selling price is higher than the carrying value of the related project assets and the estimated costs to complete. We examine a number of factors to determine if the project will be recoverable, the most notable of which include whether there are any changes in environmental, ecological, permitting, market pricing or regulatory conditions that impact the project. Such changes could cause the costs of the project to increase or the selling price of the project to decrease. If a project is not considered recoverable, we impair the respective project assets and adjust the carrying value to the estimated recoverable amount, with the resulting impairment recorded within operations.

Segment Operations

In 2016 and prior to September 2017, we operated in three principal reportable business segments, namely wafer sales segment, cell and module sales segment and solar power projects segment. In September 2017, we completed a disposition of our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business. As a result, we have transformed into a solar project developer and operator, a pure downstream player with pipeline projects around the world. We currently separate the solar power project segment into three reportable segments, including solar power project development, electricity generation revenue and EPC services. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

Results of Operations

In September 2017, we completed a disposition of our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business.

On January 1, 2018, we adopted new revenue guidance ASC Topic 606, "Revenue from Contracts with Customers," using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Results for reporting periods beginning on or after January 1, 2018 are presented under ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with our historic accounting method under ASC Topic 605.

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations with each item expressed.

| | Year ended December 31, | | |
|--|--------------------------------|---------------------|------------------------|
| | 2017 | 2018 | 2019 |
| Net revenue: | | | |
| Solar power project development | \$ 64,837,042 | \$ 48,784,766 | \$ 90,096,551 |
| Electricity generation revenue | 12,247,320 | 29,257,928 | 28,712,942 |
| EPC services | 25,853,288 | 18,544,164 | 69,751 |
| Other | 36,349 | 319,477 | 237,780 |
| Total net revenue | 102,973,999 | 96,906,335 | 119,117,024 |
| Cost of revenue | (88,842,244) | (68,836,588) | (84,890,976) |
| Gross profit | 14,131,755 | 28,069,747 | 34,226,048 |
| Operating (expenses)/income: | | | |
| Sales and marketing | (1,710,024) | (885,803) | (750,461) |
| General and administrative | (6,179,274) | (10,199,524) | (15,757,147) |
| Other operating income/(expenses) | 313,153 | (1,452,532) | (11,802,629) |
| Impairment loss of assets | - | - | (6,880,115) |
| Total operating expenses | (7,576,145) | (12,537,859) | (35,190,352) |
| Income/(loss) from operations | 6,555,610 | 15,531,888 | (964,304) |
| Non-operating (expenses)/income: | | | |
| Interest income | 51,403 | 193,552 | 822,915 |
| Interest expense | (3,936,302) | (8,703,904) | (9,159,818) |
| Foreign exchange (losses)/gains | 894,704 | (2,460,812) | (1,273,899) |
| Other income/(loss) | (43,516) | 346,965 | - |
| Total non-operating expenses | (3,033,711) | (10,624,199) | (9,610,802) |
| Income/(loss) before income tax | 3,521,899 | 4,907,689 | (10,575,106) |
| Income tax benefit/(expense) | (322,068) | 188,791 | (1,105,049) |
| Income/(loss) from continuing operations, net of tax | 3,199,831 | 5,096,480 | (11,680,155) |
| Discontinued operations | | | |
| Gain on disposal of discontinued operations before income taxes | 106,292,213 | - | - |
| Loss from operations of discontinued operations before income taxes | (79,782,830) | - | - |
| Income tax benefit | 4,748,324 | - | - |
| Income from discontinued operations, net of tax | 31,257,707 | - | - |
| Net income/(loss) | \$ 34,457,538 | \$ 5,096,480 | \$ (11,680,155) |
| Less: Net/(loss) income attributed to noncontrolling interests | - | 3,336,769 | (2,848,932) |
| Net income/(loss) attributed to ReneSola Ltd | \$ 34,457,538 | \$ 1,759,711 | \$ (8,831,223) |
| Income/(loss) attributed to ReneSola Ltd per ADS from continuing operations | | | |
| Basic | \$ 0.13 | \$ 0.05 | \$ (0.22) |
| Diluted | \$ 0.13 | \$ 0.05 | \$ (0.22) |
| Income attributed to ReneSola Ltd per ADS from discontinued operations | | | |
| Basic | \$ 1.27 | \$ - | \$ - |
| Diluted | \$ 1.27 | \$ - | \$ - |
| Weighted average number of ADS used in computing income/(loss) per ADS* | | | |
| Basic | 24,689,929 | 38,075,293 | 40,595,551 |
| Diluted | 24,690,529 | 38,075,293 | 40,595,551 |

*Each ADS represents 10 ordinary shares.

| | Year ended December 31, | | |
|---|-------------------------|---------------------|-----------------------|
| | 2017 | 2018 | 2019 |
| Net income/(loss) | \$ 34,457,538 | \$ 5,096,480 | \$ (11,680,155) |
| Other comprehensive income/(loss), net of tax of nil: | | | |
| Foreign currency translation adjustment | 11,513,216 | (2,541,550) | 226,014 |
| Release of translation difference due to disposal of discontinued operation | (64,984,682) | - | - |
| Other comprehensive loss | (53,471,466) | (2,541,550) | 226,014 |
| Comprehensive income/(loss) | (19,013,928) | 2,554,930 | (11,454,141) |
| Less: Comprehensive income/(loss) attributed to noncontrolling interests | - | 3,050,313 | (4,257,484) |
| Comprehensive loss attributed to ReneSola Ltd | <u>\$ (19,013,928)</u> | <u>\$ (495,383)</u> | <u>\$ (7,196,657)</u> |

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Net Revenue. Our net revenue from continuing operations increased from \$96.9 million in 2018 to \$119.1 million in 2019 primarily due to (i) the increase of the revenue from our solar power project development of \$41.3 million, mainly as a result of the increase of our sales of project assets in Poland and Hungary; (ii) the decrease of the revenue from our EPC services of \$18.5 million because of a change of our business strategy to deemphasize our EPC services segment going forward and (iii) The decrease of the revenue from electricity generation revenue of \$0.6 million which resulted from the sale of certain DG projects in China.

Cost of Revenue. Our cost of revenue for continuing operations increased from \$68.8 million in 2018 to \$84.9 million in 2019. Our cost of revenue associated with solar power project development is relatively higher than the cost of revenue of electricity generation. The increase of our cost of revenue is aligned with the increased percentage of solar power project development revenue in our total net revenue.

Gross Profit. Gross profit from continuing operations for 2019 was \$34.2 million, compared to a gross profit of \$28.1 million in 2018. We were able to maintain a relatively stable gross margin of 28.7% for 2019, compared to a gross margin of 29.0% in 2018.

Sales and Marketing Expenses. Sales and marketing expenses for continuing operations decreased from \$0.9 million in 2018 to \$0.8 million in 2019 which was aligned with our cost saving strategy.

General and Administrative Expenses. General and administrative expenses for continuing operations increased from \$10.2 million in 2018 to \$15.7 million in 2019, primarily due to the increase of bad debt allowance of \$7.0 million provided in 2019 for certain customers which the Company deemed there was a credit risk of such balances, and partially offset by the decrease of other general and administrative expenses which was aligned with our cost saving strategy.

Other Operating Expenses. Other operating expenses for continuing operations increased from \$1.5 million in 2018 to \$11.8 million in 2019. Our other operating income/expenses consisted primarily of discount charges of long-term receivables, compensation income and expenses, and disposal gain or loss of projects assets and property, plant and equipment. The increase in our other operating expenses was mainly due to (i) cancellation loss of project assets of \$6.4 million in U.S. and (ii) increased loss on disposal of property, plant and equipment of \$3.9 million in China.

Impairment loss of assets. Impairment loss on assets was \$6.9 million in 2019 and nil in 2018, primarily because we adjusted the net asset value of a solar power plant in China that we sold in 2019.

Interest Income and Expenses. Our interest income from continuing operations increased from \$0.2 million in 2018 to \$0.8 million in 2019, primarily due to the recognition of the discounted interest income on receivables from feed-in tariff(s) (FIT) for electricity sold. Our interest expenses for continuing operations increased from \$8.7 million in 2018 to \$9.2 million in 2019, primarily due to the increased average outstanding principal in 2019.

Foreign Exchange Losses. Foreign exchange loss from continuing operations decreased from \$2.5 million in 2018, to \$1.3 million in 2019, primarily due to a loan borrowed by our Poland subsidiary in Euro and the subsequent depreciation of the Polish zloty in 2018. The loan was repaid in 2019.

Income Tax Benefit (Expense). We had income tax expense for continuing operations of \$1.1 million in 2019, compared to an income tax benefit of \$0.2 million in 2018. The income tax expense in 2019 mainly resulted from the taxable income from the power projects sold in Poland and Hungary.

Net Income (Loss). As a result of the foregoing, we had a net loss from continuing operations of \$11.7 million in 2019, compared to a net income of \$5.1 million in 2018.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Net Revenue. Our net revenue from continuing operations decreased from \$103.0 million in 2017 to \$96.9 million in 2018 primarily due to (i) the decrease of the revenue from our solar power project development of \$16.1 million, mainly as a result of the decrease of our sales of project assets in China which was because we intended to retain some projects in selected regions and focus on IPP business in those regions; and (ii) the decrease of the revenue from our EPC services of \$7.3 million which also resulted from our intention to retain some projects in selected regions and focus on IPP business in those regions. The decrease was partially offset by the increase of the revenue from electricity generation revenue of \$17.0 million which primarily generated from our operation of DG projects in China.

Cost of Revenue. Our cost of revenue for continuing operations decreased from \$88.8 million in 2017 to \$68.8 million in 2018. Our cost of revenue associated with electricity generation revenue is relatively lower than the cost of revenue of both solar power project development and EPC services. The decrease of our cost of revenue is aligned with the increased percentage of electricity generation revenue in our total net revenue.

Gross Profit. Gross profit from continuing operations for 2018 was \$28.1 million, compared to a gross profit of \$14.1 million in 2017. Gross margin for 2018 was 29.0%, compared to a gross margin of 13.7% in 2017. The increase in gross margin was primarily due to the disposal of our manufacturing business in September 2017 and the increase of our revenue from electricity generation revenue, which has a relatively higher gross margin comparing to our other segment operations.

Sales and Marketing Expenses. Sales and marketing expenses for continuing operations decreased from \$1.7 million in 2017 to \$0.9 million in 2018 which is aligned with the decrease of our net revenue.

General and Administrative Expenses. General and administrative expenses for continuing operations increased from \$6.2 million in 2017 to \$10.2 million in 2018, primarily due to the increase of our consulting and professional service fees, as well as an increase of salaries for our employees.

Other Operating Income/Expenses. We had other operating expenses for continuing operations of \$1.5 million for 2018 and other operating income of \$0.3 million for 2017. Our other operating income/expenses consisted primarily of discount charges of long-term receivables, compensation income and expenses and disposal loss of project assets. The increase in our other operating expenses was mainly due to the increased discount charges of long-term receivables and compensation expenses.

Interest Income and Expenses. Our interest income from continuing operations increased from \$0.05 million in 2017 to \$0.2 million in 2018. Our interest expenses for continuing operations increased from \$3.9 million in 2017 to \$8.7 million in 2018 which was associated with our increased finance lease.

Foreign Exchange Gains (Losses). We had a foreign exchange loss from continuing operations of \$2.5 million in 2018, compared to a foreign exchange gain of \$0.9 million in 2017. The foreign exchange loss in 2018 was primarily due to a loan incurred by our Poland subsidiary in Euro and the subsequent depreciation of the Polish zloty.

Income Tax Benefit (Expense). We had an income tax benefit for continuing operations of \$0.2 million in 2018, compared to an income tax expense of \$0.3 million in 2017.

Net Income (Loss). As a result of the foregoing, we had a net income from continuing operations of \$5.1 million in 2018, compared to a net income of \$3.2 million in 2017.

Disposition of Manufacturing Businesses and the LED Distribution Business

In September 2017, we completed a non-cash restructuring following which, among other things, substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business were transferred into ReneSola Singapore Pte. Ltd. Upon the closing of this restructuring, all the issued shares of ReneSola Singapore Pte. Ltd. were transferred to Mr. Xianshou Li, our previous chairman and previous chief executive officer.

As a result of our business restructuring in September 2017, bank borrowings in an aggregate amount in excess of RMB3 billion (\$461 million) related to the transferred businesses, or the Bank Borrowings, will no longer be consolidated on our balance sheet as all have been assumed by the buyer, ReneSola Singapore Pte. Ltd. agreed to cancel approximately \$217.4 million of accounts and other payable owed by us and we issued 180 million of our shares of no par value per share to ReneSola Singapore Pte. Ltd. Mr. Xiaoshou Li, our previous chairman and previous chief executive officer, and his spouse have provided personal guarantee for a majority of the Bank Borrowings.

We recognized a gain of \$106.3 million because of the disposition in September 2017.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

In September 2017, we completed a non-cash restructuring following which, among other things, substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business were transferred into ReneSola Singapore Pte. Ltd. Upon the closing of this restructuring, all the issued shares of ReneSola Singapore Pte. Ltd. were transferred to Mr. Xianshou Li, our previous chairman and previous chief executive officer. As a result, bank borrowings in excess of RMB3 billion (\$461 million) related to the transferred businesses will no longer be consolidated on our balance sheet as all have been assumed by the buyer, ReneSola Singapore Pte. Ltd. agreed to cancel approximately \$217.4 million of accounts and other payable owed by us and we issued 180 million ordinary shares to ReneSola Singapore Pte. Ltd. As of December 31, 2019, our debt-to-asset ratio, which is total liabilities divided by total assets, was improved and decreased to 57.0% from 67.0% as of December 31, 2018.

For the year ended December 31, 2019, we had generated positive operating cash flow of \$55.9 million, negative working capital and loss from operations but we extended the terms of our short-term borrowings of \$28.3 million which are now due in March 2021. We believe that our cash and cash equivalents, project assets, and continued support from financial institutions, fund investors and financing lease companies, in the form of renewed and additional short-term or long-term financings (including development loans, construction loans and project financings) and equity contribution, will be sufficient to meet our working capital and capital expenditure needs that will arise in 2020 and will be sufficient for the next 12 months from filing date of this annual report. We intend to continue to carefully execute our operating plans and manage credit and market risk. However, if our financial results or operating plans change from our current assumptions, our liquidity could be negatively impacted.

As part of our financing policy, we expect to continue to finance our liquidity needs mainly with cash flows from our operating activities. We continuously evaluate opportunities to pursue acquisitions or engage in strategic transactions. We expect to finance any significant future transaction with a combination of cash, long-term indebtedness and the issuance of shares of our company. As of December 31, 2019, significant components of our working capital were as follows:

- Our total current assets were \$103.1 million, including cash and cash equivalents of \$24.3 million.
- We had current project assets of \$32.1 million in our late stage projects under development. Although we believe we will be able to sell such project assets at a profit, if we are unable to sell these project assets at reasonable prices in the near term, our liquidity may be negatively affected.
- Our advances to suppliers, current portion, which are unsecured, were \$0.2 million as of December 31, 2019.
- Our current liabilities as of December 31, 2019 included short-term bank borrowings of \$35.8 million, among which \$28.3 million was extended and is not due until March 2021.

Cash generated from operations, external financing, and related party credit are our primary sources of operating liquidity, and we believe that cash flows from operations combined with our existing cash and cash equivalents, and facilities currently available, and those expected to be renewed will be sufficient to satisfy our obligations when they become due.

We have performed a review of our cash flow forecast for at least the twelve months following the issuance date of this 20-F. We expect the solar power project business to generate positive cash inflow in the forecasted period. In addition, we plan to continue our financing arrangements, such as renew and enter into new bank borrowings and financing lease and other arrangements and equity contributions to meet working capital and expenditure requirements.

Based on the above factors, we believe that adequate sources of liquidity exist to fund our working capital and capital expenditures requirements, and to meet our current debt obligations, other liabilities and commitments as they become due for at least twelve months from the issuance date of this 20-F.

Borrowings

Short-term Borrowings

As of December 31, 2019, we had outstanding short-term borrowings of \$35.8 million. We have maintained our level of short-term bank borrowings to meet our working capital requirements for capital expenditures or other corporate uses, and we have not experienced any financial difficulty with respect to any repayment of our borrowings.

Bond payable

In January 2019, our Luxembourg subsidiary issued a bond to an investor in France for the purpose of financing the Company's PV plant projects in Poland and Hungary totaling €11.5 million (\$12.9 million). The bond has a maturity date in March 2020. The balance of the bond as of December 31, 2019 was €2.2 million (\$2.5 million).

Interest rates are fixed for the bond payable. The weighted average interest rate of bond payable in the year ended December 31, 2019 was 6.75%.

Long-term Borrowings and Other Liabilities

As of December 31, 2018 and 2019, we had outstanding long-term borrowings with remaining terms of more than one year of \$41.4 million and \$3.4 million, respectively. The long-term financing set forth below are the arrangements that we believe are important to our operation and business.

In March 2013, our Korean subsidiaries borrowed two four-year term loans from a lender in Korea totaling Korean Won 35.7 billion (\$30.9 million) to be repaid in March 2017. In 2017, we extended the maturity date by three years to March 2020. The proceeds from these loans were used to finance our PV plant projects in Romania. The balance of the loan as of December 31, 2019 was ₩32.7 billion (\$28.3 million). In March 2020, the subsidiaries have further extended the maturity date by one year to March 2021.

In January 2019, our United Kingdom subsidiary obtained a long-term loan from a lender in the UK totaling £3 million (\$3.9million). As of December 31, 2019, the utilized amount was £2.8million (\$3.7million) including the current portion of \$0.3million. The long-term loan has a maturity date of August 2025. The proceeds from this loan were used to refinance existing indebtedness and for general corporate purposes.

Interest rates are fixed for the above long-term bank financing. The weighted average interest rate of long-term borrowings was 5.80%, 5.86% and 4.57% in the years ended December 31, 2017, 2018 and 2019, respectively.

Our long-term financing arrangements contain restrictive covenants, including requirements obliging us to (i) obtain lender's prior approval before entering into any transaction over certain amount after the completion of the construction and commencement of operation of the relevant project assets, (ii) obtain lender's prior consent before opening any bank account other than the existing bank account with the lender, and (iii) upon lender's request, ensure that at least one director designated by the lender be appointed as a director of the operating entity of the relevant project assets and/or the Company. In addition, we are required to comply with certain financial ratios, such as debt-service coverage ratio and loan life coverage ratio. As of December 31, 2019, we were in compliance with all debt covenants under our outstanding long-term financings. See "Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Restrictive covenants and undertakings under our project financing arrangements and loan arrangements may limit the manner in which we operate and an event of default under the loan may adversely affect our operations."

Guarantees

As of December 31, 2018, short-term borrowings of \$3.4 million and long-term borrowings of \$82.5 million including current portion of \$41.1 million were jointly guaranteed by the Company and its subsidiaries.

As of December 31, 2019, short-term borrowings of \$7.2 million, bond payable of \$2.5 million and long-term borrowings of \$32.0 million including current portion of \$28.6 million were jointly guaranteed by the Company and its subsidiaries.

The short-term borrowings of \$7.2 million and bond payable of \$2.5 million were also secured by all of the Company's estate, right, title and interest and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable and VAT account of the Company and its subsidiaries. The long-term borrowings of \$32.0 million including current portion of \$28.6 million were also secured and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable, VAT account and insurance of the Company.

Our long-term borrowings contain certain restrictive covenants. We are obligatory to (i) obtain lender's prior approval before entering into any transaction over certain amount after the completion of the construction and commencement of operation of the relevant project assets, (ii) obtain lender's prior consent before opening any bank account other than the existing bank account with the lender, (iii) ensure that at least one director designated by the lender be appointed as a director of the operating entity of the relevant project assets and/or the Company, (iv) comply with certain financial ratios, such as debt-service coverage ratio and loan life coverage ratio. As of December 31, 2019, we were in compliance with all debt covenants under its outstanding long-term financings.

Issuance of Securities

In connection with our business restructuring in September 2017, we issued 180 million ordinary shares with a fair value of approximately \$42.5 million to ReneSola Singapore Pte. Ltd., a former subsidiary prior to the business restructuring. We also issued shares under our share incentive plan.

On October 2, 2019, we issued and sold to Shah Capital Opportunity Fund LP 100,000,000 newly issued ordinary shares at a price of US\$0.11 per share, for a total consideration of US\$11 million. The newly issued shares are subject to a 180 day lockup period. Net proceeds from the transaction are intended to be used to expand our global project development activities.

Other than those mentioned above, in 2017, 2018 and 2019, we did not issue any other securities.

Contribution from non-controlling interest holders of subsidiaries

On April 27, 2018, our subsidiary, Zhejiang ReneSola Investment Ltd. (“ReneSola Investment”), entered into an investment agreement with Jiashan Yaozhuang Modern Service Industry Comprehensive Development Co., Ltd. (“Jiashan Development”) to increase its registered share capital by accepting investment of RMB200 million (\$30.9 million). After the Capital Injection, Jiashan Development owns 40.13% of ReneSola Investment. Net proceeds are used for working capital and capital expenditures to develop and deliver solar energy projects.

On December 31, 2019, the Company subsidiary, RPNC Holdings, LLC received contribution from non-controlling interest holders of subsidiaries, Fayetteville RG Solar, LLC with a consideration of \$13.1 million. Net proceeds are used for capital expenditures to construct solar energy projects.

Cash Flows and Working Capital

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

| | Year Ended December 31, | | |
|--|-------------------------|-----------------|------------------|
| | 2017 | 2018 | 2019 |
| | | (in thousands) | |
| Net cash provided by/(used in) operating activities from continuing operations | \$ (46,684) | \$ (51,086) | \$ 55,914 |
| Net cash provided by operating activities from discontinued operations | 65,114 | - | - |
| Net cash provided by/(used in) operating activities | 18,430 | (51,086) | 55,914 |
| Net cash used in investing activities from continuing operation | (79,939) | (40,400) | (1,597) |
| Net cash used in investing activities from discontinued operation | (76,415) | - | - |
| Net cash used in investing activities | (156,354) | (40,400) | (1,597) |
| Net cash (used in)/provided by financing activities from continuing operation | 52,898 | 85,825 | (39,306) |
| Net cash provided by financing activities from discontinued operation | 49,506 | - | - |
| Net cash provided by/(used in) financing activities | 102,404 | 85,825 | (39,306) |
| Effect of exchange rate changes | 11,613 | 1,258 | 1,087 |
| Net increase/ (decrease) in cash and cash equivalents and restricted cash | (23,907) | (4,403) | 16,098 |
| Cash and cash equivalents and restricted cash, at the beginning of the year | 37,336 | 13,429 | 9,026 |
| Less: Cash and cash equivalents and restricted cash reclassified as assets held for sale | - | - | 427 |
| Cash and cash equivalents and restricted cash, at the end of the year | <u>\$ 13,429</u> | <u>\$ 9,026</u> | <u>\$ 24,697</u> |

Operating Activities

Net cash provided by operating activities in 2019 was \$55.9 million, primarily due to (i) increase in working capital of \$ 35.3 million; (ii) depreciation of \$7.8 million; (iii) bad debt allowance of \$7.0 million; (iv) impairment loss of assets of \$6.9 million; (v) cancellation loss of project assets of \$6.4 million; (vi) loss on disposal of project assets and property, plant and equipment of \$3.9 million, partially offset by net loss from continuing operations of \$11.7 million.

Net cash used in operating activities in 2018 was \$51.1 million, primarily resulting from (i) net income from continuing operations of \$5.1 million; (ii) depreciation of \$8.4 million; (iii) share-based compensation of \$0.4 million; (iv) gains on disposal of solar project of 0.3 million; and (v) increase in working capital of \$63.6 million, partially offset by deferred tax provision for continuing operations of \$1.1 million.

Net cash provided by operating activities in 2017 was \$18.4 million, among which net cash used in operating activities from continuing operations was \$46.7 million and net cash provided by operating activities from discontinued operation was \$65.1 million. \$46.7 million net cash used in operating activities from continuing operations primarily resulted from (i) net income from continuing operations of \$3.2 million; (ii) depreciation of \$4.5 million; (iii) share-based compensation of \$0.9 million; (iv) increase in working capital of \$55.3 million.

Investing Activities

Net cash used in investing activities in 2019 was \$1.6 million for purchase of property, plant and equipment of \$13.7 million, partially offset by proceeds from disposal of property, plant and equipment of \$12.1 million.

Net cash used in investing activities in 2018 was \$40.4 million and was for our purchase of property, plant and equipment.

Net cash used in investing activities in 2017 was \$156.4 million comprising of (i) purchase of property, plant and equipment of \$80.3 million and (ii) lending to related parties of \$1.6 million and (iii) net cash used in investing activities from discontinued operations of \$76.4 million, partially offset by collection of lending to related parties of \$0.2 million.

Financing Activities

Net cash used in financing activities in 2019 was \$39.3 million, primarily comprising of (i) repayment of bank and other third party borrowings of \$65.5 million; (ii) repayment of bonds of \$10.4 million; (iii) repayment of borrowings from related parties of \$8.4 million; (iv) repayment of finance lease obligation of \$6.1 million; (v) repayment of failed sale-lease back financing of \$7.3 million, partially offset by (i) proceed from banks and other third party borrowings of \$17.9 million; (ii) contribution from non-controlling interest holders of subsidiaries of \$13.1 million; (iii) proceeds from issuance of ordinary shares, less share issuance costs, of \$10.9 million; (iv) proceeds from bonds of \$12.9 million; (v) borrowing from related parties of \$0.8 million and (vi) proceeds from failed sale-lease back agreements of \$2.8 million.

Net cash provided by financing activities in 2018 was \$85.8 million, primarily comprising of (i) proceed from banks and other third party borrowings of \$60.0 million; (ii) contribution from non-controlling interest holders of subsidiaries of \$30.3 million; (iii) proceeds from failed sale-lease back agreements of \$24.9 million; and (iv) borrowing from related parties of \$17.3 million, partially offset by (i) repayment of borrowings from related parties of \$20.5 million, (ii) repayment of failed sale-lease back financing of \$11.5 million, (iii) repayment of banks and other third party borrowings of \$9.7 million, and (iv) repayment of finance lease obligation of \$5.0 million.

Net cash provided by financing activities in 2017 was \$102.4 million, primarily comprising of (i) proceed from bank borrowings of \$6.1 million; (ii) borrowing from related parties of \$11.3 million; (iii) proceeds from failed sale-lease back agreements of \$38.7 million and (iv) net cash provided by financing activities from discontinued operation of \$49.5 million, partially offset by (i) repayment of borrowings from related parties of \$2.0 million and (ii) repayment of finance lease obligation and failed sale-lease back financing of \$1.2 million.

As of December 31, 2018, our working capital was \$1.5 million. As of December 31, 2019, our working capital was negative \$6.3 million.

We have taken, and are continuing to take, the following measures to manage our liquidity: (i) closely monitoring and managing our working capital, which may involve seeking extended payment terms from our suppliers, strengthening accounts receivable collection efforts, implementing more stringent project assets management procedures and considering liquidation of accounts receivable by discounting banknotes with the relevant financial institutions, as needed, to maintain sufficient cash flows from operations to meet our liquidity requirements; and (ii) obtaining additional debt facilities in order to fund working capital needs, as necessary.

We believe that our cash and cash equivalents, anticipated cash flows from our operations, including project assets, and continued support from financial institutions, fund investors and financing lease companies, in the form of renewed and additional short-term or long-term financings (including development loans, construction loans and project financings), will be sufficient to meet our anticipated cash needs for the foreseeable future based on current capital expenditure and operation plans. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions by us. If this were to occur, we may seek to make additional securities offerings or borrowings.

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—Our ability to make distributions and other payments to our shareholders depends to a significant extent upon the distribution of earnings and other payment made by our subsidiaries” and “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Under the Enterprise Income Tax Law, dividends payable by us and gains on the disposition of our shares or ADSs could be subject to PRC taxation.”

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months and disclosing key information about leasing transactions. Leases are classified either operating or finance, with such classification affecting the pattern of expense recognition in the income statement. The effective date of the new standard is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842), which provided a transition to change to not restate comparative periods for the effects of applying the new standard. This transition election permits entities to change the date of initial application to the beginning of the earliest comparative period presented, or retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment.

The Company adopted ASC 842 on January 1, 2019 and elected to apply the standard retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment which, among other things, allowed the Company not to reassess prior conclusions related to contracts containing leases or lease classification. Upon commencement of a lease, the Company recognize a lease liability for the present value of the lease payments not yet paid, discounted using an interest rate that represents the Company’s ability to borrow on a collateralized basis over a period that approximates the lease term. The Company also recognize a lease asset, which represents the Company right to control the use of the underlying property, plant and equipment, at an amount equal to the lease liability adjusted for prepayments and initial direct costs. The adoption primarily affected the Company condensed consolidated balance sheet through the recognition of \$37,086,249 of operating lease right-of-use assets, \$38,041,898 of finance lease right-of-use assets, \$35,700,672 of operating lease liabilities, and \$34,130,495 of finance lease liabilities as of January 1, 2019 and the de-recognition of historical prepaid and deferred rent balances. The adoption did not have a material impact on our results of operations or cash flows.

The Company subsequently recognizes the cost of the lease on a straight-line basis over the lease term for operating leases. The Company subsequently recognizes amortization of the right-of-use asset and interest on the lease liability respectively for finance leases. Any variable lease costs, which represent amounts owed to the lessor that are not fixed per the terms of the contract, are recognized in the period in which they are incurred. Any costs included in the Company lease arrangements that are not directly related to the leased assets, such as maintenance charges, are included as part of the lease costs. Leases with an initial term of one year or less are considered short-term leases and are not recognized as lease assets and liabilities. The Company recognizes the cost of such short-term leases on a straight-line basis over the term of the underlying agreement. As of December 31, 2019, the Company recognized \$23,990,913 of operating lease right-of-use assets, \$24,991,789 of finance lease right-of-use assets, \$23,340,689 of operating lease liabilities and \$20,766,512 of finance lease liabilities.

ASC 842 provides for certain practical expedients that companies can elect to apply for purposes of adoption and implementation of the new standard. The practical expedients utilized by the Company are as follows: 1) no reassessment of whether existing contracts contain a lease, 2) no reassessment of the classification of existing lease, 3) no reassessment of initial direct costs for existing leases, 4) exclusion of leases with terms of 12 months or less from evaluation, and 5) use of the portfolio approach to determine discount rates.

The cumulative effect of the changes made to its January 1, 2019 consolidated balance sheet for the adoption of ASU 2016-02, “Leases” was as follows:

| | Balance at December 31, 2018 | Adjustments due to ASC 842 | Balance at January 1, 2019 |
|--|------------------------------------|----------------------------------|-------------------------------|
| Assets | | | |
| Prepaid expense and other current assets | \$ 14,318,076 | \$ (954,969) | \$ 13,363,107 |
| Other non-current assets | 6,458,949 | (430,608) | 6,028,341 |
| Property, plant and equipment, net | 190,787,262 | (38,041,898) | 152,745,364 |
| Operating lease right-of-use assets | - | 37,086,249 | 37,086,249 |
| Finance lease right-of-use assets | - | 38,041,898 | 38,041,898 |
| Liabilities | | | |
| Accounts Payable | 12,050,201 | (46,328) | 12,003,873 |
| Operating lease-liabilities current | - | 131,456 | 131,456 |
| Other current liabilities | 52,748,907 | (12,279,651) | 40,469,256 |
| Failed sale-lease back and finance lease liabilities current | - | 12,279,651 | 12,279,651 |
| Operating lease-liabilities non-current | - | 35,615,544 | 35,615,544 |

Recently issued accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), to provide financial statement users with more useful information about expected credit losses. ASU 2016-13 also changes how entities measure credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for fiscal years and interim periods within those years beginning after December 15, 2019, and early adoption is permitted for periods beginning after December 15, 2018. We do not expect the adoption of ASU 2016-13 to have a significant impact on our consolidated financial statements and associated disclosures.

In August 2018, the FASB issued ASU 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. ASU 2018-13 removes the requirement to disclose: the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; and the valuation processes for Level 3 fair value measurements. ASU 2018-13 requires disclosure of changes in unrealized gains and losses for the period included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. We do not expect the adoption of ASU 2018-13 to have a significant impact on our consolidated financial statements and associated disclosures.

C. Intellectual Property

We rely primarily on trade secrets, employee contractual protections and other contractual restrictions to establish and protect our intellectual properties and proprietary rights. All of our personnel have entered into confidentiality agreements with us. These agreements address intellectual property protection issues and require our employees to assign to us all of the inventions, designs and technologies that they develop when utilizing our resources or when performing their employment-related duties. See “Item 3. Key Information □ D. Risks Factors □ Risks Related to Our Business □ Our failure to protect our intellectual property rights may undermine our competitive position, and litigation to protect our intellectual property rights may be costly.”

D. Trend Information

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The COVID-19 outbreak and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economics and financial markets of many countries, including the geographical areas in which the Company operates. For further information, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—We face risks related to health epidemics and other outbreaks.”

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2019 to December 31, 2019 that are reasonably likely to have a material adverse effect on our net revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial conditions.

E. Off-balance Sheet Arrangements

As of December 31, 2019, we did not have any off-balance sheet arrangements that had or were reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2019:

| Contractual Obligations | Payments Due by Period | | | | |
|---|------------------------|---------------------|--------------------------------|-----------|----------------------|
| | Total | less than 1 year | 1-3 years (in thousands) | 3-5 years | More than 5 years |
| Short-term borrowings | 7,174 | 7,174 | - | - | - |
| Bond payable | 2,504 | 2,504 | - | - | - |
| Long-term borrowings, including current portion | 31,950 | 28,583 | 637 | 698 | 2,032 |
| Operating leases | 44,482 | 2,065 | 4,464 | 4,083 | 33,870 |
| Failed sale-lease back and finance lease liabilities, including current portion | 56,316 | 9,579 | 21,322 | 16,409 | 9,006 |
| Total | 142,426 | 49,905 | 26,423 | 21,190 | 44,908 |

For information relating to our long-term loans, including their maturity profiles and provisions that accelerate repayment obligations, see “—B. Liquidity and Capital Resources.”

Other than the contractual obligations and commercial commitments set forth above, we did not have any long-term debt obligations, finance lease obligations, operating lease obligations, purchase obligations or other long-term liabilities as of December 31, 2019.

G. Safe Harbor

We make “forward-looking statements” under the “safe harbor” provision under Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. 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 as of the date of this annual report.

| Directors and Executive Officers | Age | Position/Title |
|----------------------------------|-----|---|
| Yumin Liu | 57 | Chief Executive Officer |
| Martin Bloom | 68 | Independent Director |
| Tan Wee Seng | 65 | Independent Director |
| Julia Xu | 48 | Independent Director |
| Sam (Kaiheng) Feng | 42 | Director |
| Ke Chen | 46 | Chief Financial Officer and Director |
| Crystal (Xinhan) Li | 26 | Vice President of Investment and Director |
| Wade (Wenjun) Li | 28 | President of China Region and Director |
| Josef Kastner | 56 | CEO of Europe Projects |
| John Ewen | 50 | CEO of North America |

Directors

Mr. Martin Bloom has been an independent director since July 2006 and is currently the chairman of the compensation committee and a member of the audit committee. Mr. Bloom served as the chairman of the audit committee between September 2006 and March 2016. In addition, he has been an advisory board member of Seraphim Space, an investment fund for space and related activities and the chairman and director of Represent Group Limited. Mr. Bloom served as a member of board of directors of LB-Shell plc., formerly known as Intelligent Energy, a British fuel cell company, from 2012 to December 2017, the group chief executive officer from June 2016 to December 2017, and the chairman of its nomination committee and a member of its audit committee and remuneration committee from 2014 to 2016. Mr. Bloom was the chairman of the board of directors of MayAir Group, a Malaysian air purification company listed on the London AIM, from May 2015 to March 2018. He was a member of the board of directors of Green & Smart, a Malaysian biogas producer listed on the London AIM, and chairman of its audit committee from May 2016 to September 2017. Mr. Bloom was a member of the board of directors of Starcom plc, an asset tracking company listed on London AIM, and the chairman of its audit committee from January 2013 to October 2015. Mr. Bloom has almost 40 years of experience in strategic partnering, technology commercialization and business strategy. He has built businesses in the United States, Europe and Asia. In 2005, Mr. Bloom was appointed to serve as the UK chairman of the China-UK Venture Capital Joint Working Group, launched by the then-Chancellor of the United Kingdom, Gordon Brown, in February 2005, to foster collaboration between the venture capital and private equity industries in China and the United Kingdom. Mr. Bloom worked at Coopers & Lybrand (now PricewaterhouseCoopers) from 1996 to 1997 and was the project manager of a series of technology transfer schemes between the United Kingdom and Japan on behalf of the Department of Trade & Industry of the United Kingdom from 1992 to 1997. Mr. Bloom worked as a corporate strategist at Unilever between 1973 and 1981. Mr. Bloom has a bachelor's degree with honors in economics from the University of Southampton and a master's degree in the history of science jointly from Imperial College and University College, London.

Mr. Tan Wee Seng has been an independent director since April 2009. Mr. Tan is currently the chairman of the audit committee and a member of nominating and corporate governance committee. In addition, Mr. Tan is an independent non-executive director and chairman of audit committee of Xtep International Holdings Limited, an independent non-executive director and chairman of audit committee of Sa Sa International Holdings Limited, an independent non-executive director and the chairman of the remuneration committee and a member of the audit committee of Health and Happiness (H&H) International Holdings Limited, an independent non-executive director and the chairman of the audit committee of CIFI Holdings (Group) Co. Ltd., and an independent non-executive director and the chairman of the audit committee and a member of the strategy and investment committee of Sinopharm Group Company Limited, an independent non-executive director and the chairman of the audit committee and remuneration committee and a member of the nomination committee of Shineroad International Holdings Limited, all of which are listed on the Main Board of Hong Kong Stock Exchange, as well as a director and the chairman of the finance & operation committee of Beijing City International School, an academic institution in Beijing. Mr. Tan has been an independent director for 7 Days Group Holdings Limited listed on the NYSE from November 2009 until it was taken private in July 2013, and he was the chairman of the special committee for privatization from October 2012 to July 2013. Mr. Tan has over 30 years of experience in financial management, corporate finance, merger and acquisition, business management and strategy development. He has also held various management and senior management positions in a number of multinational corporations and China corporations. From 2003 to 2008, he was an executive director, the chief financial officer and the company secretary of Li Ning Company Limited, a company listed on the Main Board of Hong Kong Stock Exchange. From 1999 to 2002, he was the senior vice president of Reuters for China, Mongolia and North Korea regions, and the chief representative of Reuters in China. Prior to that, he served as the managing director of AFE Computer Services Limited, a Reuters subsidiary in Hong Kong mainly engaged in domestic equity and financial information services, a director of Infocast Pty Limited which was a Reuters subsidiary in Australia, and the regional finance manager of Reuters East Asia. Mr. Tan is a professional accountant and a fellow member of the Chartered Institute of Management Accountants in the United Kingdom, and the Hong Kong Institute of Directors.

Ms. Julia Xu has been an independent director since March 2016. Ms. Xu is currently the chairman of the nominating and corporate governance committee and a member of the audit committee and the compensation committee. Ms. Xu is the founder and currently the managing director of Oravida, a New Zealand-based group specializing in the branding and promotion of New Zealand's premium food products primarily for the Chinese market. Prior to establishing Oravida in New Zealand, Ms. Xu was the chief financial officer of ReneSola from April 2010 to June 2011 and the vice president of international corporate finance and corporate communications of ReneSola from March 2009 to March 2010. Ms. Xu has extensive financial markets experience, including earlier roles at Deutsche Bank Hong Kong, Bankers Trust and Lehman Brothers. Ms. Xu obtained her bachelor's degree in biology from Cornell University in 1995 and received her MBA from Johnson School of Management of Cornell University in 2004.

Mr. Ke Chen has been our director since October 2019 and our chief financial officer since November 2019. Mr. Chen is a Director at Shah Capital. He has over 13 years of experience in the global capital markets, including investing in solar industry globally. Ke will bring both capital market insight and strategic expertise to the ReneSola Board in his role as a director and our chief financial officer. Prior to joining Shah Capital, Ke worked in the pharmaceutical and biotech industries, and was an inventor who holds four patents. Ke holds an MBA from the Kenan-Flagler Business School at UNC Chapel Hill. He also holds an M.S. in Chemistry from the University of Florida and earned a B.S. from the University of Science and Technology of China.

Mr. Sam (Kaiheng) Feng has been our director since October 2019. Mr. Feng is a practicing legal professional and a partner at Zhong Lun W&D Law Firm in Shanghai. He has over 18 years of experience in the legal profession, specialized in corporate finance, private equity investment, and mergers and acquisitions in both China and overseas. He was a managing partner at a major Chinese asset management firm engaged in both fund management and investment banking. In addition to a LLB degree from Shanghai International Studies University, Sam also holds an EMBA master degree from Fudan University.

Ms. Crystal (Xinhan) Li has been our director since October 2019 and was appointed as vice president of investment in November 2019. Ms. Li joined ReneSola Power Holdings LLC in 2017, focusing on the Company's project development efforts and collaborating closely with the M&A team in the U.S. Ms. Li is leading the effort in evaluating all new project opportunities (including potential M&A opportunities), analyzing investment environments and managing the Company's current project portfolio across different geographies. She brings extensive experience in strategy development, project management, risk analysis, and structuring complex financial transactions. Additionally, she offers new insights into ReneSola's business and growth strategy. Ms. Li holds a bachelor's degree in Economics from New York University.

Mr. Wade (Wenjun) Li has been our director since October 2019. Mr. Li was appointed as the president of China region in July 2019. Mr. Li joined ReneSola Group in 2014. He later served as regional general manager of eastern China from 2015 to 2017, and was promoted to general manager in 2018. He made significant contributions to the Company's focus on the China DG market. He holds a bachelor's degree in Arts from ZheJiang University City College (ZUCC). Mr. Li brings valuable experience in business strategy, investment strategy and project development to the ReneSola Board in his role as a director.

Executive Officers

Mr. Yumin Liu has been our Chief Executive Officer since December 2019. Mr. Liu brings to ReneSola more than 20 years of experience in energy management, power generation and solar technology. Most recently, Mr. Liu served as Vice President of the EMEA region at Canadian Solar, a leading global manufacturer of solar photovoltaic modules and provider of solar energy solutions. Previously, Mr. Liu was the President of Recurrent Energy, a U.S. subsidiary of Canadian Solar and also a leading solar developer in the U.S. He spearheaded market development in the U.S. and project development across various international markets and had full P&L responsibility for the EMEA region as well as for Recurrent Energy. Prior to Canadian Solar, Mr. Liu served as President at GCL Solar Energy, one of the largest polysilicon and wafer producers in the world. Mr. Liu held various senior leadership positions at GCL, including the management of solar project development activities in overseas markets. Mr. Liu holds a master's degree in International Commerce from University of Kentucky, and both M.S. and B.S. degrees in Mechanical Engineering from Northeast University in Shenyang, China.

Mr. John Ewen has been our CEO of North America since July 2019. Mr. Ewen joined the Company in April 2018 as Director of Corporate Finance and M&A. He brings 20 years of experience across capital markets, investment, complex financial transactions, and private equity in clean technology and renewable energy. Prior to joining ReneSola, John worked with OneRoof Energy Inc., RNK Capital, Ardour Capital Investments, and Bank von Ernst AG (Terra Trust AG). John holds a Master of Science in geology and geophysics from The Ohio State University and Bachelor of Science from Cornell University.

Mr. Josef Kastner has been our Vice President Projects Europe since September 2017. Mr. Kastner joined us in 2014, leading the EPC team in Europe. During Mr. Kastner's employment in us, Mr. Kastner started to develop our solar business in Poland in 2015, turning us into the most successful solar company in the Polish market, led the team winning a 116 MW pipeline in Turkey in 2016, which is the largest portfolio of unlicensed projects in Turkey, launched the development ground-mounted solar projects in France in 2017, launched business in Hungary in September 2017 and started with construction of first plants in March 2018. Prior to joining us, Mr. Kastner was the chief executive officer of Alpine Green Energia, mainly responsible for EPC service in renewable energy projects. Mr. Kastner holds a degree in civil engineering from Technical University of Vienna.

The address of our directors and executive officers is ReneSola Ltd, 3rd floor, 850 Canal St. Stamford, CT 06902 U.S.A.

Employment Agreements

We have entered into employment agreements with each of our senior executive officers. We may terminate a senior 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, a material violation of our regulations, failure to perform agreed duties, embezzlement that causes material damage to us, or conviction of a crime. A senior executive officer may terminate his or her employment at any time by prior written notice. Each senior executive officer is entitled to certain benefits upon termination, including a severance payment equal to a specified number of months of his or her then salary if he or she resigns for certain good reasons specified by the agreement or the relevant rules or if we terminate his or her employment without cause.

B. Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2019, an aggregate of approximately \$1.5 million in cash was paid to our executive officers and directors. In 2018, we set aside or accrued a total amount of \$0.2 million to provide pension, retirement or similar benefits.

Share Incentive Plan

Our board of directors adopted our 2007 share incentive plan in September 2007, which was amended in January 2009, August 2010, August 2012, August 2016, January 2018 and April 2018, to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business. We have reserved 12,500,000 shares for issuance under our 2007 share incentive plan. As of March 31, 2020, we had an outstanding awards of 8,575,000 shares, excluding awards forfeited pursuant to the terms of our 2007 share incentive plan and the exercised options, and 221,100 shares available for future grants.

The following paragraphs describe the principal terms of our 2007 share incentive plan.

Administration. Our 2007 share incentive plan is administered by our board of directors or, after our board of directors makes the designation, by our compensation committee. In each case, our board of directors or our compensation committee will determine the provisions, terms and conditions of each option grant, including, but not limited to, the option vesting schedule, repurchase provisions, forfeiture provisions, form of payment upon settlement of the award and payment contingencies.

Awards. The following paragraphs briefly describe the principal features of the various awards that may be granted under our 2007 share incentive plan.

- **Options.** Options provide for the right to purchase our shares at a price and period determined by our compensation committee in one or more installments after the grant date.
- **Restricted Shares.** A restricted share award is the grant of our shares determined by our compensation committee. A restricted share is nontransferable, unless otherwise determined by our compensation committee at the time of award and may be repurchased by us upon termination of employment or service during a restricted period. Our compensation committee shall also determine in the award agreement whether the participant will be entitled to vote the restricted shares or receive dividends on such shares.
- **Restricted Share Units.** Restricted share units represent the right to receive our shares at a specified date in the future, subject to forfeiture of such right. If the restricted share unit has not been forfeited, then on the date specified in the award agreement, we shall deliver to the holder unrestricted shares, which will be freely transferable.

Termination of Plan. Unless terminated earlier, our 2007 share incentive plan, as amended and restated on January 21, 2009, August 20, 2010, August 8, 2012 and August 29, 2016, will expire on the tenth anniversary of August 29, 2016, its latest effective date. Our board of directors has the authority to amend or terminate our 2007 share incentive plan subject to shareholders' approval to the extent necessary to comply with applicable laws and regulations. However, no such action shall adversely affect in any material way any award previously granted without the prior written consent of the recipient.

Share Options

As of March 31, 2020, we had outstanding options to purchase 8,575,000 shares.

The following paragraphs describe the principal terms of our options.

Option Agreement. Options granted under our 2007 share incentive plan are evidenced by an option agreement that contains, among other things, provisions concerning exercisability and forfeiture upon termination of employment arrangement, as determined by our board.

Vesting Schedule. At the time of grant, we specify the date or dates on which the options can be vested and exercisable, and may specify such conditions to exercise as we deem appropriate.

Option Exercise. The term of options granted under our 2007 share incentive plan may not exceed the sixth anniversary of the specified grant date, subject to extension approved by certain officer of our company, as specified in the option agreement, to a total term of no more than 10 years.

Termination of Options. Where the option agreement permits the exercise of the options that were vested before the recipient's termination of service with us, or the recipient's disability or death, the options will terminate to the extent not exercised or purchased on the last day of a specified period or the last day of the original term of the options, whichever occurs first.

On August 8, 2012, our board of directors approved an adjustment to the exercise price of options to purchase an aggregate amount of 5,386,600 shares, previously granted under our 2007 share incentive plan, to a new exercise price of \$7.35 per ADS (or \$1.47 per ADS prior to the ADS Ratio Change). In addition, on December 31, 2013, our board of directors authorized our chief executive officer to determine the option grant date and exercise price under the 2007 share incentive plan. As a result, the exercise price of certain options granted between August 8, 2012 and December 31, 2013 to purchase an aggregate amount of 950,000 shares were adjusted to \$7.35 per ADS. The exercise price of our options in the amount of 2,590,000 shares to be granted on or after January 1, 2014 was set at \$7.35 per ADS. On January 1, 2018 and April 1, 2018, the Board of Directors of the Company approved two option modifications to reduce the exercise price. The new exercise price of our options is modified and set at \$2.56 per ADS. The following table summarizes, as of March 31, 2020, the outstanding options, excluding options forfeited pursuant to the terms of our 2007 share incentive plan and the options that were exercised on or prior to March 31, 2020, that we granted to our directors and officers and to other individuals as a group under our 2007 share incentive plan.

| <i>Name</i> | Shares Underlying Outstanding Options | Exercise Price (\$/Share) | Grant Date | Expiration Date |
|---|--|--------------------------------------|-------------------|------------------------|
| Xianshou Li* | 2,500,000 | \$ 0.256 | April 1, 2018 | April 1, 2021 |
| Martin Bloom | 100,000 | \$ 0.256 | April 1, 2018 | April 1, 2021 |
| Tan Wee Seng | 100,000 | \$ 0.256 | April 1, 2018 | April 1, 2021 |
| Julia Xu | 100,000 | \$ 0.256 | April 1, 2018 | April 1, 2021 |
| John Ewen | 300,000 | \$ 0.108 | July 31, 2019 | December 5, 2021 |
| Yumin Liu | 5,000,000 | 0.150 | December 5, 2019 | June 1, 2021 |
| All directors and executive officers as a group | 8,100,000 | | | |
| Other individuals as a group | 100,000 | \$ 0.735 | November 30, 2007 | November 30, 2019 |
| | 250,000 | \$ 0.735 | March 19, 2012 | September 17, 2019 |
| | 25,000 | \$ 0.735 | June 30, 2014 | June 30, 2019 |
| | 100,000 | \$ 0.266 | January 1, 2018 | January 1, 2021 |

* Mr. Xianshou Li was our previous chairman and previous chief executive officer.

Restricted Share Units

As of March 31, 2020, we had nil restricted shares units outstanding.

The following paragraphs describe the principal terms of our restricted share units.

Restricted Share Units Agreement. Restricted shares units granted under our 2007 share incentive plan are evidenced by a restricted share units agreement that contains, among other things, provisions concerning the vesting schedule and forfeiture upon termination of the employment arrangement, as determined by our board.

Vesting Schedule. At the time of grant, we shall specify the date or dates on which the restricted share units shall become fully vested and non-forfeitable, and may specify such conditions to vesting as we deem appropriate.

Restrictions. Until the shares are issued upon settlement of the restricted share units, the recipients will not be deemed for any purpose to be, or have rights as, our shareholders by virtue of this award; and the recipients are not entitled to vote any of the shares by virtue of this award. Upon vesting, the restricted share units will no longer be subject to such restrictions or forfeiture (provided the recipients have not terminated their service.) Unless we consent in writing, the restricted share units and all right or interests therein are not transferable except by wills or the laws of descent and distribution.

Maturity. At the time of grant, we shall specify the maturity date applicable to each grant of restricted share units which shall be no earlier than the vesting date or dates of the award and may be determined at the election of the grantee. On the maturity date, we shall transfer to the participant one unrestricted, fully transferable share for each restricted share unit scheduled to be paid out on such date and not previously forfeited.

Termination. In the event of the termination of a recipient's employment or service with us, the unvested restricted share units will be subject to forfeiture and the recipient's right to vest in the restricted share units under the 2007 share incentive plan will terminate. If the termination of employment or service is by reason of death or disability, any restricted share units which otherwise would have vested within one year of the termination shall immediately vest. If the recipient's termination of service with us is by reason of cause, his/her right to the restricted share units, whether or not previously vested, will terminate concurrently with the termination of service with us.

C. Board Practices

Our board of directors currently consists of seven directors. A director is not required to hold any shares in the Company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested. A director may exercise all the powers of the company to borrow money, mortgage its undertaking, property and uncalled capital and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Committees of the Board of Directors

We have an audit committee, a compensation committee and a corporate governance and nominating committee under the board of directors. We have adopted a new charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee consists of Mr. Tan Wee Seng, Ms. Julia Xu, and Mr. Martin Bloom. Mr. Tan Wee Seng is currently the chairman of the audit committee. Mr. Tan Wee Seng, Ms. Julia Xu and Mr. Martin Bloom all satisfy the independence requirements of the NYSE Listing Rules and SEC regulations. 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 to such audit problems or difficulties;
- reviewing and approving all related party transactions on an ongoing basis;
- 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;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the board of directors.

Compensation Committee. Our compensation committee consists of Mr. Martin Bloom and Ms. Julia Xu. Mr. Martin Bloom is currently the chairman of the compensation committee. Mr. Martin Bloom and Ms. Julia Xu all satisfy the independence requirements of the NYSE Listing Rules and SEC regulations. The compensation committee discharges the responsibility of the board of reviewing and approving the compensation structure, including all forms of compensation relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee is responsible for, among other things:

- reviewing and evaluating at least annually and, if necessary, revising the compensation plans, policies and programs adopted by our management;
- reviewing and evaluating at least annually the performance, and determining the compensation, of our chief executive officer;
- reviewing and approving our chief executive officer's employment agreement and amendments thereto, and severance arrangement, if any; and
- reviewing all annual bonus, long-term incentive compensation, share option, employee pension and welfare benefit plans.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Ms. Julia Xu, Mr. Tan Wee Seng and Mr. Martin Bloom. Ms. Julia Xu is currently the chairman of the nominating and corporate governance committee. Ms. Julia Xu, Mr. Tan Wee Seng and Mr. Martin Bloom all satisfy the independence requirements of the NYSE Listing Rules and SEC regulations. The corporate governance and nominating 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 corporate governance and nominating committee is responsible for, among other things:

- recommending to our board of directors for nomination or appointment by the board such candidates as the committee has found to be qualified to be elected or reelected to serve as a member of our board or its committees or to fill any vacancies on our board or its committees, respectively;
- reviewing annually the composition of our board of directors and its committees in light of the characteristics of independence, qualification, experience and availability of the board members;
- developing and recommending to our board of directors a set of corporate governance guidelines and principles applicable to the company; and
- monitoring compliance with the company's code of business conduct and ethics, including reviewing the adequacy and effectiveness of our internal rules and procedures to ensure compliance with applicable laws and regulations.

Duties of Directors

Under British Virgin Islands law, our directors have a duty of loyalty to act honestly and in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess with 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. A shareholder has the right to seek damages if a duty owed by our directors is breached.

Terms of Directors and Officers

Our officers are appointed by and serve at the discretion of the board of directors. At each annual general meeting, one-third of our directors then existing, or if their number is not a multiple of three, then the number nearest to and not exceeding one-third, will be subject to re-election. The directors to retire by rotation shall be those who are longest in office since their election, or by lot should they be of the same seniority. Ms. Julia Xu was re-elected and Mr. Sam (Kaiheng) Feng, Mr. Ke Chen, Ms. Crystal (Xinhan) Li, and Mr. Wade (Wenjun) Li were appointed as directors at 2019 annual general meeting. On the assumption that no other director wishes to retire from office at the annual general meetings, Mr. Wee Seng Tan and Mr. Martin Bloom will be subject to re-election at 2020 annual general meeting. Among Ms. Julia Xu, Mr. Sam (Kaiheng) Feng, Mr. Ke Chen, Ms. Crystal (Xinhan) Li and Mr. Wade (Wenjun) Li, two directors decided by lot will be subject to re-election each year respectively at 2021 annual general meeting and 2022 annual general meeting. We have not entered into any service contracts with the directors providing them with severance benefits upon termination of their terms with us.

Our directors have entered into appointment contracts with us and we are not aware any terms which provide for benefits upon termination of appointment, or any appropriate negative statement.

D. Employees

As of December 31, 2019, we had 159 full-time employees, including 76 in management and supporting, 31 in project development, 30 in technical and operation and 22 in operations and maintenance. Substantially most of these employees are located in China with a small portion of employees based in the United States, the United Kingdom, Canada, Poland, Hungary, Spain, France and other countries. We consider our relations with our employees to be good.

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our shares as of March 31, 2020 by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5.0% of our shares.

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.

| | Shares Beneficially Owned | |
|---|---------------------------|------------------|
| | Number | % ⁽¹⁾ |
| Directors and Executive Officers: | | |
| Martin Bloom | * | * |
| Tan Wee Seng | * | * |
| Julia Xu | * | * |
| Ke Chen | - | - |
| Sam (Kaiheng) Feng | - | - |
| Wade (Wenjun) Li | - | - |
| Crystal (Xinhan) Li ⁽⁴⁾ | 34,476,399 | 7.1% |
| Yumin Liu | * | * |
| Josef Kastner | - | - |
| John Ewen | - | - |
| All Directors and Executive Officers as a Group | 35,222,739 | 7.3% |
| Principal Shareholders: | | |
| Xianshou Li ⁽²⁾ | 182,016,667 | 37.7% |
| ReneSola Singapore Pte Ltd. ⁽³⁾ | 180,000,000 | 37.3% |
| Champion Era Enterprises Limited ⁽⁴⁾ | 34,476,399 | 7.1% |
| Shah Capital Management, Inc. ⁽⁵⁾ | 137,931,790 | 28.67% |
| Shah Capital Opportunity Fund LP ⁽⁵⁾ | 131,890,000 | 27.42% |
| Himanshu H. Shah ⁽⁵⁾ | 138,405,490 | 28.77% |
| Zhengmin Lian ⁽⁶⁾ | 228,665,109 | 47.3% |

* Less than 1% of the total number of our shares outstanding as of March 31, 2020.

- (1) Percentage of beneficial ownership of each listed person is based on 480,818,902 shares outstanding (excluding number of shares reserved for future exercise or vest of our awards under our share incentive plan) as of March 31, 2020, as well as the shares that such person has the right to acquire by option or other agreement within 60 days after March 31, 2020.
- (2) Consists of 180,000,000 shares held by ReneSola Singapore Pte Ltd., 1,666,667 shares issuable upon exercise of options held by Mr. Li, within 60 days after March 31, 2020, and 350,000 shares issuable upon exercise of options held by Ms. Xiahe Lian, the wife of Mr. Li within 60 days after March 31, 2020. Descriptions of Mr. Li's relationship with ReneSola Singapore Pte Ltd. are set forth in the notes (3) below.
- (3) ReneSola Singapore Pte Ltd. is an exempt private company limited by shares incorporated with limited liability under the laws of Singapore and is wholly-owned by Mr. Xianshou Li, our previous chairman and previous chief executive officer. The address for ReneSola Singapore Pte Ltd. is located at 1 CleanTech Loop, #02-28 CleanTech One, Singapore (637141).
- (4) Champion Era Enterprises Limited is a British Virgin Islands company with its registered office at P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, is wholly owned by Chain Path Limited. Chain Path Limited is a company incorporated in the British Virgin Islands, which is wholly owned by LXS Family Trust established for the benefit of Mr. Li Xianshou's family. Ms. Crystal (Xinhan) Li is the sole director of Champion Era Enterprises Limited.
- (5) The information was based on Schedule 13D jointly filed by Shah Capital Management, Inc., Shah Capital Opportunity Fund LP and Himanshu H. Shah on October 10, 2019. Shah Capital Management, Inc. is a North Carolina registered corporation. Shah Capital Opportunity Fund LP is a Delaware Limited Partnership and Himanshu H. Shah is a United States citizen. Himanshu H. Shah is the President and Chief Investment Officer of Shah Capital Management, Inc. and a managing member of Shah Capital Opportunity Fund LP.
- (6) Consists of (i) 180,000,000 shares held by ReneSola Singapore Pte Ltd. ("ReneSola Singapore"), (ii) 34,476,399 shares held by Champion Era Enterprises Limited ("Champion"), (iii) 1,135,096 shares held by Dynasty Time Limited ("Dynasty"); and (iv) 13,053,614 shares held by Assets Train Limited ("Assets Train").

ReneSola Singapore, Champion and Dynasty each entered into an irrevocable voting agreements with Mr. Zhengmin Lian and authorized Mr. Zhengmin Lian to vote on behalf of them respectively, either vote its entire shareholding and a portion of it.

Assets Train beneficially holds 13,053,614 of our shares. Assets Train is a company incorporated in the British Virgin Islands and its sole shareholder is Apex Level Limited. Apex Level Limited is a company incorporated in the British Virgin Islands and wholly owned by the LZM Family Trust, of which Mr. Zhengmin Lian is the settlor and to which Mr. Lian has administration, voting and management power.

Mr. Lian's business address is Room 201, Building 4, Zone A, Jiashan information technology park, 1 Taisheng avenue, Huimin street, Jiashan County, Zhejiang Province, PRC.

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 common stock.

As of March 31, 2020, the number of our shares issued was 481,027,002, among which 208,100 shares represented by 20,810 ADSs were held by the depository for the ADSs for future exercise or vest of our awards under our 2007 share incentive plan. As of March 31, 2020, 160,948,775 of our shares were held as ADSs by the depository for the ADSs. Other than the depository and Shah Capital Opportunity Fund LP, we had no record shareholders in the United States as of March 31, 2020.

None of our shareholders had 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.

For certain information as of March 31, 2020 concerning the outstanding awards we have granted to our directors and executive officers individually pursuant to our share incentive plan, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers—Share Incentive Plan.” We are not aware of arrangements for involving the employees in the capital of the Company, including any arrangement that involves the issue or grant of options or shares or securities of the Company other than those described under “Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers—Share Incentive Plan.”

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

See “Item 6. Directors, Senior Management and Employees—E. Share Ownership.”

B. Related Party Transactions

Transaction with our Chief Executive Officer and ReneSola Singapore Pte. Ltd.

In September 2017, we entered into a share purchase and subscription agreement with ReneSola Singapore Pte. Ltd., a former subsidiary, and Mr. Xianshou Li, our previous chairman and previous chief executive officer. Pursuant to the agreement, we effected a non-cash restructuring following which, among other things, substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business were transferred into ReneSola Singapore Pte. Ltd.. Upon the closing of this restructuring, all the issued shares of ReneSola Singapore Pte. Ltd. were transferred to Mr. Li.

Related party transactions

During the years ended December 31, 2017, 2018 and 2019, related party transactions with ReneSola Singapore Pte. Ltd. and its subsidiaries were as follows:

| | <u>Years ended December 31,</u> | | |
|---|---------------------------------|---------------|--------------|
| | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Purchase of modules from | \$ 33,238,377 | \$ 12,466,413 | \$ 2,534,750 |
| Rendering of service to | 868,158 | 5,168,278 | 834,875 |
| Borrowing from ⁽¹⁾ | 11,343,739 | 17,273,194 | 793,269 |
| Lending to ⁽²⁾ | 1,624,261 | - | - |
| Acquire project companies from ⁽³⁾ | \$ - | \$ 11,286,840 | \$ - |

(1) It represented the borrowings under a loan agreement between the Company (“borrower”) and ReneSola Singapore Pte. Ltd. (the “lender”). The lender grants to the borrower a loan in the principal amount of up to US\$200 million with annual interest rate of 1%. There is no fixed repayment schedule of this loan. For such loans during 2019, total principal additions were \$0.79 million.

(2) It represented the loan borrowed by ReneSola Singapore Pte. Ltd.’s subsidiaries bearing no interest. There is no fixed repayment schedule of this loan.

(3) In 2018, the Company acquired certain project companies from ReneSola Zhejiang Energy Co. Ltd. and ReneSola Jiangsu Ltd. for total cash consideration of \$11.29 million for power generation purpose, which constituted an asset purchase. Total net assets of the companies acquired were \$11.29 million.

Employment Agreements

See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management” 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, restricted shares and restricted share units 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.

Export Sales

See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Overview of Financial Results—Net Revenue—Geographical Distribution.”

Legal and Administrative Proceedings

As of the date of this annual report, we are not involved in any litigation or other legal proceedings in mainland China that we believe would have a material adverse impact on our business or operations. We may from time to time be subject to various judicial or administrative proceedings arising in the ordinary course of our business. While we do not expect the proceedings described above to have a material adverse effect on our financial position, results of operations or cash flows, the outcome of any proceedings is not determinable with certainty and negative outcomes may have a material adverse effect on us.

Dividend Policy

We have no present plan to declare and pay any dividends on our shares or ADSs in the near future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a limited liability holding company incorporated in the British Virgin Islands. After the completion of our business restructuring in September 2017, we do not rely on dividends from Renesola PV Power, our subsidiary in China, and any newly formed subsidiaries to fund the payment of dividends, if any, to our shareholders. Current PRC regulations permit our subsidiaries to pay dividends to us only out of their retained profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, our subsidiary in China is required to set aside a certain amount of its retained profits each year, if any, to fund certain statutory reserves. These reserves may not be distributed as cash dividends. Furthermore, when Renesola PV Power or any newly formed subsidiary incurs debt on its own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. In addition, pursuant to the PRC Enterprise Income Tax Law and its Implementing Regulation, which became effective on January 1, 2008, a 10% withholding tax applies to dividends distributed to foreign investors out of the profits generated after January 1, 2008 unless any such non-Chinese enterprise’s tax residency jurisdiction has a tax treaty with China that provides for a different withholding arrangement. The British Virgin Islands, where our company was incorporated, does not have such a treaty with China. Thus, we expect that a 10% withholding tax will apply to dividends paid to us by our PRC subsidiaries if we are classified as a non-resident enterprise. We do not currently intend to declare dividends for the foreseeable future.

Subject to the approval of our shareholders, our board of directors has complete discretion over distribution of 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.

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. Offer and Listing Details

Our ADSs have been listed on the NYSE since January 29, 2008 and traded under the symbol “SOL.” For the period from January 29, 2008 to February 9, 2017, each of our ADS (prior to the ADS Ratio Change) represented two of our shares. On February 10, 2017, we executed the ADS Ratio Change. Effective from February 10, 2017, the number of our shares represented by each ADS has been changed from two shares to 10 shares. The following table provides the high and low market prices for our ADSs on the NYSE, after giving effect to the ADS Ratio Change.

| | Trading Price | |
|--|---------------|------|
| | High | Low |
| | \$ | \$ |
| Quarterly Highs and Lows | | |
| First quarter of 2016 | 9.25 | 5.90 |
| Second quarter of 2016 | 7.30 | 5.60 |
| Third quarter of 2016 | 6.40 | 4.74 |
| Fourth quarter of 2016 | 5.55 | 3.05 |
| First quarter of 2017 | 3.55 | 2.15 |
| Second quarter of 2017 | 2.92 | 2.30 |
| Third quarter of 2017 | 2.87 | 2.12 |
| Fourth quarter of 2017 | 3.79 | 2.21 |
| First quarter of 2018 | 3.18 | 2.22 |
| Second quarter of 2018 | 2.99 | 2.17 |
| Third quarter of 2018 | 2.58 | 2.00 |
| Fourth quarter of 2018 | 2.07 | 1.15 |
| First quarter of 2019 | 2.11 | 1.16 |
| Second quarter of 2019 | 1.75 | 1.25 |
| Third quarter of 2019 | 2.08 | 0.86 |
| Fourth quarter of 2019 | 1.77 | 1.24 |
| First quarter of 2020 | 1.79 | 0.85 |
| Annual and Monthly Highs and Lows | | |
| 2013 | 30.00 | 6.25 |
| 2014 | 22.30 | 6.05 |
| 2015 | 9.85 | 4.56 |
| 2016 | 9.25 | 3.05 |
| 2017 | 3.79 | 2.12 |
| 2018 | 3.25 | 1.15 |
| 2019 | 2.11 | 0.86 |
| 2020 | | |
| January | 1.41 | 1.25 |
| February | 1.79 | 1.29 |
| March | 1.45 | 0.85 |

B. Plan of Distribution

Not applicable.

C. Markets

Our ADSs have been listed on the NYSE since January 29, 2008 under the symbol “SOL.” In August 2006, our shares were admitted for trading on the AIM. In November 2010, with the approval of our board of directors, our shares ceased to trade on AIM and our admission to trading on the AIM was cancelled.

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 our amended and restated memorandum and articles of association filed as Exhibit 3.1 to our pre-effective amendment No. 2 to Form F-3 registration statement filed with the SEC on September 6, 2013 (File Number 333-189650).

We are a British Virgin Islands company and our affairs are governed by our memorandum and articles of association and the British Virgin Islands Business Companies Act of 2004 (as amended), which is referred to as the Companies Law below.

The following are summaries of material provisions of our memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our shares.

Registered Office and Objects

Our registered office in the British Virgin Islands is located at the offices of Harneys Corporate Services Limited, Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, VG1110, British Virgin Islands.

According to Clause 5 of our memorandum of association, subject to the Companies Act and any other British Virgin Islands legislation, our company has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction, and there are no limitations on the business that our Company may carry on.

Board of Directors

See “Item 6. Directors, Senior Management and Employees.”

Shares

General. All of our outstanding shares are fully paid and non-assessable. Certificates representing the shares are issued in registered form. Our shareholders who are non-residents of the British Virgin Islands may freely hold and vote their shares.

Dividends. By a resolution of directors, we may declare and pay dividends in money, shares, or other property. Our directors may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of our Company. No dividends shall be declared and paid unless the directors determine that immediately after the payment of the dividend the value of our assets will exceed our liabilities and we will be able to satisfy our liabilities as they fall due. The holders of our shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Unissued Shares. Our unissued shares shall be at the disposal of the directors who may without prejudice to any rights previously conferred on the holders of any existing shares or class or series of shares offer, allot, grant options over or otherwise dispose of shares or other securities to such persons, at such times and upon such terms and conditions as we may by resolution of the directors determine. Before issuing shares for a consideration other than money, the directors shall pass a resolution stating the amount to be credited for the issue of the shares, their determination of the reasonable present cash value of the non-money consideration for the issue, and that, in their opinion, the present cash value of the non-money consideration for the issue is not less than the amount to be credited for the issue of the shares.

Voting Rights. Each share is entitled to one vote on all matters upon which the shares are entitled to vote. We are required by our memorandum and articles of association to hold an annual general meeting each year. Additionally, our directors may convene meetings of our shareholders at such times and in such manner and places within or outside the British Virgin Islands as the directors consider necessary or desirable. Upon the written request of shareholders holding 10% or more of the outstanding voting rights attaching to our shares the directors shall convene a meeting of shareholders. The director shall give not less than 14 days' notice of a meeting of shareholders to those persons whose names at the close of business on a day to be determined by the directors appear as shareholders in our share register and are entitled to vote at the meeting.

A meeting of shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50% of the votes of the shares entitled to vote on shareholder resolutions to be considered at the meeting. If a quorum is present, notwithstanding the fact that such quorum may be represented by only one person, then such person or persons may resolve any matter and a certificate signed by such person and accompanied, where such person be a proxy, by a copy of the proxy form shall constitute a valid resolution of shareholders.

If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares of each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved. The chairman, may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

An action that may be taken by the shareholders at a meeting may also be taken by a resolution of shareholders consented to in writing without the need for any notice, but if any resolution of shareholders is adopted otherwise than by the unanimous written consent of all shareholders, a copy of such resolution shall forthwith be sent to all shareholders not consenting to such resolution.

Mandatory Tender Offer. Except with the consent of our board of directors, when (a) any person acquires, whether or not by a series of transactions over a period of time, our shares which (taken together with shares held or acquired by persons acting in concert with that person) carry 30% or more of the voting rights of our company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of our voting rights and acquires additional shares resulting in an increase in the percentage of the voting rights held by that person or any person acting in concert with him, such person is required to extend an offer to holders of all the issued shares in our company pursuant to our memorandum and articles of association. References to any person above include persons acting in concert with such person.

Transfer of Shares. Certificated shares in our company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written evidence of transfer the directors may accept such evidence of a transfer of shares as they consider appropriate. We may also issue shares in uncertificated form. We shall not be required to treat a transferee of a registered share in our Company as a member until the transferee's name has been entered in the share register.

The register of members may be closed at such times and for such periods as the board of directors may from time to time determine, not exceeding in whole thirty days in each year, upon notice being given by advertisement in a leading daily newspaper and in such other newspaper (if any) as may be required by the law of British Virgin Islands and the practice of the NYSE.

The board of directors may decline to register a transfer of any share to a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health. The board of directors may also decline to register any transfer unless:

- (a) any written instrument of transfer, duly stamped (if so required), is lodged with us at the registered office or such other place as the board of directors may appoint accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognized person or a holder of such shares in respect of whom we are not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such shares);
- (b) there is provided such evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person;
- (c) on his behalf, the authority of that person to do so; any instrument of transfer is in respect of only one class or series of share; and
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

Liquidation. In the case of the distribution of assets by a voluntary liquidator on a winding-up of our company, subject to payment of, or to discharge of, all claims, debts, liabilities and obligations of our company any surplus assets shall then be distributed amongst the shareholders according to their rights and interests in our company according to our memorandum and articles of association. If the assets available for distribution to members shall be insufficient to pay the whole of the paid up capital, such assets shall be shared on a pro rata basis amongst members entitled to them by reference to the number of fully paid up shares held by such members respectively at the commencement of the winding up.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid at the specified time are subject to forfeiture.

Redemption of Shares. The Companies Law provides that subject to the memorandum and articles of association of a company, shareholders holding 90% or more of all the voting shares in a company, may instruct the directors to redeem the shares of the remaining shareholders. The directors shall be required to redeem the shares of the minority shareholders, whether or not the shares are by their terms redeemable. The directors must notify the minority shareholders in writing of the redemption price to be paid for the shares and the manner in which the redemption is to be effected. In the event that a minority shareholder objects to the redemption price to be paid and the parties are unable to agree to the redemption amount payable, the Companies Law sets out a mechanism whereby the shareholder and the company may each appoint an appraiser, who will together appoint a third appraiser and all three appraisers will have the power to determine the fair value of the shares to be compulsorily redeemed. Pursuant to the Companies Law, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

Variations of Rights of Shares. If at any time the issued or unissued shares are divided into different classes of shares, the rights attached to any class may only be varied, whether or not the company is in liquidation, with the consent in writing or by resolution passed at a meeting by the holders of not less than 50% of the issued shares of that class.

Inspection of Books and Records. Holders of our shares have a general right under British Virgin Islands law to inspect our books and records on giving written notice to the Company. However, the directors have power to refuse the request on the grounds that the inspection would be contrary to the interests of the Company. However, we will provide our shareholders with annual audited financial statements.

Preferred Shares

Our Company may from time to time amend and restate our memorandum and articles of association to create one or more classes or series of preferred shares. Pursuant to paragraph 12 of our memorandum of association, a shareholder resolution or a director resolution is currently required to amend the memorandum and articles of association, which shall take effect upon the registration of the amended and restated memorandum and articles of association by the Registrar of Corporate Affairs in the British Virgin Islands. Prior to any issuance of preferred shares, our board of directors may, acting by a resolution of directors, amend the memorandum of association to create one or more classes of preferred shares and authorize the registration of the amended and restated memorandum and articles of association by the Registrar of Corporate Affairs in the British Virgin Islands. Our board of directors may by a resolution of directors, determine the rights, privileges, restrictions and conditions attached to the preferred shares, including the designations, powers, preferences and relative, participating, optional and other rights, if any, and the qualifications, limitations and restrictions thereof, if any, including, without limitation, the number of shares constituting each such class or series, dividend rights, conversion rights, redemption privileges, voting powers, full or limited or no voting powers, and liquidation preferences, of each series that we may sell and to increase or decrease the size of any such class or series of preferred shares, but not below the number of any class or series of preferred shares then issued and outstanding plus the number of shares of such class reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by our Company convertible into such class of shares. The rights conferred upon the holders of the shares of any class shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith or superior thereto. The amended and restated memorandum and articles of association providing for the establishment of any class or series of preferred shares may, to the extent permitted by law, provide that such class or series shall be superior to, rank equally with, or be junior to the preferred shares of any other class or series already in issue.

Once the class of preferred shares has been created, preferred shares may then be issued at such times, to such persons, for such consideration and on such terms as our board of directors may by resolution determine.

C. Material Contracts

Our significant subsidiary, ReneSola New Energy S.à r.l. (the “Bonds Issuer”), entered into a bond subscription agreement (the “Bond Subscription Agreement”) with Eiffel Energy Transition Fund S.L.P. (the “Bonds Subscriber”) on January 31, 2019, which is filed as Exhibit 4.10 hereto. According to the Bond Subscription Agreement, ReneSola New Energy S.à r.l. intends to issue up to 7,327,000 tranches A bonds (the “Tranches A Bonds”) with denomination of EUR 1 (one) each, for a total amount of up to EUR 7,327,000 euros (each a “Bond A”) and 6,101,000 tranches B bonds (the “Tranches B Bonds” and together with the Tranches A Bonds, the “Bonds”) with denomination of EUR 1 (one) each, for a total amount of up to EUR 6,101,000. As of the date of the Bond Subscription Agreement, Bonds Issuer agreed to issue and Bonds Subscriber agreed to subscribe from the Bonds Issuer 1,257,900 Tranche A Beta 1 bonds, 1,582,000 Tranche B.1 bonds and 3,335,000 Tranche B.2 bonds.

D. Exchange Controls

See “Item 4. Information on the Company—B. Business Overview—Regulation—Regulation of Foreign Currency Exchange and Dividend Distribution.”

E. Taxation

The following summary of the material British Virgin Islands and U.S. federal income tax consequences of an investment in our ADSs or 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 shares, such as the tax consequences under state, local and other tax laws not addressed herein. To the extent that the discussion relates to matters of British Virgin Islands tax law, it represents the opinion of Harney Westwood & Riegels LLP, our British Virgin Islands counsel.

British Virgin Islands Taxation

Under the present laws of the British Virgin Islands, there are no applicable taxes on our profits or income. There are no taxes on profits, income, nor is there any capital gains tax, estate duty or inheritance tax applicable to any shares held by non-residents of the British Virgin Islands. In addition, there is no stamp duty or similar duty on the issuance, transfer or redemption of the shares. Dividends remitted to the holders of shares resident outside the British Virgin Islands will not be subject to withholding tax in the British Virgin Islands. We are not subject to any exchange control regulations in the British Virgin Islands.

Stamp Duty

No stamp duty is payable in the British Virgin Islands in respect of instruments relating to transactions involving a company incorporated in the British Virgin Islands.

Compliance with Automatic Exchange of Information Legislation

US Foreign Account Tax Compliance Act (FATCA)

The Government of the British Virgin Islands has entered into a Model 1 intergovernmental agreement with the United States (the US IGA) and implemented certain domestic regulations (the AEOI Legislation) to facilitate compliance with FATCA. To comply with our obligations under the AEOI Legislation, if we are a “Foreign Financial Institution” within the meaning of the US IGA and the AEOI Legislation, we may be required to report FATCA information to the British Virgin Islands International Tax Authority (the BVI ITA) which in turn will report relevant information to the United States Internal Revenue Service (IRS). We do not believe we are classified as a Foreign Financial Institution within the meaning of the US IGA and the AEOI Legislation. However, if we were to determine that our classification has changed, we may request additional information from any Shareholder and its beneficial owners (that may be disclosed to the BVI ITA and the IRS) to identify whether Participating Shares are held directly or indirectly by “Specified US Persons” (as defined in the US IGA).

UK Requirements regarding Tax Reporting

The Government of the British Virgin Islands has also signed an intergovernmental agreement with the United Kingdom (the UK IGA) in a broadly similar form to the US IGA. The UK IGA and the Mutual Legal Assistance (Tax Matters) (No.2) Order, 2015 impose similar requirements to the US IGA, so that we may be required to identify Participating Shares held directly or indirectly by “Specified United Kingdom Persons” (as defined in the UK IGA) and report information on such Specified United Kingdom Persons to the BVI ITA. The BVI ITA will then exchange such information annually with HM Revenue & Customs, the United Kingdom tax authority.

OECD Common Reporting Standard Requirements regarding Tax Reporting

The OECD has adopted a “Common Reporting Standard” (CRS), which is intended to become an international standard for financial account reporting. The Government of the British Virgin Islands is a signatory to the multi-lateral competent authority agreement (MCAA) that will be adopted by all jurisdictions committing to the CRS (each a Reportable Jurisdiction). Other governments that have signed up to the CRS and the MCAA will implement local legislation. The first exchanges of information under this regime occurred in 2017. Under the Mutual Legal Assistance (Tax Matters) (Amendment) (No.2) Act, 2015, which implements the MCAA in the British Virgin Islands (the CRS Amendment Act) we are required to make an annual filing in respect of Shareholders who are resident in a Reportable Jurisdiction and who are not covered by one of the exemptions in the CRS Amendment Act. The MCAA and reporting obligations under the CRS Amendment Act are very similar to the UK IGA and are expected to replace the UK IGA and are expected to replace the UK IGA in 2018. A list of Reportable Jurisdictions has been published by the BVI ITA.

U. S. Federal Income Taxation

The following discussion describes the material U.S. federal income tax consequences to a U.S. Holder (as defined below), under current law, of an investment in our ADSs or shares. This discussion is based on the federal income tax laws of the United States as of the date of this annual report on Form 20-F, including the United States Internal Revenue Code of 1986, as amended, or the Code, existing and proposed U.S. Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the U.S. Internal Revenue Service, or IRS, and other applicable authorities, all as of the date of this annual report on Form 20-F. All of the foregoing authorities are subject to change, which change could apply retroactively and could significantly affect the tax consequences described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion and there can be no assurance that the IRS or a court will agree with our statements and conclusions.

This discussion applies only to a U.S. Holder (as defined below) that holds ADSs or shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). The following discussion does not address the tax consequences to any particular investor or describe all of the tax consequences applicable to persons in special tax situations such as:

- banks and certain other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker or dealers in stocks and securities, or currencies;
- persons who use or are required to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States subject to Section 877 of the Code;
- entities subject to the U.S. anti-inversion rules;
- tax-exempt organizations and entities;
- persons subject to the alternative minimum tax provisions of the Code;
- persons whose functional currency is other than the United States dollar;
- persons holding ADSs or shares as part of a straddle, hedging, conversion or integrated transaction;
- persons holding ADSs or shares through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States,
- persons that actually or constructively own ADSs or shares representing 10% or more of our voting power or value;
- persons who acquired ADSs or shares pursuant to the exercise of an employee stock option or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding ADSs or shares through such entities;
- persons required to accelerate the recognition of any item of gross income with respect to our ADSs or shares as a result of such income being recognized on an applicable financial statement; or
- persons that held, directly, indirectly or by attribution, ADSs or shares or other ownership interests in us prior to our initial public offering.

In addition, the discussion below does not describe any tax consequences arising out of the Medicare tax on certain “net investment income,” the alternative minimum tax or any U.S. federal non-income tax laws (including the U.S. federal estate and gift tax laws), or any state, local or non-U.S. tax considerations.

Except as specifically described below, this discussion does not address any tax consequences or reporting obligations that may be applicable to persons holding our ADSs or shares through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States.

THE FOLLOWING DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE. HOLDERS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR THE LAWS OF ANY STATE, LOCAL, OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

For purposes of the discussion below, a “U.S. Holder” is a beneficial owner of our ADSs or shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any State thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable U.S. Treasury regulations to treat such trust as a domestic trust.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or shares, the tax treatment of a partner in such partnership will depend on the status of such partner and the activities of such partnership. If you are such a partner or partnership, you should consult your tax advisors regarding the tax consequences to you of the purchase, ownership and disposition of our ADSs or shares.

The discussion below assumes that the representations contained in the deposit agreement and any related agreement are true and that the obligations in such agreements have been and will be complied with in accordance with their terms.

ADSs

If you beneficially own ADSs, you should be treated as the beneficial owner of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, deposits or withdrawals of shares for ADSs should not be subject to U.S. federal income tax.

Taxation of dividends and other distributions on the ADSs or shares

Subject to the passive foreign investment company rules discussed below, the gross amount of any distributions we make to you with respect to the ADSs or shares (including the amount of any PRC or other withholding taxes withheld therefrom) generally will be taxable as dividend income to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such income (including any withheld taxes) will be includable in your gross income on the day actually or constructively received by you, if you own the shares, or by the depository, if you own ADSs. We currently do not, and we do not intend to, calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that any distribution paid will be reported as a dividend for U.S. federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

Dividends received by a non-corporate U.S. Holder may qualify for the lower rates of tax applicable to “qualified dividend income,” if the dividends are paid by a “qualified foreign corporation” and other conditions discussed below are met. A non-U.S. corporation is treated as a qualified foreign corporation (a) with respect to dividends paid by that corporation on shares (or American depositary shares backed by such shares) that are readily tradable on an established securities market in the United States or (b) if such non-U.S. corporation is eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program. However, a non-United States corporation will not be treated as a qualified foreign corporation if it is a passive foreign investment company in the taxable year in which the dividend is paid or the preceding taxable year.

Under a published IRS Notice, common or ordinary shares, or American depositary shares representing such shares, are considered to be readily tradable on an established securities market in the United States if they are listed on the NYSE, as our ADSs (but not our shares) are. Based on existing guidance, it is unclear whether the shares will be considered to be readily tradable on an established securities market in the United States, because only the ADSs, and not the underlying shares, are listed on a securities market in the United States. We believe, but we cannot assure you, that dividends we pay on the shares that are represented by ADSs, but not on the shares that are not so represented, will, subject to applicable limitations, be eligible for the reduced rates of taxation. In addition, if we are treated as a PRC resident enterprise under the PRC tax law (see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Expiration of, or changes to, current PRC tax incentives that our business enjoys could have a material adverse effect on our results of operations”), then we may be eligible for the benefits of the income tax treaty between the United States and the PRC. If we are eligible for such benefits, then dividends that we pay on our shares, regardless of whether such shares are represented by ADSs, would, subject to applicable limitations, be eligible for the reduced rates of taxation.

Even if dividends would be treated as paid by a qualified foreign corporation, a non-corporate U.S. Holder will not be eligible for reduced rates of taxation if it does not hold our ADSs or shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date or if the U.S. Holder elects to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends of a qualified foreign corporation if the non-corporate U.S. Holder receiving the dividend is obligated to make related payments with respect to positions in substantially similar or related property.

You should consult your tax advisors regarding the availability of the lower tax rates applicable to qualified dividend income for any dividends that we pay with respect to the ADSs or shares, as well as the effect of any change in applicable law after the date of this annual report.

For foreign tax credit purposes, the limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends we pay with respect to our ADSs or shares generally will constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.” Any dividends we pay generally will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. If PRC withholding taxes apply to dividends paid to you with respect to the ADSs or shares (see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Under the Enterprise Income Tax Law, dividends payable by us and gains on the disposition of our shares or ADSs could be subject to PRC taxation”), 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. The rules relating to the determination of the federal tax credit are complex and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Taxation of dispositions of ADSs or shares

You will recognize gain or loss on a sale or exchange of the ADSs or shares in an amount equal to the difference between the amount realized (in U.S. dollars) for the ADSs or shares on the sale or exchange and your tax basis (in U.S. dollars) in the ADSs or shares. Subject to the discussion under “—Passive Foreign Investment Company” below, such gain or loss generally will be capital gain or loss. Capital gains of a non-corporate U.S. Holder, including an individual that has held the ADS or share for more than one year, currently are eligible for reduced tax rates. The deductibility of capital losses is subject to limitations.

Any gain or loss that you recognize on a disposition of the ADSs or shares generally will be treated as U.S.-source income or loss for foreign tax credit limitation purposes. However, if we are treated as a PRC resident enterprise for PRC tax purposes and PRC tax is imposed on gain from the disposition of the ADSs or shares (see “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Under the Enterprise Income Tax Law, dividends payable by us and gains on the disposition of our shares or ADSs could be subject to PRC taxation”), then a U.S. Holder that is eligible for the benefits of the income tax treaty between the United States and the PRC may elect to treat the gain as PRC-source income for foreign tax credit purposes. If such an election is made, the gain so treated will be treated as a separate class or “basket” of income for foreign tax credit purposes. You should consult your tax advisors regarding the proper treatment of gain or loss, as well as the availability of a foreign tax credit, in your particular circumstances.

Passive foreign investment company

We will be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year if, applying applicable look-through rules, either:

- at least 75% of our gross income for such year is passive income; or
- at least 50% of the value of our assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, and certain types of rents and royalties. In addition, cash, cash equivalents, securities held for investment purposes, and certain other similar assets are generally categorized as passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

Based on the market price of our ADSs, the value of our assets and the composition of our income and assets, we do not believe that we were a PFIC for our taxable year ended December 31, 2019, but there can be no assurances in this regard. The determination of PFIC status is based on an annual determination that cannot be made until after the close of each taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Accordingly, we cannot guarantee that the IRS will agree with any positions that we take or that we will not be treated as a PFIC for our taxable year ended December 31, 2019, the current taxable year or any future taxable year.

Changes in the composition of our income or composition of our assets may cause us to be or become a PFIC. The determination of whether we will be a PFIC for any taxable year may depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may depend upon the market price of our ADSs or shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2019, the current taxable year or one or more future taxable years.

If we are a PFIC for any taxable year during which you hold our ADSs or shares, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold ADSs or shares, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ADSs or shares, as applicable. If such election is made, you will be deemed to have sold the ADSs or shares 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 rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ADSs or shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from an actual sale or other disposition of the ADSs or shares. You are strongly urged to consult your tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to you.

If we are a PFIC for any taxable year during which you hold our ADSs or shares, you generally will be subject to special and adverse tax rules with respect to any “excess distribution” you receive from us and any gain you recognize from a sale or other disposition (including a pledge) of the ADSs or shares, unless you make a “mark-to-market” election as discussed below. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during the shorter of the three preceding taxable years or your holding period for the ADSs or shares will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, will be treated as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.

If we are a PFIC for any taxable year during which you hold our ADSs or shares and any of our non-U.S. subsidiaries that are corporations (or other corporations in which we own equity interests) is also a PFIC (each such entity, a “lower-tier PFIC”), you would be deemed to own shares in each such lower-tier PFIC that is directly or indirectly owned by us in that proportion that the value of the ADSs or shares you own bears to the value of all our ADSs and shares, and you would be subject to the rules in the preceding paragraphs with respect to the shares of each such lower-tier PFIC that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any taxable year during which you hold ADSs or shares, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on our ADSs or shares as ordinary income under a mark-to-market method, provided that such ADSs or shares constitute “marketable stock” (as defined below). If you make a mark-to-market election for our ADSs or shares, you will include in gross income for each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or shares you hold as of the close of your taxable year over your adjusted basis in such ADSs or shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs or shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as any gain from the actual sale or other disposition of the ADSs or shares, will be treated as ordinary income. If you make a valid mark-to-market election, any distribution that we make generally would be subject to the tax rules discussed above under “—Taxation of dividends and other distributions on the ADSs or shares,” except that the lower capital gains rate applicable to qualified dividend income generally would not apply.

The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded in greater than *de minimis* quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Our ADSs, but not our shares, are listed on the NYSE, which is a qualified exchange or other market for these purposes. Consequently, as long as our ADSs continue to be listed on the NYSE and are regularly traded, and you are a holder of the ADSs, we expect that the mark-to-market election would be available to you if we become a PFIC, but no assurances are given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if we were a PFIC for any taxable year, a U.S. Holder that makes the mark-to-market election may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such U.S. Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

In certain circumstances, a shareholder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to your ADSs or shares only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable U.S. Treasury regulations. We currently do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

A U.S. Holder that holds the ADSs or shares in any year in which we are a PFIC will be required to file an annual report containing such information as the U.S. Treasury Department may require.

You should consult your tax advisors regarding the application of the PFIC rules to your investment in our ADSs or shares and the availability, application and consequences of the elections discussed above.

Information reporting and backup withholding

Information reporting to the IRS and backup withholding generally will apply to dividends in respect of our ADSs or shares, and the proceeds from the sale or exchange of our ADSs or shares, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9 or you otherwise establish an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding generally are allowed as a credit against your U.S. federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner.

U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Information with respect to foreign financial assets

U.S. Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in the ADSs or shares as is necessary to identify the class or issue of which the ADSs or shares are a part. These requirements are subject to exceptions, including an exception for ADSs or shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all “specified foreign financial assets” (as defined in the Code) does not exceed US\$50,000.

U.S. Holders should consult their tax advisors regarding the application of these information reporting rules.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC registration statements on Form F-1 (File Numbers 333-148550 and 333-151315) and prospectus under the Securities Act with respect to the shares represented by the ADSs. We also filed with the SEC related registration statements on Form F-6 (File Numbers 333-148559 and 333-162257) with respect to the ADSs. We also filed with the SEC registration statements on Form S-8 (File Numbers 333-153647 and 333-175479) with respect to our securities to be issued under our 2007 share incentive plan.

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: within four months after the end of each fiscal year for fiscal years ending on or after December 15, 2011. 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 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 The Bank of New York Mellon, 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

For a list of our subsidiaries as of the date of this annual report, see Exhibit 8.1 appended hereto.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Inflation

Since our inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, inflation as measured by the consumer price index in China was 1.6%, 2.1% and 2.9% in 2017, 2018 and 2019, respectively.

Foreign Exchange Risk

Our sales in China are denominated in Renminbi, and our international sales are generally denominated in U.S. dollars, Euros, British pounds and other local currencies. Our costs and capital expenditures are largely denominated in Renminbi and foreign currencies, including U.S. dollars and Euros. Fluctuations in currency exchange rates could have a significant impact on our financial condition and results of operations, affect our gross and operating profit margins, and result in foreign exchange and operating gains or losses. For example, as of December 31, 2018 and 2019, we held \$34.5 million and \$13.8 million, respectively, in accounts receivable, including notes receivable, some of which were denominated in U.S. dollars. Had we converted all of our accounts receivable, including notes receivable, as of either date into Renminbi at an exchange rate of RMB6.9618 for \$1.00, the exchange rate as of December 31, 2019, our accounts receivable would have been RMB240.2 million and RMB96.1 million as of December 31, 2018 and 2019, respectively.

Assuming that Renminbi depreciates by a rate of 10% to an exchange rate of RMB7.7353, we would record a gain in the fair value of our accounts receivable in Renminbi terms. A 10% depreciation of Renminbi would result in our holding Renminbi equivalents of RMB266.9 million and RMB106.7 million in accounts receivable as of December 31, 2018 and 2019, respectively. These amounts would therefore reflect a theoretical gain of RMB26.7 million and RMB10.6 million for our accounts receivable as of December 31, 2018 and 2019, respectively.

Assuming that Renminbi appreciates by a rate of 10% to an exchange rate of RMB6.3289, we would record a loss in the fair value of our accounts receivable in Renminbi terms. A 10% appreciation of Renminbi would result in our holding Renminbi equivalents of RMB218.3 million and RMB87.3 million in accounts receivable as of December 31, 2018 and 2019, respectively. These amounts would therefore reflect a theoretical loss of RMB21.9 million and RMB8.8 million for our accounts receivable as of December 31, 2018 and 2019, respectively.

This calculation model is based on multiplying our accounts receivable, which are held in U.S. dollars, by a smaller Renminbi equivalent amount resulting from an appreciation of Renminbi. This calculation model does not take into account optionality nor does it take into account the use of financial instruments.

We incurred foreign currency exchange gains of approximately \$0.9 million and exchange losses of \$2.5 million and \$1.3 million in 2017, 2018 and 2019, respectively. We have not used any derivative financial instruments to manage our foreign currency exchange risk exposure. Historically, we have not been exposed to material risks due to changes in foreign currency exchange risk; however, our future foreign currency exchange gains may decrease or foreign currency exchange losses may increase due to changes in foreign currency exchange rates. We are currently not engaged in any foreign currency exchange hedging activities.

Interest Rate Risk

Our exposure to interest rate risk relates to interest expenses incurred by our short-term, long-term borrowings, failed sale-lease back and finance lease liabilities, and interest income generated by excess cash invested in demand deposits with original maturities of three months or less. 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.

An increase of 100 basis point in interest rates at the reporting dates indicated below would have increased our loss for the year and decreased our equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | As of December 31, | | |
|---|--------------------|----------|----------|
| | 2017 | 2018 | 2019 |
| | (in thousands) | | |
| 100 basis point increase in loss and decrease in equity | \$ 679 | \$ 1,480 | \$ 2,004 |

A 100 basis point decrease would have had the equal but opposite effect to the amounts shown above, assuming all other variables remain constant.

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 10 shares, are listed on the NYSE. The Bank of New York Mellon is the depository of our ADS program. 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 refuse to provide fee-attracting services until its fees for those services are paid. The depository may use affiliated brokers or other agents in performing services, and such agents may earn or share fees, spreads or commissions relating hereto.

On November 21, 2019, the Company and Bank of New York Mellon reached an agreement to waive the annual depositary service fee for the holders of the Company's ADSs. As a result, the owners and holders of the Company's American Depositary Receipts are no longer obligated to pay the Annual depositary servicing fees.

Persons depositing or withdrawing shares or holders of ADSs must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.02 (or less) per ADS

Persons depositing or withdrawing shares or holders of ADSs must pay:

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

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges payable by the depositary or the custodian on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

Fees and Other Payments Made by the Depositary to Us

The depositary has agreed to make certain annual payments to us for reimbursement of 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 payments and reimbursements from the depositary. The annual reimbursement is conditioned on certain requirements and criteria and will be adjusted proportionately to the extent such requirements or criteria are not met. For the year ended December 31, 2019, we received \$163,246 from the depositary in respect of such reimbursement. The depositary has also agreed to waive certain fees and expenses. For the year ended December 31, 2019, the depositary waived a total of \$ 34,944 for the standard fees and expenses associated with the maintenance and administration of the ADR program.

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 holders

For:

- Distribution of securities distributed to holders of deposited securities that are distributed by the depositary to ADS holders
- Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
- Cable, telex and facsimile transmissions as provided in the deposit agreement
- Converting foreign currency to U.S. dollars
- As necessary
- As necessary

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

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged except for the changes disclosed below.

In August 2011, our board of directors adopted a shareholder rights plan to protect the best interests of ReneSola and our shareholders and authorized the dividend distribution. One share purchase right was distributed on August 26, 2011, with respect to each share of ReneSola outstanding at the close of business on such date. Initially, the share purchase rights were evidenced by the certificates representing outstanding shares, and no separate share purchase right certificates were distributed. Subject to certain limited exceptions, the share purchase rights will be exercisable at \$20.0 per share purchase right if a person or group acquires 15% or more of ReneSola’s voting securities or announces a tender offer for 15% or more of the voting securities, subject to adjustment. Our board of directors will be entitled to redeem the share purchase rights at \$0.0001 per share purchase right at any time before a person or group has acquired 15% or more of ReneSola’s voting securities. The share purchase rights are designed to ensure that our shareholders receive fair treatment in the event of any proposed takeover of our company and to encourage anyone seeking to acquire our company to negotiate with our board of directors prior to attempting a takeover. The share purchase rights were not distributed in response to any specific effort to acquire control of our company.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and our chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2019, our disclosure controls and procedures were ineffective because of the material weakness described below under “Management’s Annual Report on Internal Control over Financial Reporting.” We will undertake the remedial steps to address the material weakness in our disclosure controls and procedures as set forth below under “Management’s Plan for Remediation of Material Weaknesses.”

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(f) under the Exchange Act, 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 as promulgated by the SEC, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019 using criteria established in “Internal Control-Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis.

As a result of our management’s evaluation of our internal control over financial reporting, a material weakness in our internal control over financial reporting was identified as of December 31, 2019, which was that we lacked sufficient accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize and carry out key controls over the financial reporting and to properly address complex accounting issues and to prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements.

The material weakness described above may result in a material misstatement to our quarterly or annual consolidated financial statements that would not be prevented or detected. As a result of the material weakness, our management concluded that our internal control over financial reporting was ineffective as of December 31, 2019, based on the criteria established in “Internal Control—Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

This annual report on Form 20-F does not include an attestation report of the Company’s independent registered public accounting firm because the Company is neither an accelerated filer nor a large accelerated filer, as such terms are defined in Rule 12b-2 under the Exchange Act. As a non-accelerated filer, we are not required to provide an attestation on the effectiveness of our internal control by our independent registered public accounting firm under the Sarbanes-Oxley Act or the requirements of the SEC promulgated thereunder.

Management’s Plan for Remediation of Material Weaknesses

Our management has been engaged in, and continues to be engaged in, making necessary changes and improvements to our internal control system to address the material weakness in internal control over financial reporting described above. In particular,

- (1) in 2018 we hired a European regional financial controller who has ‘Big Four’ extensive audit and accounting experience and knowledge of both U.S. GAAP and SEC reporting requirements. Also, we hired a new consolidations financial manager in our headquarters who has been recognized by our management for his competency in the preparation and review of financial statements in accordance with U.S. GAAP and SEC financial reporting requirements. Further, with the participation of our new chief financial officer who oversees the overall of SEC financial reporting requirements, we believe that as long as our finance department staffs remain stable in the future, with the continuous training and development programs and other plans delivered as mentioned below, we will form a team with sufficient knowledge of U.S. GAAP;
- (2) we have delivered regular and systematic training and development programs to our accounting team and other relevant personnel. During 2019, we organized several training programs on U.S. GAAP for our accounting team to enhance their U.S. GAAP knowledge;
- (3) we have engaged external experts with in-depth knowledge of U.S. GAAP and SEC reporting requirements who have advised us on and reviewed the accounting treatment of complex and unusual transactions and accounting matters. In January 2019, we engaged external accounting advisory services in relation to New Lease Accounting Standards ASC 842 to better adapt to the requirements of US GAAP;
- (4) we have enhanced our accounting manual and reporting packages to provide our accounting team with more comprehensive guidelines on the policies and controls over financial reporting under U.S. GAAP and SEC rules and requirements. We will continue to improve our accounting manual to ensure it is up-to-date.
- (5) In order to better control our payment approval protocol and other office automation requirements and reduce the risk of internal control, we purchased the OA system in December 2019 and are currently building a server and customizing our budget, finance, capital and HR requirements. We believe that our authorization approval management will become gradually mature after the OA system is completely installed and tested.
- (6) We have improved our budget management and supervision system, which helped us better monitor our project cost and cash flow.

Changes in Internal Control over Financial Reporting

Our management has evaluated whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on the evaluation we conducted, our management has concluded that, other than the material weakness as disclosed above, no such changes occurred during the period covered by this annual report on Form 20-F.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Tan Wee Seng, an independent director, is our audit committee financial expert. Mr. Tan satisfies the independent requirements of Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer, controller, chief operating officer, chief technology officer, vice presidents and any other persons who perform similar functions for us. We have posted a copy of our code of business conduct and ethics on our website at www.renolapower.com. 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 and Grant Thornton. Audit fee for Grant Thornton is \$463,222 in 2019. In 2018, certain professional services were rendered by Deloitte Touche Tohmatsu Certified Public Accountants LLP, PricewaterhouseCoopers Zhong Tian LLP and Grant Thornton, and Audit fee for Grant Thornton is \$491,751. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

| | For the Year Ended December 31, | |
|---------------------------|--|-------------|
| | 2018 | 2019 |
| | (in thousands) | |
| Audit fees ⁽¹⁾ | \$ 1,113 | \$ 570 |
| Audit-related fees | 88 | 36 |
| Tax fees | — | — |
| Other fees | — | — |

- (1) "Audit fees" means the aggregate fees billed for professional services rendered by our independent registered public accounting firms for the audit of our annual financial statements.

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 minimus* services that are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

In September 2015, our board of directors authorized a share repurchase program under which we may repurchase up to \$20 million in aggregate value of our outstanding ADSs within 12 months ending September 2016 on the open market or in privately negotiated transactions. In September 2016, our board decided to extend the share repurchase program for another 12 months ending September 2017. Upon the expiration of the share repurchase program in September 2017, we repurchased an aggregate of 441,906 ADSs, representing approximately 4,419,060 shares, on the open market for a total cash consideration of \$2.3 million. All of such repurchased shares have been canceled as of December 31, 2017.

Other than those disclosed in this item, we did not repurchase our shares pursuant to non-publicly announced plans or programs.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT***Dismissal of PricewaterhouseCoopers Zhong Tian LLP***

On August 21, 2018, we dismissed PwC as our independent registered public accounting firm. Effective on August 21, 2018, we engaged Grant Thornton as our independent registered public accounting firm for the fiscal year ended December 31, 2018. The change of auditor was approved by the Board of Directors and the Audit Committee of the Company.

PwC's report on our consolidated financial statements as of and for the year ended December 31, 2017 did not contain any adverse opinion or a disclaimer of opinion and was not qualified or modified as to uncertainty, audit scope, or accounting principles and PwC did not issue any audit reports on periods prior to the year ended December 31, 2017.

During the fiscal year ended December 31, 2017 and subsequent interim period through August 21, 2018, we did not have any disagreements, as that term is defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F of Form 20-F, with PwC on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedures that, if not resolved to the satisfaction of PwC, would have caused them to make reference to the subject matter of the disagreement in connection with its audit reports on our consolidated financial statements for the fiscal year ended December 31, 2017.

During the fiscal year ended December 31, 2017 and subsequent interim period through August 21, 2018, there were no reportable events as defined in Item 16F (a)(1)(v) of Form 20-F, other than the material weakness reported by management in Item 15 of the Company's Form 20-F filed with the SEC on April 30, 2018.

During the fiscal year ended December 31, 2017 and subsequent interim period through August 21, 2018, neither we nor anyone on our behalf consulted with Grant Thornton regarding 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, nor has Grant Thornton provided to us a written report or oral advice that Grant Thornton concluded was an important factor considered by us in reaching a decision as to the accounting, auditing or financial reporting issue, or (ii) any matter that was either the subject of a "disagreement" with Grant Thornton as that term is defined in Item 16F(a)(1)(iv) of Form 20-F and the related instructions to Item 16F of Form 20-F, or a "reportable event," as that term is described in Item 16F(a)(1)(v) of Form 20-F.

We provided a copy of this disclosure to PwC and requested that PwC furnish us with a letter addressed to the SEC stating whether it agrees with the statements made above, and if not, stating the respects in which it does not agree. A copy of PwC's letter dated April 29, 2019 was attached to our 20-F for the fiscal year ended December 31, 2018 and was filed on April 29, 2019.

ITEM 16G. CORPORATE GOVERNANCE

Pursuant to certain exceptions for foreign private issuers, we are not required to comply with certain of the corporate governance practices followed by U.S. companies under the NYSE listing standards. However, pursuant to Section 303A.11 of the NYSE Listed Company Manual and the requirements of Form 20-F, we are required to state any significant ways in which our corporate governance practices differ from the practices required by the NYSE for U.S. companies.

Section 303A.08 of the NYSE Listed Company Manual requires a NYSE listed company to obtain its shareholders' approval of all equity-compensation plans, and any material revisions to the terms of such plans. Section 303A.00 permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. Our British Virgin Islands counsel, Harney Westwood & Riegels LLP, has advised that under the existing British Virgin Islands laws, we are not required to obtain shareholders' approval for amendments to our existing equity incentive plan. However, it should be noted that under the terms of the equity incentive plan, shareholder approval is required for certain changes to the terms of the plan. In July 2016, our board of directors approved the amendment and restatement of our 2007 share incentive plan, which was approved by our shareholders in our 2016 annual general meeting on August 29, 2016. We will continue to follow the British Virgin Islands practice.

Section 303A.04 and Section 303A.05 of the NYSE Listed Company Manual require a nominating and corporate governance committee and a compensation committee composed entirely of independent directors. The majority of the members our compensation committee and nominating and corporate governance committee are independent directors. Section 303A.00 permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. Our British Virgin Islands counsel, Harney Westwood & Riegels LLP, has advised that under the existing British Virgin Islands laws, we are not required to have a nominating and corporate governance committee and a compensation committee composed entirely of independent directors.

Other than the home country practice described above, we are not aware of any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under the NYSE listing rules.

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

The consolidated financial statements of ReneSola are included at the end of this annual report.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
ReneSola Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ReneSola Ltd and its subsidiaries (the “Company”) as of December 31, 2019 and 2018, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders’ equity, and cash flows for the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the two years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases due to the adoption of ASU 2016-02, Leases (Topic 842). The Company adopted this new leasing standard by recognizing a cumulative catch-up adjustment to the opening balance sheet as of January 1, 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON

We have served as the Company’s auditor since 2018.

Shanghai, the People’s Republic of China
April 28, 2020

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
ReneSola Ltd:

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of operations, comprehensive income/(loss), changes in shareholders' equity and cash flows of ReneSola Ltd and its subsidiaries (the "Company") for the year ended December 31, 2017, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

April 30, 2018

We served as the Company's auditor from 2017 to 2018.

RENESOLA LTD
CONSOLIDATED BALANCE SHEETS
(Amounts expressed in U.S. dollars, except number of shares)

| | Note | As of December 31, | |
|--|-------------|-----------------------|-----------------------|
| | | 2018 | 2019 |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | 2(f) | \$ 6,750,178 | \$ 24,292,113 |
| Restricted cash | 2(g) | 2,275,866 | 405,040 |
| Accounts receivable, net of allowances for doubtful accounts | 4 | 34,483,462 | 13,835,019 |
| Advances to suppliers | 2(j) | 379,568 | 248,130 |
| Value added tax receivable | 2(s) | 12,808,144 | 7,508,251 |
| Project assets current | 2(h), 6 | 64,257,766 | 32,125,312 |
| Prepaid expenses and other current assets, net | 5 | 14,318,076 | 6,070,654 |
| Assets held for sale | 2(l), 7 | - | 18,578,626 |
| Total current assets | | 135,273,060 | 103,063,145 |
| Property, plant and equipment, net | 2(k), 8 | 190,787,262 | 143,301,385 |
| Deferred tax assets, net | 2(r), 10 | 1,111,472 | 837,864 |
| Project assets non-current | 2(h), 6 | 44,081,599 | 6,522,539 |
| Operating lease right-of-use assets | 2(o), 2(ac) | - | 23,990,913 |
| Finance lease right-of-use assets | 2(o), 2(ac) | - | 24,991,789 |
| Other non-current assets | 2(o), 4 | 6,458,949 | 17,236,558 |
| Total assets | | \$ 377,712,342 | \$ 319,944,193 |

The accompanying notes are an integral part of these consolidated financial statements.

RENESOLA LTD
CONSOLIDATED BALANCE SHEETS-(Continued)
(Amounts expressed in U.S. dollars, except number of shares)

| | Note | As of December 31, | |
|---|----------|-----------------------|-----------------------|
| | | 2018 | 2019 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| Current liabilities: | | | |
| Accounts payable | | \$ 12,050,201 | \$ 20,431,093 |
| Advances from customers | | 102,510 | 86,316 |
| Amounts due to related parties | 19 | 23,238,984 | 2,747,632 |
| Short-term borrowings | 11 | 44,464,515 | 35,756,951 |
| Bond payable | 11 | - | 2,503,621 |
| Income tax payable | | 706,744 | 1,077,923 |
| Salary payable | | 425,207 | 438,288 |
| Operating lease liabilities current | 20 | - | 452,740 |
| Failed sale-lease back and finance lease liabilities current | 11 | - | 9,579,203 |
| Other current liabilities | 12 | 52,748,907 | 27,163,335 |
| Liabilities held for sale | 2(l), 7 | - | 9,168,366 |
| Total current liabilities | | 133,737,068 | 109,405,468 |
| Long-term borrowings | 11 | 41,435,099 | 3,367,061 |
| Operating lease liabilities non-current | 20 | - | 22,887,949 |
| Failed sale-lease back and finance lease liabilities non-current | 11 | 77,874,770 | 46,736,540 |
| Total liabilities | | \$ 253,046,937 | \$ 182,397,018 |
| Commitments and contingencies (see Note 20) | | | |
| Shareholders' equity | | | |
| Common shares (500,000,000 shares; no par value, shares authorized at December 31, 2018 and 2019; 381,027,002 shares issued and 380,818,902 shares outstanding at December 31, 2018; 481,027,002 shares issued and 480,818,902 shares outstanding at December 31, 2019) | 13 | 519,313,350 | 530,208,240 |
| Additional paid-in capital | | 9,364,019 | 9,712,935 |
| Accumulated deficit | | (433,514,434) | (442,345,657) |
| Accumulated other comprehensive loss | 2(z) | (4,493,312) | (2,858,746) |
| ReneSola Ltd shareholders' equity | | 90,669,623 | 94,716,772 |
| Noncontrolling interest | 2(b), 18 | 33,995,782 | 42,830,403 |
| Total shareholders' equity | | 124,665,405 | 137,547,175 |
| Total liabilities and shareholders' equity | | \$ 377,712,342 | \$ 319,944,193 |

The accompanying notes are an integral part of these consolidated financial statements.

RENESOLA LTD
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts expressed in U.S. dollars, except number of shares)

| | Note | Year ended December 31, | | |
|--|----------|-------------------------|------------------|---------------------|
| | | 2017 | 2018 | 2019 |
| Net revenues: | | | | |
| Solar power project development | 2(s), 21 | \$ 64,837,042 | \$ 48,784,766 | \$ 90,096,551 |
| Electricity generation revenue | 2(s), 21 | 12,247,320 | 29,257,928 | 28,712,942 |
| EPC services | 2(s), 21 | 25,853,288 | 18,544,164 | 69,751 |
| Other | 2(s), 21 | 36,349 | 319,477 | 237,780 |
| Total net revenues | | 102,973,999 | 96,906,335 | 119,117,024 |
| Cost of revenues | 2(s) | (88,842,244) | (68,836,588) | (84,890,976) |
| Gross profit | 21 | 14,131,755 | 28,069,747 | 34,226,048 |
| Operating (expenses)/income: | | | | |
| Sales and marketing | | (1,710,024) | (885,803) | (750,461) |
| General and administrative | | (6,179,274) | (10,199,524) | (15,757,147) |
| Other operating income/(expenses) | 2(u) | 313,153 | (1,452,532) | (11,802,629) |
| Impairment loss of assets | 2(n) | - | - | (6,880,115) |
| Total operating expenses | | (7,576,145) | (12,537,859) | (35,190,352) |
| Income/(loss) from operations | | 6,555,610 | 15,531,888 | (964,304) |
| Non-operating (expenses)/income: | | | | |
| Interest income | | 51,403 | 193,552 | 822,915 |
| Interest expense | | (3,936,302) | (8,703,904) | (9,159,818) |
| Foreign exchange gains/(losses) | | 894,704 | (2,460,812) | (1,273,899) |
| Other (loss)/income | | (43,516) | 346,965 | - |
| Total non-operating expenses | | (3,033,711) | (10,624,199) | (9,610,802) |
| Income/(loss) before income tax | | 3,521,899 | 4,907,689 | (10,575,106) |
| Income tax (expense)/benefit | 10 | (322,068) | 188,791 | (1,105,049) |
| Income/(loss) from continuing operations, net of tax | | 3,199,831 | 5,096,480 | (11,680,155) |
| Discontinued operations | | | | |
| Gain on disposal of discontinued operations before income taxes | 3 | 106,292,213 | - | - |
| Loss from disposal of discontinued operations before income taxes | 3 | (79,782,830) | - | - |
| Income tax benefit | 3 | 4,748,324 | - | - |
| Income from discontinued operations, net of tax | | 31,257,707 | - | - |
| Net income/(loss) | | \$ 34,457,538 | \$ 5,096,480 | \$ (11,680,155) |
| Less: Net income/(loss) attributed to non-controlling interests | | - | 3,336,769 | (2,848,932) |
| Net income/(loss) attributed to ReneSola Ltd | | \$ 34,457,538 | \$ 1,759,711 | \$ (8,831,223) |
| Income/(loss) attributed to ReneSola Ltd per ADS from continuing operations | | | | |
| Basic | 2(x), 17 | \$ 0.13 | \$ 0.05 | \$ (0.22) |
| Diluted | 2(x), 17 | \$ 0.13 | \$ 0.05 | \$ (0.22) |
| Income attributed to ReneSola Ltd per ADS from discontinued operations | | | | |
| Basic | 2(x), 17 | \$ 1.27 | \$ - | \$ - |
| Diluted | 2(x), 17 | \$ 1.27 | \$ - | \$ - |
| Weighted average number of ADS used in computing income/(loss) per ADS* | | | | |
| Basic | | 24,689,929 | 38,075,293 | 40,595,551 |
| Diluted | | 24,690,529 | 38,075,293 | 40,595,551 |

*Each American depositary shares (ADS) represents 10 common shares

The accompanying notes are an integral part of these consolidated financial statements

RENESOLA LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Amounts expressed in U.S. dollars)

| | Note | Year ended December 31, | | |
|---|------|-------------------------|--------------|-----------------|
| | | 2017 | 2018 | 2019 |
| Net income/(loss) | | \$ 34,457,538 | \$ 5,096,480 | \$ (11,680,155) |
| Other comprehensive income/(loss), net of tax of nil: | | | | |
| Foreign currency translation adjustment | | 11,513,216 | (2,541,550) | 226,014 |
| Release of translation difference due to disposal of discontinued operation | | (64,984,682) | - | - |
| Other comprehensive income/(loss) | | (53,471,466) | (2,541,550) | 226,014 |
| Comprehensive income/(loss) | 2(z) | (19,013,928) | 2,554,930 | (11,454,141) |
| Less: Comprehensive income/(loss) attributed to noncontrolling interests | | - | 3,050,313 | (4,257,484) |
| Comprehensive loss attributed to ReneSola Ltd | | \$ (19,013,928) | \$ (495,383) | \$ (7,196,657) |

The accompanying notes are an integral part of these consolidated financial statements

RENESOLA LTD
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amount expressed in U.S. dollars, except number of shares)

| | Common shares | | Treasury stock | | Additional paid-in capital | Accumulated deficit | Accumulated other comprehensive income/(loss) | Equity attributable to ReneSola Ltd | Noncontrolling interest | Total Equity |
|--|-------------------------|---------------|------------------|-------------|----------------------------|---------------------|---|-------------------------------------|-------------------------|----------------|
| | Number of Shares Issued | Amount | Number of Shares | Amount | | | | | | |
| Balance at January 1, 2017 | 202,478,702 | \$477,171,487 | 1,451,700 | \$(513,137) | \$8,229,330 | \$(469,975,148) | \$ 51,233,248 | \$ 66,145,780 | \$ - | \$ 66,145,780 |
| Net income | - | - | - | - | - | 34,457,538 | - | 34,457,538 | - | 34,457,538 |
| Release of translation difference due to disposal of discontinued operation | - | - | - | - | - | - | (64,984,682) | (64,984,682) | - | (64,984,682) |
| Other comprehensive income, net of tax | - | - | - | - | - | - | 11,513,216 | 11,513,216 | - | 11,513,216 |
| Issuance of common shares in conjunction with disposal of discontinued operations | 180,000,000 | 42,480,000 | - | - | - | - | - | 42,480,000 | - | 42,480,000 |
| Share-based compensation | - | - | - | - | 870,618 | - | - | 870,618 | - | 870,618 |
| Share exercised by employee | - | 87,500 | - | - | (87,500) | - | - | - | - | - |
| Cancellation of shares | (1,451,700) | (513,137) | (1,451,700) | 513,137 | - | - | - | - | - | - |
| Balance at December 31, 2017 | 381,027,002 | 519,225,850 | - | - | 9,012,448 | (435,517,610) | (2,238,218) | 90,482,470 | - | 90,482,470 |
| Net income | - | - | - | - | - | 1,759,711 | - | 1,759,711 | 3,336,769 | 5,096,480 |
| Capital injection from non-controlling interests | - | - | - | - | - | (626,520) | - | (626,520) | 30,945,469 | 30,318,949 |
| Other comprehensive loss, net of tax | - | - | - | - | - | - | (2,255,094) | (2,255,094) | (286,456) | (2,541,550) |
| Share-based compensation | - | - | - | - | 439,071 | - | - | 439,071 | - | 439,071 |
| Share exercised by employee | - | 87,500 | - | - | (87,500) | - | - | - | - | - |
| Cumulative-effect adjustment for the adoption of Accounting Standards Codification ("ASC") Topic 606 | - | - | - | - | - | 869,985 | - | 869,985 | - | 869,985 |
| Balance at December 31, 2018 | 381,027,002 | 519,313,350 | - | - | 9,364,019 | (433,514,434) | (4,493,312) | 90,669,623 | 33,995,782 | 124,665,405 |
| Net loss | - | - | - | - | - | (8,831,223) | - | (8,831,223) | (2,848,932) | (11,680,155) |
| Issuance of common shares | 100,000,000 | 10,894,890 | - | - | - | - | - | 10,894,890 | - | 10,894,890 |
| Capital injection from non-controlling interests | - | - | - | - | - | - | - | - | 13,092,105 | 13,092,105 |
| Other comprehensive income, net of tax | - | - | - | - | - | - | 1,634,566 | 1,634,566 | (1,408,552) | 226,014 |
| Share-based compensation | - | - | - | - | 348,916 | - | - | 348,916 | - | 348,916 |
| Balance at December 31, 2019 | 481,027,002 | \$530,208,240 | - | \$ - | \$9,712,935 | \$(442,345,657) | \$ (2,858,746) | \$ 94,716,772 | \$ 42,830,403 | \$ 137,547,175 |

The accompanying notes are an integral part of these consolidated financial statements

RENESOLA LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts expressed in U.S. dollars)

| | Years ended December 31, | | |
|--|--------------------------|------------------------|----------------------|
| | 2017 | 2018 | 2019 |
| Operating activities: | | | |
| Net income/(loss) | \$ 34,457,538 | \$ 5,096,480 | \$ (11,680,155) |
| Less: Income from discontinued operations, net of tax | (31,257,707) | - | - |
| Net income/(loss) from continuing operations | 3,199,831 | 5,096,480 | (11,680,155) |
| Adjustments to reconcile net income/(loss) from continuing operations to net cash provided by/ (used in) operating activities: | | | |
| Depreciation | 4,475,823 | 8,402,169 | 7,796,003 |
| Allowances for doubtful accounts | - | - | 6,981,682 |
| Share-based compensation | 870,618 | 439,071 | 348,916 |
| Deferred tax provision | 88,048 | (1,094,385) | 255,538 |
| Cancellation of project assets | - | - | 6,434,935 |
| Impairment loss of assets | - | - | 6,880,115 |
| Loss on disposal of property, plant and equipment | - | - | 3,908,208 |
| Gains on disposal of property, plant and equipment | - | (290,729) | (302,359) |
| Changes in working capital, excluding impact of dispositions: | | | |
| Accounts receivable | (22,371,300) | (5,607,302) | 12,522,431 |
| Advances to suppliers | 3,864,146 | (19,647) | 102,869 |
| Value added tax recoverable | (9,052,607) | 1,673,423 | 3,225,883 |
| Prepaid expenses and other current assets | (8,625,177) | (4,157,231) | 8,585,326 |
| Project assets | (30,731,709) | (9,737,172) | 24,325,633 |
| Contract costs | (12,192,302) | 6,638,389 | - |
| Other non-current assets | 103,535 | (3,138,597) | (11,316,279) |
| Accounts payable | 24,452,548 | (12,755,646) | 8,244,250 |
| Advances from customers | (282,019) | (126,851) | (13,962) |
| Amounts due to related parties | 14,353,175 | (16,606,095) | (12,101,847) |
| Other current liabilities | (1,802,578) | 460,750 | 1,324,293 |
| Income tax payable | 284,182 | 408,382 | 379,140 |
| Salary payable | 560,416 | (135,209) | 13,081 |
| Deferred project revenue | (13,878,685) | (20,536,065) | - |
| Net cash provided by/(used in) operating activities from continuing operations | (46,684,055) | (51,086,265) | 55,913,701 |
| Net cash provided by operating activities from discontinued operation | 65,114,169 | - | - |
| Net cash provided by/(used in) operating activities | \$ 18,430,114 | \$ (51,086,265) | \$ 55,913,701 |

RENESOLA LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS-(Continued)
(Amounts expressed in U.S. dollars)

| | Years ended December 31, | | |
|--|--------------------------|---------------------|----------------------|
| | 2017 | 2018 | 2019 |
| Investing activities: | | | |
| Purchase of property, plant and equipment | \$ (80,314,313) | \$ (40,399,769) | \$ (13,693,749) |
| Proceeds from disposal of property, plant and equipment | - | - | 12,096,869 |
| Lending to related parties | (1,624,261) | - | - |
| Repayment of lending by related parties | 2,000,000 | - | - |
| Net cash used in investing activities from continued operations | (79,938,574) | (40,399,769) | (1,596,880) |
| Net cash used in investing activities from discontinued operations | (76,415,127) | - | - |
| Net cash used in investing activities | (156,353,701) | (40,399,769) | (1,596,880) |
| Financing activities: | | | |
| Proceeds from banks and other third party borrowings | 6,101,351 | 59,977,400 | 17,922,511 |
| Repayment of banks and other third party borrowings | - | (9,693,015) | (65,491,414) |
| Contribution from non-controlling interest holders of subsidiaries | - | 30,318,948 | 13,092,105 |
| Proceeds from issuance of ordinary shares | - | - | 11,000,000 |
| Share issuance costs | - | - | (105,110) |
| Proceeds from bonds | - | - | 12,913,675 |
| Repayment of bonds | - | - | (10,417,360) |
| Borrowings from related parties | 11,343,739 | 17,273,194 | 793,269 |
| Repayment of borrowings from related parties | (2,041,201) | (20,478,081) | (8,380,994) |
| Repayment of finance lease obligations | (976,966) | (4,960,478) | (6,100,711) |
| Proceeds from failed sale-lease back agreements | 38,722,123 | 24,876,650 | 2,793,810 |
| Repayment of failed sale-lease back financing | (251,213) | (11,490,104) | (7,325,456) |
| Net cash provided by/(used in) financing activities from continued operations | 52,897,833 | 85,824,514 | (39,305,675) |
| Net cash provided by financing activities from discontinued operations | 49,505,882 | - | - |
| Net cash provided by/(used in) financing activities | 102,403,715 | 85,824,514 | (39,305,675) |
| Effect of exchange rate changes | 11,612,791 | 1,258,263 | 1,087,262 |
| Net increase/(decrease) in cash and cash equivalents and restricted cash | (23,907,081) | (4,403,257) | 16,098,408 |
| Cash and cash equivalents and restricted cash, beginning of year | 37,336,382 | 13,429,301 | 9,026,044 |
| Less: Cash and cash equivalents and restricted cash reclassified as assets held for sale | - | - | 427,299 |
| Cash and cash equivalents and restricted cash, end of year | <u>\$ 13,429,301</u> | <u>\$ 9,026,044</u> | <u>\$ 24,697,153</u> |
| Supplemental disclosure of cash flow information | | | |
| Interest paid, net of capitalized interest | 3,936,302 | 8,274,634 | 9,038,779 |
| Income tax paid | 42,877 | 637,527 | 338,103 |
| Non-cash investing and financing transactions | | | |
| Payables for purchase of property, plant and equipment | (25,562,367) | (36,680,431) | (22,810,701) |
| Payable for finance lease | (28,783,346) | (34,130,495) | (20,766,512) |

RENESOLA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF OPERATIONS

ReneSola Ltd was incorporated in the British Virgin Island on March 17, 2006. On January 29, 2008, the ReneSola Ltd and its subsidiaries (collectively, the “Company”) became listed on the New York Stock Exchange (“NYSE”) in the United States. The Company was principally engaged in the manufacture and sale of solar power products including virgin polysilicon, monocrystalline and multi crystalline solar wafers and photovoltaic (“PV”) cells and modules. From 2012, the Company began entering into arrangements to develop commercial solar power projects, or project assets, which consists primarily of solar power project development, and Engineering, Procurement and Construction (“EPC”) services. On September 29, 2017, the Company announced that it completed restructuring to dispose of its manufacturing business (including polysilicon, solar wafer, solar cell and solar module manufacturing) and LED distribution business (collectively, the “discontinued business”) to a related party to help the Company transform its business model to focus on its solar power project business (Note 3).

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements have been prepared and presented in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company’s ability to generate cash flows from operations, and the Company’s ability to arrange adequate financing arrangements, to support its working capital requirements.

The Company has performed a review of its cash flow forecast for at least the twelve months following the issuance date of these financial statements. The Company expects the solar power project business to generate positive cash inflow in the forecasted period. As of December 31, 2019, the Company has certain material short-term obligations that will require material financing cash outflows, such as financing lease payments and the current portion of its long-term loans. The Company has developed a plan to continue meeting its financing arrangement, which includes refinancing loans which are set to mature within one year, entering into new bank borrowings and financing leases, repaying loans with proceeds from the sale of solar power projects and disposal of certain solar power stations, reducing investment in the purchase of property, plant and equipment, and raising additional capital through equity offerings. In addition, the Company believes that the continuing efforts to stream-line the Company’s operations will enable the Company to control operating costs to be better aligned with its operations, market demand and projected sales levels.

Based on the above factors, management believes that adequate sources of liquidity exist to fund the Company’s working capital and capital expenditures requirements, and to meet its short term debt obligations, other liabilities and commitments as they become due for at least twelve months from the issuance date of these financial statements.

Disposal of manufacturing business and LED distribution business

On September 25, 2017 (the “Disposal Date”), the Company transferred all of the Company’s assets and liabilities related to its manufacturing business (including polysilicon, solar wafer, solar cell and solar module manufacturing) and LED distribution business to Mr. Xianshou Li, Chairman and Chief Executive Officer of the Company, through a transfer of all the share capital in ReneSola Singapore Pte. Ltd. (“ReneSola Singapore”), a wholly-owned subsidiary of ReneSola prior to the Disposal Date.

The financial results of ReneSola Singapore, together with its subsidiaries, for the nine months ended September 30, 2017 have been classified as discontinued operations within the accompanying consolidated financial statements. As the disposal date was just prior to the end of the quarter, there were no material transactions during the five days between September 25 and September 30, 2017; therefore, the disposal transaction was measured as of September 30, 2017. Unless otherwise indicated, amounts provided in these Notes pertain to continuing operations only (see Note 3 for information on discontinued operations).

(b) Basis of consolidation

The consolidated financial statements include the financial statements of ReneSola Ltd and its subsidiaries. All inter-company transactions, balances and unrealized profits and losses have been eliminated on consolidation.

A non-controlling interest is recognized to reflect the portion of a subsidiary's equity which is not attributable, directly or indirectly, to the Company. Consolidated net income (loss) on the consolidated statements of operations and comprehensive income (loss) includes the net income (loss) attributable to non-controlling interests when applicable. The cumulative results of operations attributable to non-controlling interests are also recorded as non-controlling interests in the Company's consolidated balance sheets. Cash flows related to transactions with non-controlling interests are presented under financing activities in the consolidated statements of cash flows, when applicable.

(c) Discontinued operations

A component of a reporting entity or a group of components of a reporting entity that are disposed or meet the criteria to be classified as held for sale, such as the management, having the authority to approve the action, commits to a plan to sell the disposal group, is reported in discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on the Company's operations and financial results. Discontinued operations are reported when a component of the Company comprising operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company is classified as held for disposal or has been disposed of, if the component either (1) represents a strategic shift or (2) have a major impact on the Company's financial results and operations. Examples include a disposal of a major geographical location, line of business, or other significant part of the Company or disposal of a major equity method investment. In the consolidated statement of operations, results from discontinued operations are reported separately from the income and expenses from continuing operations and prior periods are presented on a comparative basis. In order to present the financial effects of the continuing operations and discontinued operations, revenues and expenses arising from intra-group transactions are eliminated except for those revenues and expenses that are considered to continue after the disposal of the discontinued operations.

(d) Fair value measurement

The Company estimates fair value of financial assets and liabilities as the price that would be received from the sales of an asset or paid to transfer a liability (an exit price) on the measurement date in an orderly transaction between market participants.

When available, the Company 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. When observable market prices are not readily available, the Company 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. See Note 9, "Fair Value Measurements," for further details.

(e) Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the reporting periods presented. Actual results could materially differ from these estimates. Significant accounting estimates are susceptible to changes with the acquisition of the information, which include revenue recognition for sales of solar power projects, inputs used to recognize revenue over time, EPC warranties, allowances for doubtful accounts, valuation of deferred tax assets, and recoverability of the carrying value of long-lived assets and project assets.

(f) Cash and cash equivalents

Cash and cash equivalents represent cash on hand and held with banks, including demand deposits, which are unrestricted as to withdrawal and use, and which have original maturities of three months or less when purchased.

(g) Restricted Cash

Restricted cash consists of cash and cash equivalents held by various banks to secure certain of our letters of credit and other deposits designated for the payment of amounts related to loan interest. Restricted cash also includes cash and cash equivalents held in frozen bank accounts due to judicial property preservations.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within our consolidated balance sheets as of December 31, 2018 and 2019 to the total of such amounts as presented in the consolidated statements of cash flows:

| | At December 31, | |
|---|------------------------|----------------------|
| | 2018 | 2019 |
| Cash and cash equivalents | \$ 6,750,178 | \$ 24,292,113 |
| Restricted cash | 2,275,866 | 405,040 |
| Total cash, cash equivalents, and restricted cash | <u>\$ 9,026,044</u> | <u>\$ 24,697,153</u> |

(h) Project assets and deferred project costs

In 2012, the Company began entering into arrangements to develop commercial solar power projects (“project assets”) for sale upon their completion. Project assets consist primarily of costs relating to solar power projects in various stages of development that are capitalized prior to entering into a definitive sales agreement for the solar power project. These costs include certain acquisition costs, land costs and costs for developing and constructing a solar power project. Development costs can include legal, consulting, permitting, and other similar costs. Construction costs can include execution of field construction, installation of solar equipment, and solar modules and related equipment. Interest costs incurred on debt during the construction phase are also capitalized within project assets. The Company does not depreciate the project assets when they are considered held for sale. Any revenue generated from a solar power project connected to the grid would be considered incidental revenue and accounted for as a reduction of the capitalized project costs for development. In addition, the Company presents all expenditures related to the development and construction of project assets as a component of cash flows from operating activities.

During the development phase, these project assets are accounted for in accordance with the recognition, initial measurement and subsequent measurement subtopics of ASC 970-360, as they are considered in substance real estate. While the solar power projects are in the development phase, they are generally classified as non-current assets, unless it is anticipated that construction will be completed, and sale will occur within one year.

The Company capitalizes the costs related to solar power projects in various stages of development prior to entering into a definitive sales agreement for the solar power project and classifies these costs as project assets on the consolidated balance sheets when the criteria in ASC 360-10-45-9 are met. If not met, the Company reclassifies them to property, plant and equipment, unless the delay in the period required to complete the sale is caused by events or circumstances beyond the Company’s control.

Deferred project costs represent costs that are capitalized as deferred project assets for arrangements that are accounted for as real estate transactions after the Company has entered into a definitive sales arrangement, but before the sale is completed or before all criteria to recognize the sale as revenue are met. The Company classifies deferred project costs as noncurrent if satisfaction of all revenue recognition criteria is not expected within the next 12 months.

The Company reviews project assets and deferred project costs for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers a project commercially viable or recoverable if it is anticipated to be sold for a profit once it is either fully developed or fully constructed. The Company considers a partially developed or partially constructed project commercially viable or recoverable if the anticipated selling price is higher than the carrying value of the related project assets and the estimated costs to complete. The Company examines a number of factors to determine if the project will be recoverable, the most notable of which include whether there are any changes in environmental, ecological, permitting, market pricing or regulatory conditions that impact the project. Such changes could cause the costs of the project to increase or the selling price of the project to decrease. If a project is not considered recoverable, the Company impairs the respective project assets and adjusts the carrying value to the estimated recoverable amount, with the resulting impairment recorded within operations.

(i) Contract costs

The Company provides EPC services including engineering design, construction contracting and management, procurement of PV modules, balance-of-system components and other components. Contract costs generally include all direct costs, such as materials, direct labor, and subcontracts, and indirect costs identifiable with or allocable to the contracts.

Contract costs also include the costs related to the design, engineering, and costs of all PV modules and materials needed for the projects for the cooperation arrangements with third party to jointly construct the power projects for sale.

Contract costs are accumulated and are charged to operations as the related revenue from contracts is recognized. Refer to note 2 (s) EPC services for the corresponding revenue streams.

(j) Advances to suppliers and advances for purchases of property, plant and equipment

In order to secure a stable supply of construction materials, the Company makes advance payments to suppliers for raw material supplies and advances for purchases of long-lived assets which are offset against future deliveries. Advances to suppliers for purchases expected within twelve months as of each balance sheet date are recorded as advances to suppliers in current assets and those associated with purchases expected over longer periods of time are recorded in non-current advances to suppliers. As of December 31, 2018 and 2019, advances to suppliers in current assets were \$379,568 and \$248,130, respectively, and non-current advances to suppliers for construction materials supplies were nil. Advances for property, plant and equipment are recorded in non-current assets and were nil as of December 31, 2018 and 2019. The Company does not require collateral or other security against its advances to suppliers. As a result, the Company's claims for such prepayments are unsecured, which exposes the Company to the suppliers' credit risk. The Company performs ongoing credit evaluations of the financial condition of its material suppliers.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is computed on a straight-line basis over the following estimated useful lives:

| | |
|---------------------|-----------|
| Plant and machinery | 3-5 years |
| Motor vehicles | 4-5 years |
| Office equipment | 3-5 years |
| Power stations | 25 years |

Estimated useful life of land is infinite and no depreciation is provided.

Construction in progress represents mainly the construction of solar power projects the Company will own and operate for electricity generation. 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.

(l) Assets and liabilities held-for-sale

Assets and asset disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when management has committed to a plan of sale and the sale is highly probable, the assets are available for immediate sale in their present condition and they are expected to qualify for recognition as a completed sale within one year from the date of classification. Assets and liabilities classified as held for sale are measured at lower of their carrying amount or fair value less costs to sell.

Long-lived assets to be sold are classified as held for sale considering the recognition criteria in ASC 360-10-45-9 in which all of the following criteria are met:

- Management, having the authority to approve the action, commits to a plan to sell the asset,
- The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated;
- The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year;
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

(m) Interest capitalization

The Company capitalizes interest costs as part of the costs of constructing certain assets during the period of time required to get the assets ready for their intended use. The Company capitalizes interest to the extent that expenditures to construct an asset have occurred and interest costs have been incurred. The interest capitalized for project assets forms part of the cost of revenues when such project assets are sold, and all revenue recognition criteria are met. Interest is capitalized for solar power projects that are classified as property, plant and equipment and built for the Company to own and operate for electricity generation before the projects are completed and put into operation. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use.

(n) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or that the useful life is shorter than originally estimated. The Company assesses recoverability of the long-lived assets by comparing the carrying amount of the assets to the estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. The Company recognizes an impairment loss in the event the carrying amount exceeds the estimated future undiscounted cash flows attributable to such assets, measured as the difference between the carrying amount of the assets and the fair value of the impaired assets.

The impairment losses of long-lived assets were nil for the years ended December 31, 2017, 2018. For the year ended December 31, 2019, the amount was \$6,880,115, of which \$5,532,489 represented impairment losses from property, plant and equipment which were subsequently disposed in 2019 and \$1,347,626 represented impairment losses from asset and liabilities held for sale. The impairment losses of these assets represented the difference between the carrying amount and fair value less cost to sell as a result of committed sale plans of solar power plants originally owned and operated by the Company for electricity generation.

(o) Leases

Leases are classified as finance or operating leases. A lease that transfers to the lessee substantially all the benefits and risks incidental to ownership is classified as a finance lease. At inception, a finance lease is recorded at the lower of the present value of minimum lease payments or the fair value of the asset. Assets under finance leases are amortized on a basis consistent with that of similar useful life of fixed assets or the end of lease term, whichever is earlier. If the lease transfers ownership or contains an option to purchase the asset that the lessee is reasonably certain to exercise, the finance leases should be amortized over the useful life of the asset.

At the inception of each lease arrangement, the Company determines if the arrangement is a lease or contains an embedded lease and reviews the facts and circumstances of the arrangement to classify lease assets as operating or finance leases under ASU 2016-02, Leases (Topic 842). The Company has elected not to record any leases with terms of 12 months or less on the consolidated balance sheets.

Balances related to operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities current and operating lease liabilities non-current on the consolidated balance sheets. Finance leases represent a small portion of the active lease agreements and are included in finance lease ROU assets, finance lease liabilities current and non-current on the consolidated balance sheets. The ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation of the Company to make minimum lease payments arising from the lease for the duration of the lease term.

Operating lease costs are recognized on a straight-line basis over the lease term. From time to time, the Company's subsidiaries are asked to prepay the lease costs for over one year. As of December 31, 2018, the prepaid rental fees of \$430,608 were recorded in other non-current assets and \$954,969 were recorded in prepaid expenses and other current assets. As of December 31, 2019, the prepaid rental fees of \$688,324 were recorded in operating lease right-of-use assets.

To determine the present value of future minimum lease payments, the Company use the implicit rate when readily determinable. Presently, because many of the leases do not provide an implicit rate, the Company applies its incremental borrowings rate based on the information available at the lease commencement date to determine the present value of minimum lease payment. The operating and finance lease ROU assets include any lease payment made and exclude lease incentives.

For a sale-leaseback transaction, when the transaction involves real estate or integral equipment, sale-leaseback accounting shall be used by a seller-lessee only if the transaction includes all of the following a) normal leaseback; b) payment terms and provisions that adequately demonstrate the buyer-lessor's initial and continuing investment in the property; and c) payment terms and provisions that transfer all of the other risks and rewards of ownership as demonstrated by the absence of any other continuing involvement by the seller-lessee.

Equipment is determined to be integral when the cost to remove the equipment from its existing location, ship and reinstall at a new site, including any diminution in fair value, exceeds 10% of the fair value of the equipment at the time of original installation.

If a sale-leaseback of real estate qualifies for sale-leaseback accounting, an analysis is performed to determine if the Company can record a sale and remove the assets from the balance sheet and recognize the lease; and if so, to determine whether to record the lease as either an operating or finance lease.

If a sale-leaseback transaction does not qualify for sale-leaseback accounting because of any form of continuing involvement by the seller-lessee other than a normal leaseback, it is accounted for as a financing arrangement.

(p) Deferred convertible notes issuance costs

Debt issuance costs are deferred and amortized using effective interest method through the earliest redemption date. The amortization, recorded in interest expense was nil for the years ended December 31, 2017, 2018 and 2019.

(q) 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. If a potential material loss contingency is not probable but is reasonably possible, or is probable but the amount cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(r) Income taxes

Deferred income taxes are recognized for temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, net of operating loss carry forwards and credits by applying enacted statutory tax rates applicable to future years. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. Deferred tax assets and liabilities are all classified as non-current in the consolidated balance sheets.

(s) Revenue recognition

Under ASC 606 (effective from January 1, 2018)

Solar power project development

a) Sale of project assets constructed by a third-party EPC contractor

The Company recognizes revenue for sales of project assets constructed by a third-party EPC contractor over time as the Company's performance creates an energy generation asset that is owned by the customer as it is being constructed and the customer can direct all activities related to the work in progress. Furthermore, the sale of a project asset when combined with EPC services represents a single performance obligation for the development and construction of a single generation asset. The Company recognizes revenue over time for construction contracts which recognize revenue and gross profit as work is performed based on the relationship between actual costs incurred compared to the total estimated costs of the contract. Under this business model, the EPC services are provided by a third-party service provider. In accordance with the terms and conditions of the EPC contract, the Company has the ability to direct a third party to ensure that the EPC services to the customer are performed therefore the Company acts as the principal in this arrangement and both the revenue and cost amounts paid to the EPC contractor are recognized on a gross basis.

b) Sale of project assets constructed by the Company's own EPC team

Under this business model, the Company sells power projects after they have been completed or are near completion. The Company conducts the construction of the power plant and completes or nearly completes the project before it identifies a customer. When a customer is identified, the Company enters into two agreements through signing: Sale and Purchase Agreement ("SPA") and Operations and Maintenance ("O&M") Services Contract, which are generally signed on the same date. Such arrangements consist of two performance obligations: sale of solar project and O&M services.

For sale of a solar project, the Company recognizes revenue at a point in time once control of project company is transferred to the customer as the Company has no remaining performance obligation once the control is transferred upon closing of the sale. For O&M services, the Company recognizes revenue over time, ratably over the service period, as this performance enhances an energy generation asset controlled by the customer.

For sales agreements that have energy generation performance guarantees covering a certain timeframe or the availability guarantee in the O&M contract, if there is an underperformance event, the Company may incur liquidated damages as a percentage of the EPC contract price or as a percentage of O&M fees. Such performance guarantees represent a form of variable consideration and are estimated at contract inception at their most likely amount and updated at the end of each reporting period as additional performance data becomes available and only to the extent that it is probable that a significant reversal of any incremental revenue will not occur. All EPC contracts had been completed by December 31, 2018, thus there were no active EPC contracts in 2019.

c) Sale of project asset rights

The Company sells the project rights to customers through the disposal of project companies holding the relevant permits. For these transactions, the project companies could either own the land or lease the land under the lease term that could cover the entire power plant's life. In these transactions, the Company is also responsible for locating the electricity end subscribers on the customer's behalf for a certain percentage of the entire contract consideration. Such arrangements consist of two performance obligations: sale of project rights and sourcing of end subscribers.

The Company recognizes revenue for sale of project rights at a point in time once control of project rights is transferred to customer as the Company has no further obligations related to the project rights. The Company recognizes revenue for sourcing of end subscribers over time as the Company has an ongoing obligation during a certain period to source end subscribers. A portion of the sales price consideration is variable on the percentage of end subscribers sourced for the project. The Company estimates the amount that most likely overcomes the constraint on variable consideration to include in the transaction price based on the historical subscription rates achieved.

EPC Services

The Company provides EPC services under the EPC contracts, under which the Company provides one distinct performance obligation – design and build the power plant on customer's site per customer's request.

The Company recognizes revenue for EPC services over time as the Company's performance creates or enhances an energy generation asset controlled by the customer. In recognizing revenue over time, the Company follows the costs incurred method and uses the actual costs incurred relative to the total estimated costs (including module costs) in order to determine the progress towards completion and calculate the corresponding amount of revenue and profit to recognize. Costs incurred include direct materials, solar modules, labor, subcontractor costs, and those indirect costs related to contract performance, such as indirect labor and supplies.

The over time revenue recognition requires the Company to make estimates of net contract revenues and costs to complete the projects. In making such estimates, significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other payments to customers. Significant judgment is also required to evaluate assumptions related to the costs to complete the projects, including materials, labor, contingencies, and other system costs.

Although the EPC contract usually clearly states a fixed unit price and the estimated total contract amount, the total contract amount is subject to variable consideration due to the difference between actual grid-connection capacity and estimated grid-connection capacity. The Company makes a reasonable estimation of grid-connection capacity, which represents a form of variable consideration. The variable consideration is estimated at the contract inception at the best estimate based on relevant experience and historical data and updated at the end of each reporting period as additional performance data becomes available and only to the extent that it is probable that a significant reversal of any revenue will not occur.

If estimated total costs on any contract are greater than the net contract revenues, the Company recognizes the entire estimated loss in the period the loss becomes known. The cumulative effect of the revisions to estimates related to net contract revenues and costs to complete contracts, including penalties, claims, change orders, performance incentives, anticipated losses, and others are recorded in the period in which the revisions to estimates are identified and the amounts can be reasonably estimated. The effect of the changes on future periods are recognized as if the revised estimates had been used since revenue was initially recognized under the contract. Such revisions could occur in any reporting period, and the effects may be material depending on the size of the contracts or the changes in estimates.

The Company bills the customer based on progress billing terms in the contract. Accounts receivable from EPC services (unbilled) represents revenue that has been recognized in advance of billing the customer, which is common for long-term construction contracts. The Company typically recognizes revenue from contracts for the construction and sale of PV solar power systems over time using cost based input methods, which recognizes revenue and gross profit as work is performed based on the relationship between actual costs incurred compared to the total estimated costs of the contract. Accordingly, revenue could be recognized in advance of billing the customer, resulting in an amount recorded to "Accounts receivable from EPC services (unbilled)" as disclosed in Note 4. Once the Company has an unconditional right to consideration under a construction contract, the Company typically bills the customer accordingly and reclassifies the "Accounts receivable from EPC services (unbilled)" to "Accounts receivable from EPC services (billed)." Billing requirements vary by contract but are generally structured around the completion of certain construction milestones. Certain of the EPC contracts for PV solar power systems contain retainage provisions. Retainage represents contract costs for the portion of the contract price earned for work performed but held for payment by the customer as a form of security until a certain defined timeframe has been reached. The Company considers whether collectability of such retainage is reasonably assured in connection with our overall assessment of the collectability of amounts due or that will become due under the EPC contracts. Retainage included within "Accounts receivable from EPC services (unbilled)" is expected to be billed and collected within the next 12 months. After the Company has satisfied the EPC contract requirements and has an unconditional right to consideration, the retainage is billed and reclassified to "Accounts receivable from EPC services (billed)." Refer to Note 4 for detail breakdown of the "Accounts receivable from EPC services (unbilled)" and "Accounts receivable from EPC services (billed)" amounts.

For EPC services, the Company provides a limited assurance only warranty for the modules, materials and construction part of the power plants. Although the Company subcontracts the construction to third party developers and purchase the raw materials and modules from third party suppliers, the Company is the primary obligor for the limited warranties such as solar module product warranty for a period of five to ten years, warranties for defects in engineering design, installation, workmanship for a period of one to two years and recorded as a liability in the Consolidated Balance Sheets. Nevertheless, the Company has a legally enforceable right to recover these warranties from the subcontractor and suppliers as these parties have contracted with the Company to assume these warranty obligations, and that the Company will also record receivables in the Consolidated Balance Sheets for expected reimbursement in amounts that the Company believe are probable. The EPC warranty expenses and expected recovery amounts related to warranties are recorded net of expense in the Consolidated Statement of Operations on the basis that the amounts provided by the subcontractor and suppliers are a reimbursement of our costs. As of December 31, 2018 and 2019, the liabilities and the related receivables are not material. The related expenses for the three years ended December 31, 2017, 2018 and 2019 are not material.

Electricity generation revenue

The Company recognizes electricity generation revenue generated from power plants owned and operated by the Company over time as the customer receives and consumes the benefits as the Company performs. In recognizing revenue overtime, the Company follows the output method and uses the actual electricity supplied in order to determine the progress towards completion and calculate the corresponding amount of revenue and profit to recognize. The electricity generation records are reconciled with the power grid companies and the price of electricity is based on a fixed unit price according to the power purchase arrangement with the power grid companies. The Company is entitled to the feed-in tariff(s) (FIT) that the government guaranteed and subsidized electricity sale price at which solar power projects can produce green energy. The Company recognizes the feed-in tariff(s) (FIT) as part of the electricity generation revenue when the entitlement to receipt of such feed-in tariff(s) (FIT) is fulfilled. Accounts receivable from such feed-in-tariff(s) (FIT) is expected to be collected beyond 12 months, which are discounted at an effective interest rate and recorded as non-current asset.

Revenue from green certificates

The Company receives green energy certificates based on electricity generated from the power plants in a Romanian subsidiary. The Company sells these certificates to buyers who can then meet the mandatory government quota per year for green energy produced. The Company believes that these green certificates are a government incentive and the sale of green energy certificates does not fall into derivative and lease accounting scope. The Company recognizes revenue for the sale at a point in time once the control of green certificates has been transferred to the buyers according to the green certificate purchase arrangement. The consideration of selling green certificates sold is fixed as stated in the purchase arrangement.

For the years ended December 31, 2017, 2018 and 2019, revenue from green certificates were \$4,184,724, \$883,741 and \$1,957,109, respectively, and is included in electricity generation revenue.

Value added tax ("VAT")

Value added tax ("VAT") at differentiated rates on invoice amount is collected on behalf of the tax authorities in respect of the different types of revenues and is not recorded as revenue. VAT paid for purchases, net of VAT collected from customers, is recorded as an asset.

Under ASC 605 (effective before January 1, 2018)

Solar power project development

a) Sale of project assets

The Company recognized revenue from the sale of project assets in accordance with ASC 360-20, Real Estate Sales. For these transactions, the Company has determined that the project assets, which represented the costs of constructing solar power projects, represented "integral" equipment and as such, the entire transaction is in substance the sale of real estate and subject to the revenue recognition guidance under ASC 360-20 Real Estate. Under the provisions of real estate accounting, the Company recognized revenue under full accrual method when all of the following requirements are met: (a) the sales are consummated; (b) the buyer's initial and continuing investments are adequate to demonstrated its commitment to pay; (c) the receivable is not subject to any future subordination; and (d) the Company has transferred the usual risk and rewards of ownership to the buyer. Specifically, the Company considered the following factors in determining whether the sales have been consummated: (a) the parties are bound by the terms of a contract; (b) all consideration has been exchanged; (c) permanent financing for which the seller is responsible has been arranged; and (d) all conditions precedent to closing have been performed, and the Company does not have any substantial continuing involvement with the project.

For sales agreements that have energy generation performance guarantees covering a certain timeframe, if there is an underperformance event, the Company may incur liquidated damages as a percentage of the EPC contract price. The Revenue recognized is reduced by the maximum amount of the payable liquidated damage, which amount is deferred until the end of the guarantee period.

For sales agreements that have conditional repurchase clauses if certain events occur, such as not achieving specified guaranteed performance level within a certain timeframe, the Company will defer and will not recognize revenue on such sales agreements until the conditional repurchase clauses are of no further force or effect and all other necessary revenue recognition criteria have been met.

b) Sale of project asset rights

The Company also sells the project rights to customers through the disposal of project companies holding the relevant permits. For these transactions, the project companies could either own the land or lease the land under the lease term that could cover the entire power plant's life. For the transactions with the land owned, the Company accounts the entire transaction under the revenue recognition guidance of ASC 360-20 Real Estate. Under the provisions of real estate accounting, the Company recognized revenue under full accrual method when all of the requirements mentioned in the sale of project assets above are met. For the transactions with the land leased, the Company recognized revenue when the revenue is realized or realizable and earned in accordance with ASC 605-10-S99-1. In these transactions, the Company is also responsible for locating the electricity end subscribers for certain percentage of the entire contract consideration. A consideration reduction will occur if the located end subscribers don't reach to a defined threshold per the contract terms. The portion of the revenue is not recognized until the contingency has been removed, that is when the relevant subscription agreements are effective. Costs incurred during the course of obtaining permits are capitalized and recorded in project assets before the sale of project rights is completed.

c) Jointly arrangements of power projects for sale

The Company also enters into cooperation arrangement to jointly construct power projects for sale. In the arrangement, the Company's performance obligations generally including design, engineering, procurement of all PV modules, materials needed for the projects and locating end subscriptions, while the counterparty is the primary obligor for constructing the power projects under the joint cooperation agreement, holds the ownership of the land and power projects and sell the power projects. The Company and the counterparty each generally receive 50% of the total selling price of the power projects. The Company recognized revenue, representing 50% of the selling price of the power projects, from this arrangement when the revenue is realized or realizable and earned in accordance with ASC 605-10-S99-1, which is normally when the power projects are sold to the external buyers, when all of the following requirements are met: (a) persuasive evidence of an arrangement exists; (b) delivery has occurred or services have been rendered; (c) the seller's price to the buyer is fixed or determinable; and (d) collectability is reasonably assured.

EPC Services

The Company provides engineering, procurement and construction ("EPC") services under the EPC contracts to design and build the power plant on customer's site per customer's request.

The Company generally recognized revenue for EPC services over time using a percentage-of completion method as the Company's performance creates or enhances an energy generation asset controlled by the customer per ASC 605-35. In applying the percentage-of-completion method, the Company follows the cost-to-cost method and uses the actual costs incurred relative to the total estimated costs (including module costs) in order to determine the progress towards completion and calculate the corresponding amount of revenue and profit to recognize. Costs incurred include direct materials, solar modules, labor, subcontractor costs, and those indirect costs related to contract performance, such as indirect labor and supplies. When contracts specify that title to direct materials and solar modules transfers to the customer before installation has been performed, the Company will not recognize revenue or the associated costs until those materials are installed and have met all other revenue recognition requirements.

The percentage-of-completion method of revenue recognition requires the Company to make estimates of net contract revenues and costs to complete our projects. In making such estimates, management judgments are required to evaluate significant assumptions including the amount of net contract revenues, the cost of materials and labor, subcontractor costs, the impact of potential variances in schedule completion, and the impact of any penalties, claims, change orders, or performance incentives.

If estimated total costs on any contract are greater than the net contract revenues, the Company recognized the entire estimated loss in the period the loss becomes known. The cumulative effect of the revisions to estimates related to net contract revenues and costs to complete contracts, including penalties, claims, change orders, performance incentives, anticipated losses, and others are recorded in the period in which the revisions to estimates are identified and the amounts can be reasonably estimated. The effect of the changes on future periods are recognized as if the revised estimates had been used since revenue was initially recognized under the contract. Such revisions could occur in any reporting period, and the effects may be material depending on the size of the contracts or the changes in estimates. For the year ended December 31, 2017, no such revisions occur.

The Company bills the customer based on progress billing terms in the contract. Accounts receivable from EPC services (unbilled) represents revenue that has been recognized in advance of billing the customer, which is common for long-term construction contracts. The Company typically recognized revenue from contracts for the construction and sale of PV solar power systems over time using cost based input methods, which recognized revenue and gross profit as work is performed based on the relationship between actual costs incurred compared to the total estimated costs of the contract. Accordingly, revenue could be recognized in advance of billing the customer, resulting in an amount recorded to “Accounts receivable from EPC services (unbilled)” as disclosed in Note 4. Once the Company has an unconditional right to consideration under a construction contract, the Company typically bills the customer accordingly and reclassifies the “Accounts receivable from EPC services (unbilled)” to “Accounts receivable from EPC services (billed).” Billing requirements vary by contract but are generally structured around the completion of certain construction milestones. Certain of the EPC contracts for PV solar power systems contain retainage provisions. Retainage represented contract costs for the portion of the contract price earned for work performed but held for payment by the customer as a form of security until certain defined timeframe has been reached. The Company considered whether collectability of such retainage is reasonably assured in connection with the Company’s overall assessment of the collectability of amounts due or that will become due under the EPC contracts. Retainage included within “Accounts receivable from EPC services (unbilled)” is expected to be billed and collected within the next 12 months. After the Company has satisfied the EPC contract requirements and have an unconditional right to consideration, the retainage is billed and reclassified to “Accounts receivable from EPC services (billed).” Refer to Note 4 for detail breakdown of the “Accounts receivable from EPC services (unbilled)” and “Accounts receivable from EPC services (billed)” amounts.

For EPC services, the Company provides limited warranty for certain years for the modules, materials and construction part of the power plants. Although the Company subcontracts the construction to third party developers and purchase the raw materials and modules from third party suppliers, the Company is the primary obligor for the limited warranties such as solar module product warranty for a period of five to ten years, warranties for defects in engineering design, installation, workmanship for a period of one to two years and records a liability “Accrued EPC warranty liabilities” which is grouped under “Other current liabilities” in the Consolidated Balance Sheet and disclosed in Note 12. On another hand, the Company has a legally enforceable right to recover these warranties from the subcontractor and suppliers as these parties have contracted with the Company to assume these warranty obligations, and that the Company will also record receivables for expected reimbursement in amounts that the Company believes are probable as “EPC Warranty reimbursement receivables” which is grouped under “Prepaid expenses and other current assets” in the Consolidated Balance Sheet and disclosed in Note 5. The EPC warranty expenses and expected recovery amounts related to warranties are recorded net in expense in the Consolidated Statement of Operations on the basis that the amounts provided by the subcontractor and suppliers are a reimbursement of the Company’s costs. The related expenses for the year ended December 31, 2017 is also not material.

Electricity generation revenue

The Company recognized electricity generation revenue for company operated power plants when persuasive evidence of a power purchase arrangement with the power grid company exists, electricity has been generated and been transmitted to the grid and the electricity generation records are reconciled with the power grid companies, the price of electricity is fixed or determinable and the collectability of the resulting receivable is reasonably assured. Noted that the Company is entitled to the feed-in tariff(s) (FIT) that the government guaranteed and subsidized electricity sale price at which solar power projects can produce green energy. The Company recognizes the feed-in tariff(s) (FIT) as part of the electricity generation revenue when the entitlement to receipt of such feed-in tariff(s) (FIT) is fulfilled.

Revenue from green certificates

The Company received green energy certificates based on electricity generated from the power plants in a subsidiary. The Company sells these certificates to buyers who can then meet the mandatory government quota per year for green energy produced. The Company believes that these green certificates are government incentive and the sale of green energy certificates does not fall into derivative and lease accounting scope. The Company recognized revenue for the sale in accordance with ASC 605-10-S99-1 when persuasive evidence of a green certificate purchase arrangement with the buyer exists, green certificates have been delivered to the buyer, the price of total green certificates sold is fixed or determinable and the collectability of the resulting receivable is reasonably assured.

Value added tax

VAT at differentiated rates on invoice amount is collected on behalf of tax authorities in respect of the different types of revenues and is not recorded as revenue. VAT paid for purchases, net of VAT collected from customers, is recorded as an asset.

Changes in Accounting Principles

In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU 2014-09, “Revenue - Revenue from Contracts with Customers,” as a new Topic, ASC 606. Further, in March 2016, the FASB issued ASU No. 2016-08, “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),” which clarifies the implementation guidance on principal versus agent considerations. On January 1, 2018, the Company adopted the new accounting standard ASC 606, Revenue from Contracts with Customers and all the related amendments (“new revenue standard”) to all contracts using the modified retrospective method. The new standard requires the Company to recognize revenue when a customer obtains control rather than when it has transferred substantially all risks and rewards of a good or service and requires expanded disclosures. ASC 606 superseded the real estate sales guidance under ASC 360-20.

The Company has completed a detailed review of revenue contracts representative of its business segments and its revenue streams as of the adoption date. As a result of the evaluation performed, the Company has determined that the timing and amount of revenue that it recognizes on certain contracts is affected by the adoption of the new standard. These adjustments are primarily related to the change in recognition of solar power projects development.

Under the modified retrospective method, the Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The Company does not expect the adoption of the new revenue standard to have a material impact to its net income and material change in timing of recognition of revenue on an ongoing basis.

The cumulative effect of the changes made to its January 1, 2018 consolidated balance sheet for the adoption of ASU 2016-08, “Revenue - Revenue from Contracts with Customers” was as follows:

| | Balance at December 31, 2017 | Adjustments Due to ASC 606 | Balance at January 1, 2018 |
|--|---------------------------------|-------------------------------|-------------------------------|
| Assets | | | |
| Accounts receivable, net of allowances for doubtful accounts | \$ 23,312,086 | \$ 7,079,477 | \$ 30,391,563 |
| Project assets current | 76,556,400 | (400,642) | 76,155,758 |
| Contract costs | 12,668,709 | (5,808,850) | 6,859,859 |
| Liabilities and Shareholders' Equity | | | |
| Accumulated deficit | \$ (435,517,610) | \$ 869,985 | \$ (434,647,625) |

There is no cumulative effect of the changes made to its December 31, 2018 consolidated balance sheet for the adoption of ASU 2016-08, “Revenue - Revenue from Contracts with Customers”.

In accordance with the new revenue standard requirements, the disclosure of the impact of adoption on its consolidated statements of operation and comprehensive income was as follows:

| | Year ended December 31, 2018 | | |
|---|------------------------------|---|---------------------|
| | As reported | Balances Without Adoption of ASC 606 | Effect of Change |
| Net revenue: | | | |
| Solar power projects development | \$ 48,784,766 | \$ 55,864,243 | \$ (7,079,477) |
| Electricity generation revenue | 29,257,928 | 29,257,928 | - |
| EPC services | 18,544,164 | 18,544,164 | - |
| Others | 319,477 | 319,477 | - |
| Cost of revenue | \$ (68,836,588) | \$ (75,046,080) | \$ 6,209,492 |
| Gross profit | 28,069,747 | 28,939,732 | (869,985) |
| Income from operations | 15,531,888 | 16,401,873 | (869,985) |
| Net income | 5,096,480 | 5,966,465 | (869,985) |
| Net income attributed to ReneSola Ltd | 1,759,711 | 2,629,696 | (869,985) |
| Basic income attributed to ReneSola Ltd per share | 0.00 | 0.01 | (0.01) |
| Diluted income attributed to ReneSola Ltd per share | 0.00 | 0.01 | (0.01) |

(t) Deferred project revenue

Deferred project revenue mainly represented customer payments received or customer billings made under the terms of solar power project related sales contracts for which revenue recognition for real estate transactions have not yet been met. The associated solar power project related costs are included as deferred project costs. The Company classifies such amounts as current or noncurrent depending on when all revenue recognition criteria are expected to be met, consistent with the classification of the associated deferred project costs.

(u) Other operating income (expenses)

Other operating income (expenses) primarily consists of discount charges of long-term receivables, compensation income and expenses, cancellation loss of project assets, and disposal loss of property, plant and equipment. For the year ended December 31, 2019, the cancellation loss of project assets of \$6,434,935 mainly represented cancellation of solar power projects in the United States which do not have future associated benefits to the Company, and the disposal loss of property, plant and equipment amounted to \$3,605,849.

(v) Foreign currency

The functional currency of ReneSola Ltd is the United States Dollar ("U.S. dollar"). The functional currency of ReneSola's subsidiaries in the People's Republic of China ("PRC") is Renminbi ("RMB"). The functional currency of the overseas subsidiaries normally is the local currency in the country where the subsidiary is domiciled.

Foreign currency transactions have been translated into the functional currency at the exchange rates prevailing on the date of transactions. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at exchange rates prevailing on the balance sheet date. Exchange gains and losses have been included in the determination of net income.

The Company has chosen the U.S. dollar as its reporting currency. Assets and liabilities have been translated using exchange rates prevailing on the balance sheet date. Income statement items have been translated using the weighted average exchange rate for the year. Translation adjustments have been reported as a component of 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 the People's Bank of China, 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 the China foreign exchange trading system market. The Company's cash and cash equivalents and restricted cash denominated in RMB amounted to RMB27,969,872 (\$4,068,050) and RMB31,047,475 (\$4,459,690) on December 31, 2018 and 2019, respectively.

(w) Fair value of financial instruments

Fair value represents 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). The Company utilizes a hierarchy 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 maximize the use of observable inputs.

When available, the Company 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 Company 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 Company 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 Company's evaluation of those factors changes. Although the Company 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 Company's consolidated assets, liabilities, equity and net income or loss. See Note 9, "Fair Value Measurements," for further details.

(x) Earnings (loss) per ADS

Basic earnings (loss) per ADS is computed by dividing income (loss) attributable to holders of ADS by the weighted average number of ADS outstanding during the year. Diluted earnings (loss) per ADS reflects the potential dilution that could occur if securities or other contracts to issue ADS were exercised or converted into ADS.

(y) Share-based compensation

The Company recognizes expenses for services received in exchange for awards of equity instruments based on the grant-date fair value of the award as determined by the Black-Scholes option pricing model, net of estimated forfeitures. The estimated compensation cost is recognized ratably over the period the grantee is required to provide services per the conditions of the award.

For stock option modifications, the Company measures the incremental compensation cost which should be measured as the excess, if any, of the fair value of the modified award determined over the fair value of the original award immediately before its terms are modified, which is measured based on the share price and other pertinent factors at that date.

On January 1, 2018 and April 1, 2018, the Board of Directors of the Company approved two option modifications to reduce the exercise price. Pursuant to the option agreement entered with the optionees, options totaling 3,220,000 were cancelled and options totaling 3,300,000 were granted. The cancellation and replacement of the options shall be considered as an option modification. Subject to ASC 718-20-35, total compensation cost measured at the date of a cancellation and replacement shall be the portion of the grant-date fair value of the original award for which the requisite service is expected to be rendered (or has already been rendered) at the date plus the incremental cost resulting from the cancellation and replacement. The incremental compensation cost should be recognized prospectively over the remaining service period in addition to unrecognized compensation cost for original option.

See Note 14, "Share Based Compensation", for further details.

(z) Comprehensive income (loss)

Comprehensive income (loss) is the change in equity during a period from transactions and other events and circumstances from non-shareholder sources and included net income (loss) and foreign currency translation adjustments. As of December 31, 2018 and 2019, accumulated other comprehensive loss is composed of foreign currency translation adjustments.

(aa) Treasury stock

On September 23, 2015, the Company's Board of Directors authorized the Company to repurchase up to \$20 million of its American Depositary Share ("ADS"), each representing its ten ordinary shares (Note in February 2017, the Company changed the number of the Company's shares represented by each ADS from two (2) shares to ten (10) shares) in aggregate value of its outstanding ordinary shares through open market or private transactions during the twelve months period ending in September, 2016, depending on market condition.

In the year ended December 31, 2015, the Company repurchased an aggregate of 161,477 ADSs, representing 1,614,776 ordinary shares, on the open market for total cash consideration of \$812,184 as treasury stock. As of December 31, 2015 the Company cancelled all the treasury stock.

In September 2016, the Company's Board of Directors decided to extend the share repurchase program for another 12 months ending September 2017.

In the year ended December 31, 2016, the Company repurchased an aggregate of 280,429 ADSs, representing 2,804,286 ordinary shares, on the open market for total cash consideration of \$1,493,352 as treasury stock.

As of December 31, 2016, the Company had cancelled 1,352,586 of the treasury stock from the 2016 repurchase and in 2017 cancelled the remaining 1,451,700 shares of the treasury stock. There was no outstanding treasury stock as of December 31, 2018 and 2019.

(ab) Concentrations of credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, advances to suppliers and other receivables. The Company places its cash and cash equivalents with reputable financial institutions. The Company conducts credit evaluations of customers and generally does not require collateral or other security from its customers. The Company establishes an allowance for doubtful accounts mainly based on the age of receivables and factors surrounding the credit risk of specific customers.

(ac) Recently adopted accounting pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing right-of-use assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months and disclosing key information about leasing transactions. Leases are classified either operating or finance, with such classification affecting the pattern of expense recognition in the income statement. The effective date of the new standard is for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842)*, which provided a transition to change to not restate comparative periods for the effects of applying the new standard. This transition election permits entities to change the date of initial application to the beginning of the earliest comparative period presented, or retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment.

The Company adopted ASC 842 on January 1, 2019 and elected to apply the modified retrospective approach at the beginning of the period of adoption through a cumulative-effect adjustment which, among other things, allowed the Company not to reassess prior conclusions related to contracts containing leases or lease classification. Upon commencement of a lease, the Company recognizes a lease liability for the present value of the lease payments not yet paid, discounted using an interest rate that represents the Company’s ability to borrow on a collateralized basis over a period that approximates the lease term. The Company also recognizes a lease asset, which represents the Company right to control the use of the underlying property, plant and equipment, at an amount equal to the lease liability adjusted for prepayments and initial direct costs. The adoption primarily affected the Company’s consolidated balance sheet through the recognition of \$37,086,249 of operating lease right-of-use assets, \$38,041,898 of finance lease right-of-use assets, \$35,700,672 of operating lease liabilities and \$34,130,495 of finance lease liabilities as of January 1, 2019 and the de-recognition of historical prepaid and deferred rent balances. The adoption did not have a material impact on our results of operations or cash flows.

The Company subsequently recognizes the cost of the lease on a straight-line basis over the lease term for operating leases. The Company subsequently recognizes amortization of the right-of-use asset and interest on the lease liability respectively for finance leases. Any variable lease costs, which represent amounts owed to the lessor that are not fixed per the terms of the contract, are recognized in the period in which they are incurred. Any costs included in the Company lease arrangements that are not directly related to the leased assets, such as maintenance charges, are included as part of the lease costs. Leases with an initial term of one year or less are considered short-term leases and are not recognized as leases assets and liabilities. The Company also recognize the cost of such short-term leases on a straight-line basis over the term of the underlying agreement. As of December 31, 2019, the Company recognized \$23,990,913 of operating lease right-of-use assets, \$24,991,789 of finance lease right-of-use assets, \$23,340,689 of operating lease liabilities and \$20,766,512 of finance lease liabilities.

ASC 842 provides for certain practical expedients that companies can elect to apply for purposes of adoption and implementation of the new standard. The practical expedients utilized by the Company are as follows: 1) no reassessment of whether existing contracts contain a lease, 2) no reassessment of the classification of existing lease, 3) no reassessment of initial direct costs for existing leases, 4) exclusion of leases with terms of 12 months or less from evaluation, and 5) use of the portfolio approach to determine discount rates.

The cumulative effect of the changes made to its January 1, 2019 consolidated balance sheet for the adoption of ASU 2016-02, “Leases” was as follows:

| | Balance at December 31, 2018 | Adjustments due to ASC 842 | Balance at January 1, 2019 |
|--|---------------------------------|-------------------------------|-------------------------------|
| Assets | | | |
| Prepaid expense and other current assets | \$ 14,318,076 | \$ (954,969) | \$ 13,363,107 |
| Other non-current assets | 6,458,949 | (430,608) | 6,028,341 |
| Property, plant and equipment, net | 190,787,262 | (38,041,898) | 152,745,364 |
| Operating lease right-of-use assets | - | 37,086,249 | 37,086,249 |
| Finance lease right-of-use assets | - | 38,041,898 | 38,041,898 |
| Liabilities | | | |
| Accounts Payable | 12,050,201 | (46,328) | 12,003,873 |
| Operating lease-liabilities current | - | 131,456 | 131,456 |
| Other current liabilities | 52,748,907 | (12,279,651) | 40,469,256 |
| Failed sale-lease back and finance lease liabilities current | - | 12,279,651 | 12,279,651 |
| Operating lease-liabilities non-current | - | 35,615,544 | 35,615,544 |

(ad) Recently issued accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, to provide financial statement users with more useful information about expected credit losses. ASU 2016-13 also changes how entities measure credit losses on financial instruments and the timing of when such losses are recorded. ASU 2016-13 is effective for fiscal years and interim periods within those years beginning after December 15, 2019, and early adoption is permitted for periods beginning after December 15, 2018. We do not expect the adoption of ASU 2016-13 to have a significant impact on our consolidated financial statements and associated disclosures.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 removes the requirement to disclose: the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; and the valuation processes for Level 3 fair value measurements. ASU 2018-13 requires disclosure of changes in unrealized gains and losses for the period included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. This guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. We do not expect the adoption of ASU 2018-13 to have a significant impact on our consolidated financial statements and associated disclosures.

3. DISCONTINUED OPERATIONS

On September 25, 2017, the Company completed a share repurchase and subscription agreement (the “SPA”) with Mr. Xianshou Li, the Company’s Chairman and Chief Executive Officer (the “Buyer”) for the sale of the Company’s manufacturing (including polysilicon, solar wafer, solar cell and solar module manufacturing) and LED distribution businesses. The transaction also transferred substantially all of the pre-restructured ReneSola Ltd and its subsidiaries (collectively, the “Group”)’s related indebtedness to Li. The transaction resulted in:

- 1) The Company was no longer liable for the bank borrowings approximating RMB3 billion (\$461 million) which was assumed by the Buyer as part of the net assets of discontinued operations as of the disposal date;
- 2) The Buyer forgave approximately \$217.4 million of intercompany payables owed to it by the Company; and
- 3) The Company issued 180 million common shares (“18 million ADS”) with a fair value of approximately \$42.5 million to ReneSola Singapore Pte. Ltd., an entity to be fully owned by the Buyer upon completion.

Results of operations related to the discontinued businesses, including comparatives, were reported as loss from discontinued operations.

A reconciliation of disposal gain is presented as follows.

Reconciliation of disposal gain:

| Item | <u>Amount in US\$ million</u> |
|---|-------------------------------|
| Waiver of the Company’s payable to the Buyer of the discontinued operations | 217.4 |
| Fair value of shares issued to the Buyer | (42.5) |
| Net assets of discontinued operations as of the disposal date | (133.6) |
| Release of currency translation difference due to discontinued operations | 65.0 |
| Disposal gain | 106.3 |

Results of the discontinued operations

| | <u>January 1 – September 30 2017</u> |
|--|--|
| Revenues | \$ 472,568,586 |
| Cost of revenues | (457,058,538) |
| Gross profit | 15,510,048 |
| Operating (expenses)/income: | |
| Selling and marketing | (24,259,869) |
| General and administrative | (32,341,022) |
| Research and development | (14,715,027) |
| Other income | 8,776,633 |
| Impairment loss of assets | - |
| Total operating expenses | (62,539,285) |
| Loss from operations | (47,029,237) |
| Interest income | 1,144,135 |
| Interest expenses | (25,518,288) |
| Exchange gain | (7,095,061) |
| Loss on derivatives | (1,284,379) |
| Loss from discontinued operations before income taxes | (79,782,830) |
| Income tax benefit, net | 4,748,324 |
| Loss from discontinued operations, net of tax | \$ (75,034,506) |

4. ACCOUNTS RECEIVABLE, NET

| | At December 31, | |
|---|----------------------|----------------------|
| | 2018 | 2019 |
| Accounts receivable | | |
| – from EPC services (billed) | \$ 9,078,144 | \$ 2,753,277 |
| – from EPC services (unbilled) | 526,848 | 456,900 |
| –from solar power project assets ⁽¹⁾ | 7,045,546 | 8,971,464 |
| –from electricity generation revenue ⁽²⁾ | 17,832,924 | 3,562,181 |
| Total accounts receivable | 34,483,462 | 15,743,822 |
| Allowance for doubtful accounts | - | (1,908,803) |
| Accounts receivable, net | <u>\$ 34,483,462</u> | <u>\$ 13,835,019</u> |

- (1) As of December 31, 2019, receivables by post-dated checks were \$813,652 and dates of acceptance were from May 31, 2020 to November 30, 2021. Of which, \$406,826 were classified as current and recorded in accounts receivable from solar power project assets, and \$406,826 were classified as non-current and recorded in other non-current assets.
- (2) Accounts receivable from electricity generation revenue were mainly due from the state grid companies. The amounts included the portion of feed-in tariff(s) (FIT) for the electricity sold to the state grid companies in the PRC in which the relevant on-grid solar power stations are still pending for registration to the Renewable Energy Subsidy Catalog, which the Company has submitted the application for its solar power stations started operation before July 2017 to be registered on the Catalog in early 2020. The Company expects that a certain part of the feed-in tariff(s) (FIT) receivables will be recovered after twelve months from the reporting date, which are discounted at an effective interest rate. As of December 31, 2019, there are \$1,317,137 of feed-in tariff(s) (FIT) receivables classified as current and \$16,800,636 classified as non-current.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

The Company establishes an allowance for doubtful accounts primarily based upon the collectability of the receivables in light of historical trends and adverse situations that may affect customers' ability to pay. After appropriate collection efforts are exhausted, specific accounts receivable deemed to be uncollectible would be charged against the allowance in the period they are deemed uncollectible.

As of December 31, 2018, the Company did not provide an allowance for doubtful accounts on the account balances. As of December 31, 2019, the Company had an allowance for doubtful accounts of \$1,908,803 from EPC services receivable.

As of December 31, 2018, receivables from an EPC services customer amounted to \$6,036,988 (17%), which was greater than 10% of the account balance. As of December 31, 2019, receivables from a solar power customer amounted to \$4,252,381 (31%), which was greater than 10% of the account balance.

For the years ended December 31, 2019 and 2018, a solar power customer accounted for 47% and nil of the Company's net revenues, respectively.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

| | At December 31, | |
|---|----------------------|---------------------|
| | 2018 | 2019 |
| Refundable deposits ⁽¹⁾ | \$ 12,082,372 | \$ 4,124,928 |
| Prepaid rental fees ⁽²⁾ | 954,969 | - |
| EPC Warranty reimbursement receivables | 186,553 | 183,941 |
| Others | 1,094,182 | 2,491,414 |
| Total prepaid expenses and other current assets | 14,318,076 | 6,800,283 |
| Allowance for doubtful accounts ⁽³⁾ | - | (729,629) |
| Total prepaid expenses and other current assets | <u>\$ 14,318,076</u> | <u>\$ 6,070,654</u> |

- (1) As of December 31, 2019, refundable deposits mainly represented refundable deposits for the bidding of project asset construction rights and rooftop leases.
- (2) As of January 1, 2019, prepaid rental fees represented rental payments for solar power projects due within one year which was disclosed as ROU in accordance with ASC 842 as of December 31, 2019.
- (3) Allowances for doubtful accounts mainly represented compensation sum receivable from Canada authority on closure of certain Canada project which the Company deemed the compensation sum would not be recoverable in full.

6. PROJECT ASSETS

Project assets consisted of the following at December 31, 2018 and 2019, respectively:

| | <u>At December 31,</u> | |
|--|------------------------|-------------------|
| | <u>2018</u> | <u>2019</u> |
| Project assets - Module cost | \$ 29,612,819 | \$ 4,616,399 |
| Project assets - Development and construction cost | 71,316,605 | 32,112,215 |
| Project assets - Others | 7,409,941 | 1,919,237 |
| Total project assets | <u>108,339,365</u> | <u>38,647,851</u> |
| Current portion | 64,257,766 | 32,125,312 |
| Non-current portion | 44,081,599 | 6,522,539 |

7. ASSETS HELD FOR SALE AND LIABILITIES HELD FOR SALE

On December 25, 2019, a subsidiary of the Company has entered into a proposed acquisition agreement with Jiangxi Tongli Risheng New Energy Technology Co., Ltd (the “Buyer”) for sale of the Company’s solar power plant subsidiaries in China under electricity generation revenue segment. The associated assets and liabilities of the solar power plant subsidiaries were consequently presented as held for sale in the consolidated balance sheet. This transaction is expected to be consummated within one year from the Company’s consolidated balance sheet date.

| | <u>At December 31,</u> |
|---|------------------------|
| | <u>2019</u> |
| <u>Assets classified as held for sale</u> | |
| Cash and cash equivalents | \$ 427,299 |
| Accounts receivable, net | 2,636,581 |
| Value added tax recoverable | 747,646 |
| Prepaid expenses and other current assets | 1,593,391 |
| Property, plant and equipment, net | 13,290,761 |
| Operating lease right-of-use asset | 1,230,574 |
| Impairment of assets ⁽¹⁾ | (1,347,626) |
| Total assets classified as held for sale | <u>18,578,626</u> |
| <u>Liabilities classified as held for sale</u> | |
| Accounts payable | 58,525 |
| Operating lease liabilities | 1,229,918 |
| Failed sales leased back and finance lease liability | 7,879,923 |
| Total liabilities classified as held for sale | <u>\$ 9,168,366</u> |

- (1) As a result of the acquisition agreement, the Company reassessed the net assets on the solar power plant to the lower of carrying amount or fair value less cost to sell. As of December 31, 2019, the impairment loss of \$1,347,626 has been applied to reduce the carrying amount of assets classified as held for sale.

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net:

| | At December 31, | |
|------------------------------------|-----------------------|-----------------------|
| | 2018 | 2019 |
| Land | \$ 282,000 | \$ 282,000 |
| Plant and machinery | 789,931 | 776,752 |
| Motor vehicles | 183,664 | 181,387 |
| Office equipment | 102,326 | 136,857 |
| Power stations | 194,931,540 | 159,257,486 |
| Less: Accumulated depreciation | (16,215,671) | (17,333,097) |
| | 180,073,790 | 143,301,385 |
| Construction in progress | 10,713,472 | - |
| Property, plant and equipment, net | <u>\$ 190,787,262</u> | <u>\$ 143,301,385</u> |

Construction in progress mainly represents new solar power projects for self-electricity generation in China.

All power stations were self-constructed for electricity generation purpose.

Depreciation expense for the years ended December 31, 2017, 2018 and 2019 was \$4,475,823, \$8,402,169 and \$7,796,003 respectively.

9. FAIR VALUE MEASUREMENTS

The Company adopted ASC 820, "Fair Value Measurements and Disclosures", which provides a framework for measuring fair value under U.S. GAAP, and expanded disclosure requirements about assets and liabilities measured at fair value. The Company utilizes a hierarchy for inputs used in measuring fair value that gives the highest priority to observable inputs and the lowest priority to unobservable inputs as follows:

- Level 1-Observable unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2-Observable inputs other than quoted prices in active markets for identical assets or liabilities, for which all significant inputs are observable, either directly or indirectly.
- Level 3-Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

Recurring basis

As of December 31, 2018 and December 31, 2019, there are no assets and liabilities measured on the Company's consolidated balance sheet at fair value on a recurring basis subsequent to initial recognition.

Non-recurring basis

The carrying amount of long-term borrowing and liabilities approximates their fair value as the related interest rates approximate rates currently offered by financial institutions for similar debt instruments of comparable maturities.

The impairment loss of assets and cancellation loss of project assets for the year ended December 31, 2019 represented non-recurring fair value measurement which the carrying amount of the related assets were either reduced to zero or reduced to a realizable lower amount per a purchase offer.

10. INCOME TAXES

The Company and its subsidiaries file separate income tax returns.

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%. Pursuant to PRC tax laws, certain PRC domiciled subsidiaries of the Company are solar power generation enterprises, which are entitled to a three-year tax exemption from Corporate Income Tax (“CIT”) from first operation year and a 50% CIT reduction for the succeeding three years thereafter.

United States of America

ReneSola US is incorporated in California, United States. It is subject to a federal corporate income tax rate of 35% for 2017 and is subject to a federal corporate income tax rate of 21% for 2018 and 2019, effective from January 1, 2018 under the 2017 Tax Cuts and Jobs Act. In addition, ReneSola US is subject to California state income tax of 8.84% for 2018 and 2019, and Connecticut state income tax of 6.5% for 2018 and Connecticut state income tax rate of 7.5% for 2019, which is deductible for federal corporate income tax purpose.

The tax expense from continuing operations comprises:

| | Years ended December 31, | | |
|------------------------------------|--------------------------|-------------------|-----------------------|
| | 2017 | 2018 | 2019 |
| Income (loss) before income tax | | | |
| PRC | \$ 2,938,038 | \$ 10,535,785 | \$ (10,273,181) |
| Other jurisdictions | 583,861 | (5,628,096) | (301,925) |
| Total | <u>3,521,899</u> | <u>4,907,689</u> | <u>(10,575,106)</u> |
| Current tax expense | | | |
| PRC | (11,926) | (553,859) | (9,835) |
| Other jurisdictions | <u>(222,094)</u> | <u>(351,735)</u> | <u>(839,676)</u> |
| Subtotal | <u>(234,020)</u> | <u>(905,594)</u> | <u>(849,511)</u> |
| Deferred tax benefit (expense) | | | |
| PRC | 1,402 | 748,490 | - |
| Other jurisdictions | <u>(89,450)</u> | <u>345,895</u> | <u>(255,538)</u> |
| Subtotal | <u>(88,048)</u> | <u>1,094,385</u> | <u>(255,538)</u> |
| Total income tax benefit (expense) | <u>\$ (322,068)</u> | <u>\$ 188,791</u> | <u>\$ (1,105,049)</u> |

There were no reversals or additions of unrecognized tax benefits during the year ended December 31, 2017, 2018 and 2019, respectively.

The Company classifies interest and penalties related to income tax matters in income tax expense. As of December 31, 2017, 2018 and 2019, there were no interest and penalties related to uncertain tax positions. As of December 31, 2018 and 2019, there was no accrual of uncertain tax benefits recognized by the Company. The Company does not anticipate significant increases or decreases to its liabilities for unrecognized tax benefits within the next twelve months.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of taxes exceeding RMB100,000 (approximately \$14,476) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

The principal components of deferred income tax assets and liabilities are as follows:

| | At December 31, | |
|--|---------------------|-------------------|
| | 2018 | 2019 |
| Deferred tax assets: | | |
| Accrued expenses | \$ 10,632 | \$ 16,304 |
| Net operating losses | 5,513,847 | 8,646,423 |
| Unrealized internal profit | 1,094,217 | 778,566 |
| Allowances for doubtful accounts | - | 1,064,027 |
| Cancellation of project assets | - | 1,351,336 |
| Impairment loss of assets | - | 336,907 |
| Other | 27,990 | 161,033 |
| Total gross deferred tax assets | 6,646,686 | 12,354,596 |
| Valuation allowance on deferred tax assets | (5,535,214) | (11,516,732) |
| Net deferred tax assets | <u>\$ 1,111,472</u> | <u>\$ 837,864</u> |

As of December 31, 2019, the subsidiaries of the Company in PRC had net operating loss carry forwards of \$9,195,842, of which \$152,025, \$873,056, \$165,754 and \$8,005,007 will expire in 2021, 2022, 2023 and 2024 respectively.

The Company considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company's experience with tax attributes expiring unused and tax planning alternatives.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible for tax purposes. As a result, the Company has recognized a valuation allowance of \$5,532,214 and \$11,516,732 as at December 31, 2018 and 2019, respectively.

Reconciliation between the applicable statutory income tax rate and the Company's effective tax rate for the years ended December 31, 2017, 2018 and 2019 is as follows:

| | Year ended December 31, | | |
|--|-------------------------|-------------|--------------|
| | 2017 | 2018 | 2019 |
| PRC applicable income tax rate | 25% | 25% | 25% |
| Change in deferred tax valuation allowance | (3)% | 47% | (57)% |
| Preferential tax rate ⁽¹⁾ | (24)% | (53)% | 7% |
| Effect of different tax rate of subsidiaries | (4)% | (7)% | 16% |
| Other | 15% | (16)% | (1)% |
| Effective income tax rate | <u>9%</u> | <u>(4)%</u> | <u>(10)%</u> |

The following table sets forth the effect of preferential tax on China operations for the years ended December 31, 2017, 2018 and 2019, respectively:

| | Year ended December 31, | | |
|--|-------------------------|--------------|------------|
| | 2017 | 2018 | 2019 |
| Preferential tax effect ⁽¹⁾ | \$ 845,010 | \$ 2,609,975 | \$ 720,847 |

(1) Certain solar power project entities are fully exempted from PRC CIT for three years starting from the year in which such project generates revenue from the sale of electricity and is 50% exempted from PRC CIT for another three years. Besides, certain solar power project entities enjoy the preferential tax policies in connection with the development of the western region of China and are subject to a preferential tax rate of 15%.

11. BORROWINGS AND OTHER FINANCING ARRANGEMENTS

a) Borrowings from banks and other third parties

The Company's borrowings from banks and other third parties consist of the following:

| | At December 31, | |
|--|-----------------|---------------|
| | 2018 | 2019 |
| Short-term | \$ 3,368,272 | \$ 7,173,571 |
| Long-term, current portion | 41,096,243 | 28,583,380 |
| Subtotal | 44,464,515 | 35,756,951 |
| Bond payable | - | 2,503,621 |
| Long-term | 41,435,099 | 3,367,061 |
| Total borrowings from bank and other third parties | \$ 85,899,614 | \$ 41,627,633 |

As of December 31, 2018, short-term borrowings of \$3,368,272 and long-term borrowings of \$82,531,342, including current portion of \$41,096,243 were jointly guaranteed by the Company and its subsidiaries.

As of December 31, 2019, short-term borrowings of \$7,173,571, bond payable of \$2,503,621 and long-term borrowings of \$31,950,441, including current portion of \$28,583,380 were jointly guaranteed by the Company and its subsidiaries.

The short-term borrowings of \$7,173,571 and bond payable of \$2,503,621 were also secured by all of the Company's estate, rights, title and interest and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable and VAT account of the Company and its subsidiaries. The long-term borrowings of \$31,950,441, including current portion of \$28,583,380 were also secured and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable, VAT account and insurance of the Company.

Long-term borrowings contain restrictive covenants, including requirements obliging the Company to (i) obtain lender's prior approval before entering into any transaction over certain amount after the completion of the construction and commencement of operation of the relevant project assets, (ii) obtain lender's prior consent before opening any bank account other than the existing bank account with the lender, (iii) ensure that at least one director designated by the lender be appointed as a director of the operating entity of the relevant project assets and/or the Company, (iv) comply with certain financial ratios, such as debt-service coverage ratio and loan life coverage ratio. As of December 31, 2019 and 2018, the Company was in compliance with all debt covenants under its outstanding long-term financings.

i) Short-term borrowings

Interest rates are fixed for the short-term borrowings as of December 31, 2018 and 2019. The weighted average interest rate of short term loans in the years ended December 31, 2018 and 2019 were 6.57% and 5.52%. The borrowings are repayable within one year.

ii) Bond payable

In January 2019, the Company's Luxembourg subsidiary issued a bond to an investor in France for the purpose of financing the Company's PV plant projects in Poland and Hungary totaling Euro 11.5 million (\$12.9 million). The bond has a maturity date of March 2020. The balance of the bond as of December 31, 2019 was Euro 2.2 million (\$2.5 million).

Interest rates are fixed for the bond payable. The weighted average interest rate of bond payable in the year ended December 31, 2019 was 6.75%.

iii) Long-term borrowings

In March 2013, the Company's Korean subsidiaries obtained two four-year term loans from a lender in Korea totaling Korean Won 35.7 billion (\$30.9 million) to be repaid in March 2017. In 2017, the subsidiaries extended the maturity date by three years to March 2020. The proceeds from these loans were used to finance the Company's PV plant projects in Romania. The balance of the loan as of December 31, 2019 was Korean Won 32.7 billion (\$28.3 million). In March 2020, the subsidiaries have further extended the maturity date by one year to March 2021.

In January 2019, the Company's United Kingdom ("UK") subsidiary obtained a long-term loan by a lender in the UK totalling £3 million (\$3.9 million). As of December 31, 2019, the utilized amount was £2.8 million (\$3.7 million) including the current portion of \$0.3 million. The long-term loan has a maturity date of August 2025. The proceeds from this loan were used to refinance existing indebtedness and for general corporate purposes.

Interest rates are fixed for the above long-term bank loans. The weighted average interest rate of long-term borrowings was 5.80%, 5.86% and 4.57% in the years ended December 31, 2017, 2018 and 2019, respectively.

All principal of the long-term bank loans should be repaid by 2025 as illustrated in the table below:

| | | |
|------|----|------------|
| 2020 | \$ | 28,583,380 |
| 2021 | | 311,670 |
| 2022 | | 326,073 |
| 2023 | | 341,142 |
| 2024 | | 356,596 |
| 2025 | \$ | 2,031,580 |

b) Financing associated with failed sale-lease back transactions

In 2018 and 2019, certain subsidiaries of the Company (the "seller-lessee") sold self-built solar projects ("leased assets") with carrying amount of \$23,474,319 and \$4,008,534 to different domestic financial leasing companies (the "buyer-lessors") for cash consideration of \$24,876,650 and \$2,793,810 and simultaneously entered into the contracts to lease back the leased assets from the buyer-lessors for 5 to 10 years. These arrangements are guaranteed by other subsidiaries of the Company and also pledged by the shares and rights for the future power generation income of the seller-lessee. Pursuant to the terms of the agreements, the seller-lessee is required to make lease payments to the buyer-lessors over the lease period and is entitled to obtain ownership of the equipment at a nominal price upon the expiration of the lease.

As the leased assets are considered integral with real estate under ASC 360, the sale-leaseback rules related to real estate are applied. The lease transactions do not qualify as a sale-leaseback transaction as these solar projects are initially invested and built up by the seller-lessee with expected useful life of 25 years, and are continually maintained by the seller-lessee. The seller-lessee has an obligation to repurchase the leased assets upon the expiry of the lease. In addition, after the lease period, the seller-lessee will keep using the assets and has no plans to sell or for early-disposal.

Accordingly, these transactions are accounted for as financing transactions in accordance with ASC 840. Internal rate of return is used in the computation of interest cost. The assets remain in the property, plant and equipment ("PPE") and continue to be depreciated.

As of December 31, 2018 and 2019, the Company recorded \$48,748,462 and \$30,036,724 under failed sale and lease back liabilities as non-current portion and \$7,275,464 and \$5,512,507 as the current portion, which represents principal to be paid in the next year. The weighted average effective interest rate of the financing was 6.53% and 7.13% and interest costs incurred during the years ended December 31, 2018 and 2019 were \$4,617,129 and \$4,415,569, respectively. These failed sale-leaseback financings were collateralized by the underlying assets of the solar projects.

c) Finance lease

In 2018 and 2019, the Company leased module, inverter and other materials from different domestic financial leasing companies. Pursuant to the terms of the contracts, the Company is required to make lease payments to the finance lease companies and is entitled to obtain the ownership of this machinery and equipment at a nominal price upon the expiration of the lease. These arrangements are guaranteed by other subsidiaries of the Company and also pledged by the shares and rights for the future power generation income of the leased assets. The lease is classified as finance lease. As of December 31, 2018, the carrying amount of the assets related to these finance lease contracts is \$46,411,683 and is included in PPE that is being depreciated over lives of 25 years. As of December 2019, the carrying amount of the assets related to these finance lease contract is \$30,984,311 and is included in finance lease right-of-use assets that is being depreciated over lives of 25 years. The payable related to these contract is \$34,130,495 and \$20,766,512.

As of December 31, 2018 and 2019, the net values of the leased assets are:

| | As of December 31, | |
|-------------------------------|---------------------------|---------------|
| | 2018 | 2019 |
| Modules, inverters, and other | \$ 46,411,683 | \$ 30,984,311 |

As of December 31, 2019, future minimum payments required under the finance lease are:

| | USD |
|---|---------------|
| Year ended December 31, | |
| 2020 | \$ 4,593,476 |
| 2021 | 5,752,259 |
| 2022 | 5,752,259 |
| 2023 | 5,447,345 |
| 2024 | 1,841,715 |
| 2025 and later | 1,429,010 |
| Total minimum lease payments | 24,816,064 |
| Less: Amount representing interest | (4,049,552) |
| Present value of net minimum lease payments | 20,766,512 |
| Current portion | 4,066,696 |
| Non-current portion | \$ 16,699,816 |

| | At December 31, | |
|---|------------------------|---------------|
| | 2018 | 2019 |
| Current portion of finance lease ⁽¹⁾ | \$ - | \$ 4,066,696 |
| Current portion of failed sale and lease back ⁽¹⁾ | - | 5,512,507 |
| Total current portion of failed sale-lease back and finance lease | - | 9,579,203 |
| Non-current portion for finance lease | 29,126,308 | 16,699,816 |
| Non-current portion for failed sale and lease back | 48,748,462 | 30,036,724 |
| Total non-current portion of failed sale-lease back and finance lease | \$ 77,874,770 | \$ 46,736,540 |

(1) Current portion of finance lease and failed sale and lease back as of December 31, 2018 has been disclosed as other current liabilities prior to the adoption of ASC 842.

d) Interest expense

Interest expense incurred for the years ended December 31, 2017, 2018 and 2019 was \$4,045,277, \$11,578,848 and \$12,329,336, of which \$108,975, \$2,874,944 and \$3,169,518 has been capitalized in the carrying value of PPE and project assets.

12. OTHER CURRENT LIABILITIES

The Company's other current liabilities are summarized below:

| | At December 31, | |
|--|------------------------|---------------|
| | 2018 | 2019 |
| Payables for purchase of property, plant and equipment | \$ 36,680,431 | \$ 22,810,701 |
| Payables associated with finance lease—current portion, Note 11(c)(1) | 5,004,187 | - |
| Payables associated with failed sale-lease back—current portion, Note 11(c)(1) | 7,275,464 | - |
| Interest payable | 1,626,010 | 1,009,090 |
| Other tax payables | 141,317 | 206,591 |
| Accrued EPC warranty liabilities | 186,553 | 183,941 |
| Other ⁽¹⁾ | 1,834,945 | 2,953,012 |
| | \$ 52,748,907 | \$ 27,163,335 |

(1) Other as of December 31, 2019 mainly includes the payables for the claims, audit fee and other professional service fees.

13. COMMON SHARES

Upon inception, the Company is authorized to issue a maximum of 500,000,000 no par value shares of a single class.

On September, 2017, The Company issued 180,000,000 common shares with a fair value of \$42,480,000 to ReneSola Singapore Pte Ltd., as a result from the share repurchase and subscription agreement with Mr. Xianshou Li, for the sale of the Company's manufacturing and LED distribution businesses. Total issued shares of the Company as of December 2017 was 381,027,002.

On October, 2019, the Company issued and sold to Shah Capital Opportunity Fund LP 100,000,000 newly issued common shares at a market price of \$0.11 per share, for a total consideration of \$11,000,000. The newly issued shares are subject to a 180 days lockup period. Net proceed from the transaction are intended to be used to expand the Company global project development activities. Total issued shares of the Company as of December 2019 was 481,027,002.

14. SHARE BASED COMPENSATION

2007 Share Incentive Plan

On September 27, 2007, the Company adopted the ReneSola Ltd 2007 Share Incentive Plan (the "Plan") that provides for grant of share options, restricted shares and restricted share units to employees in the Plan. A maximum of 7,500,000 authorized but unissued shares of the Company have been reserved and allocated to the Plan, whose shares were subsequently registered and are issuable upon exercise of outstanding options granted under the Plan. The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Committee"). On July 27, 2010, the Company has amended the Plan so as to increase the number of authorized but unissued shares of the Company to 12,500,000 in accordance with the rules of the 2007 Share Incentive Plan.

Except as otherwise noted in the award agreements with the employee or consultant, the options can be exercised within six years from the award date, except for participant's termination of employment or service. The vesting schedule and the exercise price per share will be determined by the Committee and set forth in the individual award agreement. In the event of any distribution, share split, or recapitalization of the Company, the Committee shall make such proportionate and equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan and (b) the terms and conditions of any outstanding awards. Except as may otherwise be provided in any award agreement, if a change of control occurs and a participant's awards are not converted, assumed, or replaced by a successor, such awards shall become fully exercisable and all forfeiture restrictions on such awards shall lapse.

Options to Employees

From January to December 2017, the Company granted 1,550,000 share options to certain employees with exercise prices of \$0.64. From January to December 2018, the Company granted 830,000 share options to certain employees with exercise prices of \$0.26. From January to December 2019, the Company granted 5,300,000 share options to certain employees with exercise prices of \$0.11 and \$0.15.

Options Modification

On August 8, 2012, the Board of Directors approved an option modification to reduce the exercise price of all the options granted before August 8, 2012 to the then fair market value of the Company's ordinary shares underlying such options. All other terms of the share options granted remain unchanged. The modification resulted in incremental compensation cost of \$774,932, of which \$444,373 was recorded during the year ended December 31, 2012. The remaining \$330,559 will be amortized over the remaining vesting period of the modified options, ranging from 2013 to 2017.

On March 18, 2014, the Board of Directors approved another option modification to reduce the exercise price of certain options granted between August 8, 2012 and December 31, 2013 to the then fair market value of the Company's ordinary shares underlying such options. All other terms of the share options granted remain unchanged. The incremental compensation cost resulted from modification was not material.

On January 1, 2018, the Board of Directors approved an option modification to reduce the exercise price of certain options granted on January 1, 2014 to the then fair market value of the Company's ordinary shares underlying such options. The number of shares, the expected terms were changed from 350,000 to 400,000, from 5 years to 3 years, respectively, other terms of the share option granted remain unchanged. The modification resulted in incremental compensation cost of \$30,396, of which \$10,132 and \$10,132 were recorded during the years ended December 31, 2018 and 2019, respectively. The remaining \$10,132 will be amortized in 2020, the remaining vesting period of the modified options.

On April 1, 2018, the Board of Directors approved another option modification to reduce the exercise price of certain options granted on June 21, 2010, August 24, 2010, August 8, 2012, March 8, 2016 and August 24, 2016 to the then fair market value of the Company's ordinary shares underlying such options. The expected term was changed from 5 years to 3 years, other terms of the share option granted remain unchanged. The modification resulted in incremental compensation cost of \$233,996, of which \$58,499 and \$58,499 were recorded during the years ended December 31, 2018 and 2019, respectively. The remaining \$116,998 will be amortized in 2020 and 2021, the remaining vesting period of the modified options.

The fair value of each option grant, as well as the fair value of option immediately before and after the aforementioned modification, is estimated on the date of grant or modification using the Black-Scholes option pricing model using the assumptions noted below.

| | Average risk-free rate of return | Weighted average expected option life | Volatility rate | Dividend yield |
|-----------------|----------------------------------|---------------------------------------|-----------------|----------------|
| Granted in 2017 | 1.93-2.00% | 3.2 years | 103.04-109.89% | 0% |
| Granted in 2018 | 2.04-2.62% | 3.2 years | 51.06-56.88% | 0% |
| Granted in 2019 | 1.60-1.82% | 3.2 years | 47.61-57.16% | 0% |

Expected volatilities based on the average of the standard deviation of the daily stock prices of the Company and other selected comparable companies in the same industry. The expected term of options represents the period of time that options granted are expected to be outstanding. The risk-free rate of return is based on the US Treasury bond yield curve in effect at the time of grant for periods corresponding with the expected term of the option.

A summary of the option activity is as follows:

| | Number of Options | Weighted Average Exercise Prices | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value |
|---|-------------------|----------------------------------|---|---------------------------|
| Options | | | | |
| Outstanding on January 1, 2017 | 6,085,000 | 0.74 | 1.75 | - |
| Granted | 1,550,000 | 0.64 | 3.50 | - |
| Exercised | - | - | - | - |
| Forfeited | (1,470,000) | 0.74 | - | - |
| Outstanding on December 31, 2017 | 6,165,000 | 0.71 | 1.64 | - |
| Granted | 830,000 | 0.26 | 3.50 | - |
| Exercised | - | - | - | - |
| Forfeited | (1,535,000) | 0.74 | - | - |
| Outstanding on December 31, 2018 | 5,460,000 | 0.36 | 1.96 | - |
| Granted | 5,300,000 | 0.15 | 2.91 | - |
| Exercised | - | - | - | - |
| Forfeited | (2,185,000) | 0.43 | - | - |
| Outstanding on December 31, 2019 | 8,575,000 | 0.21 | 2.22 | - |
| Vested or expected to vest at December 31, 2019 | 8,460,632 | 0.21 | 2.23 | - |
| Exercisable at December 31, 2019 | 1,341,667 | 0.39 | 0.89 | - |

The weighted average grant date fair value of options granted during the years ended December 31, 2017, 2018 and 2019 was \$0.41, \$0.10 and \$0.07 respectively.

Total intrinsic value of options exercised for the years ended December 31, 2018 and 2019 was nil and nil respectively. As no options were exercised, proceeds were nil and nil as of December 31, 2018 and 2019.

Compensation cost of \$783,118, \$406,228 and \$ 348,916 has been charged against income during the years ended December 31, 2017, 2018 and 2019, respectively. As of December 31, 2019, there was \$640,233 in total unrecognized compensation expense related to unvested options granted under the Plan, which is expected to be recognized over a weighted-average period of 2.27 years.

Restricted Share Units

In May 2014, the Compensation Committee of the Board of Directors of the Company approved a Restricted Share Units (“RSUs”) award program pursuant to the Plan.

A summary of the RSUs activity is as follows:

| | Number of shares | Weighted Average Grant Date Fair Value |
|-------------------------------|---------------------|--|
| RSUs | | |
| Unvested on January 1, 2017 | 280,000 | 0.63 |
| Granted | - | - |
| Vested | (140,000) | 0.63 |
| Unvested on December 31, 2017 | 140,000 | 0.63 |
| Granted | - | - |
| Vested | (140,000) | 0.63 |
| Unvested on December 31, 2018 | - | - |
| Granted | - | - |
| Vested | - | - |
| Unvested on December 31, 2019 | - | - |

The RSUs are measured based on the fair market value of the underlying common stock on the dates of grant. The aggregate compensation cost for RSUs recorded under the Plan was \$ 87,500, \$32,842 and nil for the year ended of December 31, 2017, 2018 and 2019. As of December 31, 2018 and 2019, there was nil in total unrecognized compensation expense related to unvested RSUs following the forfeiture. The total fair value of shares vested during the years ended December 31, 2017, 2018 and 2019 was amounting to \$39,760, \$39,200 and nil, respectively.

Share Awards to Employees of Disposed Business

Upon the disposal in September 2017 (as described in note 3), the options previously granted to the employees who were in the discontinued operations under 2017 Share Incentive Plan continue to be vested and exercisable.

Accordingly to ASC 718, the Company has immediately recognized all the unrecognized compensation expenses as of the disposal date related to the options previously granted to the employees in the discontinued operations under 2017 Share Incentive Plan as the employees became non-employee after the disposal. The options held by the employees in the discontinued operations from the disposal point forward would be measured at fair value according to ASC 815, Derivatives and Hedging. For the year ended December 31, 2018 and 2019, the fair value change was nil and nil as the exercise prices of the options granted were higher than the ordinary share fair value.

15. EMPLOYEE BENEFITS

In accordance with the relevant rules and regulations in the PRC, employees of the Company are covered by benefit plans established by the local government. These plans are defined contribution plans and Zhejiang ReneSola Investment Ltd. (“ReneSola Investment”), Sichuan Bo Bo Power Engineering Co., Ltd. (“Sichuan Bo Bo”) and ReneSola Shanghai Ltd (“ReneSola Shanghai”), have contributed 14%, 17% and 17% separately of the basic salaries of its employees to such plans. In addition, ReneSola Investment, Sichuan Bo Bo and ReneSola Shanghai are required by PRC law to contribute approximately 17%, 14.8% and 16.5% separately of the basic salaries of its employees for medical insurance benefits, housing funds, unemployment and other statutory benefits. Other than the contribution, there is no further obligation for payments to employees under these plans.

Total contributions were \$674,100, \$765,379 and \$1,257,335 for the years ended December 31, 2017, 2018 and 2019, respectively.

16. DISTRIBUTION OF PROFIT AND RESTRICTED NET ASSETS

In accordance with the laws applicable to the Foreign Investment Enterprises established in the PRC, the Company's PRC subsidiaries registered as wholly owned foreign enterprise have to make appropriations from their after-tax profits as determined under Chinese Accounting Standards ("CAS") to reserve funds including general reserve fund, enterprise expansion fund and staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with CAS. Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the respective Company. Appropriations to the enterprise expansion fund and staff bonus and welfare fund are made at the respective Company's discretion.

In addition, in accordance with the PRC Company Laws, the Company's PRC subsidiaries registered as Chinese domestic Companies must make appropriations from their after-tax profits as determined under CAS to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the after-tax profits as determined under CAS. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective Company. Appropriation to the discretionary surplus fund is made at the discretion of the respective Company.

The general reserve is used to offset future losses. The subsidiary may, upon a resolution passed by the shareholder, convert the general reserve into capital. These reserves represent appropriations of the retained earnings determined in accordance with the Chinese law.

In addition to the general reserve, the Company's PRC subsidiaries are required to obtain approval from the local PRC government prior to distributing any registered share capital. Accordingly, both the appropriations to general reserve and the registered share capital of the Company's PRC subsidiaries are considered as restricted net assets amounting to \$16,000,000 and \$19,505,000 as of December 31, 2018 and 2019, representing 12.8% and 14.2% of the Company's total consolidated net assets as of December 31, 2018 and 2019, respectively.

17. EARNINGS/ (LOSS) PER ADS

Basic earnings/(loss) per ADS and diluted earnings/(loss) per ADS have been calculated as follows:

| | For the years ended December 31, | | |
|--|---|---------------------|-----------------------|
| | 2017 | 2018 | 2019 |
| Numerator: | | | |
| Net income/(loss) from continuing operations | \$ 3,199,831 | \$ 5,096,480 | \$ (11,680,155) |
| Net income from discontinued operations | 31,257,707 | - | - |
| Total net income/(loss) | 34,457,538 | 5,096,480 | (11,680,155) |
| Less: Net income/(loss) attributed to noncontrolling interests | - | 3,336,769 | (2,848,932) |
| Total net income/(loss) attributed to ReneSola Ltd | \$ 34,457,538 | \$ 1,759,711 | \$ (8,831,223) |
| Numerator for diluted income/(loss) per ADS for continuing operations | 3,199,831 | 1,759,711 | (8,831,223) |
| Numerator for diluted income per ADS for discontinued operations | 31,257,707 | - | - |
| Denominator: | | | |
| Denominator for basic earnings/(loss) per ADS - weighted average number of ADS outstanding | 24,689,929 | 38,075,293 | 40,595,551 |
| Dilutive effects of share options, RSUs and warrants | 600 | - | - |
| Denominator for diluted calculation - weighted average number of ADS outstanding* | 24,690,529 | 38,075,293 | 40,595,551 |
| Continuing operations: | | | |
| Basic earnings/(loss) per ADS from continuing operations | 0.13 | 0.05 | (0.22) |
| Diluted earnings/(loss) per ADS from continuing operations | 0.13 | 0.05 | (0.22) |
| Discontinued operations: | | | |
| Basic earnings per ADS from discontinued operations | 1.27 | - | - |
| Diluted earnings per ADS from discontinued operations | 1.27 | - | - |

*Each ADS represents 10 common shares

The Company issues ordinary shares to its share depository bank which will be used to settle stock option awards upon their exercise. Any ordinary shares not used in the settlement of stock option awards will be returned to the Company. As of December 31, 2018 and 2019, there are 208,100 and 208,100 ordinary shares, respectively, are legally issued to the share depository bank but are treated as escrowed shares for accounting purposes and therefore, have been excluded from the computation of earnings/(loss) per share.

As the Company reports discontinued operations in the periods presented, the Company uses income/(loss) from continuing operations as the control number in determining whether those potential common shares are dilutive or antidilutive. That is, the same number of potential common shares used in computing the diluted per-share amount for income/(loss) from continuing operations shall be used in computing all other reported diluted per-share amounts even if those amounts will be antidilutive to their respective basic per-share amounts.

The following ordinary share equivalents were excluded from the computation of diluted net earnings/(loss) per share for the periods presented because including them would have been anti-dilutive:

| For the years ended December 31, | | |
|---|-------------|-------------|
| 2017 | 2018 | 2019 |

| | | | |
|---------------|-----------|-----------|-----------|
| Share options | 3,491,575 | 5,460,000 | 8,575,000 |
|---------------|-----------|-----------|-----------|

18. NON-CONTROLLING INTEREST

On April 27, 2018, the Company subsidiary, ReneSola Investment entered into an investment agreement with Jiashan Yaozhuang Modern Service Industry Comprehensive Development Co., Ltd. (“Jiashan Development”) to increase its registered share capital by accepting investment of RMB200 million (\$30.9 million). After the Capital Injection, Jiashan Development owns 40.13% of ReneSola Investment. Net proceeds are used for working capital and capital expenditures to develop and deliver solar energy projects.

On December 31, 2019, the Company subsidiary, RPNC Holdings, LLC received contribution from non-controlling interest holders of subsidiaries, Fayetteville RG Solar, LLC with a consideration of \$13.1 million. Net proceeds are used for capital expenditures to construct solar energy projects.

19. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related party balances

| | At December 31, | |
|--|----------------------|---------------------|
| | 2018 | 2019 |
| Due from ReneSola Singapore ⁽¹⁾ and its subsidiaries | \$ 20,779,022 | \$ 19,107,981 |
| Allowance for doubtful accounts ⁽²⁾ | - | (4,308,679) |
| Due from ReneSola Singapore ⁽¹⁾ and its subsidiaries, net | 20,779,022 | 14,799,302 |
| Due to ReneSola Singapore ⁽¹⁾ and its subsidiaries | 44,018,006 | 17,546,934 |
| Due to related party balances, net | <u>\$ 23,238,984</u> | <u>\$ 2,747,632</u> |

(b) Related party transactions

During the years ended December 31, 2017, 2018 and 2019, related party transactions with ReneSola Singapore Pte., Ltd and its subsidiaries were as follows:

| | Years ended December 31, | | |
|---|--------------------------|---------------|--------------|
| | 2017 | 2018 | 2019 |
| Purchase of modules from | \$ 33,238,377 | \$ 12,466,413 | \$ 2,534,750 |
| Rendering of service to | 868,158 | 5,168,278 | 834,875 |
| Borrowing from ⁽³⁾ | 11,343,739 | 17,273,194 | 793,269 |
| Lending to ⁽⁴⁾ | 1,624,261 | - | - |
| Acquire project companies from ⁽⁵⁾ | \$ - | \$ 11,286,840 | \$ - |

- (1) After the disposal of the discontinued business in September 2017, ReneSola Singapore Pte., Ltd and its subsidiaries becomes the related party of the Company that both ReneSola Singapore and the Company are under common control of Mr. Li. The balances due from ReneSola Singapore and its subsidiaries were mainly rendering service to them. The balances due to ReneSola Singapore and its subsidiaries were mainly modules, raw materials that the Company purchased from them and borrowings from them.
- (2) Allowances for doubtful accounts represented long-aging receivable balances from ReneSola Singapore Pte., Ltd and its subsidiaries which the Company deemed there was a credit risk of such balances.
- (3) It represented the borrowings under a loan agreement between the Company (“borrower”) and ReneSola Singapore (the “lender”). The lender grants to the borrower a loan in the principal amount of up to US\$200 million with annual interest rate of 1%. There is no fixed repayment schedule of this loan. For such loans during 2019, total principal additions were \$0.79 million.
- (4) It represented the loan borrowed by ReneSola Singapore’s subsidiaries bearing no interest. There is no fixed repayment schedule of this loan.
- (5) In 2018, the Company acquired certain project companies from ReneSola Zhejiang Ltd. and ReneSola Jiangsu Ltd. for total cash consideration of \$11.29 million for power generation purpose, which constituted an asset purchase. Total net assets of the companies acquired were \$11.29 million.

20. COMMITMENTS AND CONTINGENCIES

(a) Operating lease accounting

The Company leases rooftop, land, other property, and equipment under non-cancellable operating leases whose initial terms are typically 3 to 25 years, with some having a term of 35 years or more, along with options that permit renewals for additional periods. At the inception of each lease, the Company determines if the arrangement is a lease or contains an embedded lease and reviews the facts and circumstances of the arrangement to classify leased assets as operating or finance under Topic 842. The Company has elected not to record any leases with terms of 12 months or less on the balance sheet.

As this time, a certain portion of active leases within the Company portfolio are classified as operating leases under the new standard. Operating leases are included in leases right-of-use (“ROU”) assets, operating lease current liabilities, and operating lease non-current liabilities in the consolidated balance sheet. The ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent our obligation to make minimum lease payment arising from the lease for the duration of the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 year to 5 years or greater. The exercise of lease renewal option is typically at our discretion. Additionally, many leases contain early termination clauses, however early termination typically requires the agreement of both parties to the lease. At the lease inception, all renewal options reasonably certain to be exercised are considered when determining the lease term. At this time, the Company does not have operating leases that include options to purchase or automatically transfer ownership of the lease property to the Company. The depreciable life of leased assets is limited by the expected lease term.

To determine the present value of future minimum lease payments, the Company use the implicit rate when readily determinable. At this time, many of the Company leases do not provide an implicit rate; therefore, to determine the present value of minimum lease payments, the Company use its incremental borrowing rate based on the information available at lease commencement date. The ROU assets also include any lease payments made and exclude lease incentives.

The components of lease expenses consisted of the following:

| Lease cost | Classification | Year Ended December 31, 2019 |
|-------------------------------|----------------------------|------------------------------------|
| Operating lease cost | | |
| Amortization of leased assets | Depreciation, amortization | \$ 1,368,941 |
| Interest on lease liabilities | Interest expense | 2,387,985 |
| Net lease cost | | <u>\$ 3,756,926</u> |

| Lease Term and Discount Rate | December 31, 2019 |
|---|----------------------|
| Weighted-average remaining lease term (years) | |
| Operating leases | 21 |
| Weighted-average discount rate (%) | |
| Operating leases | 7% |

| Other information | Year Ended December 31, 2019 |
|---|------------------------------------|
| Cash paid for amount included in the measurement of lease liabilities | |
| Operating cash flows from operating leases | \$ (3,067,901) |

As of December 31, 2019, future minimum payments required under the operating lease are:

| Year ended December 31, | USD |
|---|----------------------|
| 2020 | \$ 2,064,709 |
| 2021 | 2,621,560 |
| 2022 | 1,842,883 |
| 2023 | 2,222,844 |
| 2024 | 1,860,086 |
| 2025 and later | 33,869,596 |
| Total minimum lease payments | 44,481,678 |
| Less: Amount representing interest | (21,140,989) |
| Present value of net minimum lease payments | <u>\$ 23,340,689</u> |
| Current portion | 452,740 |
| Non-current portion | 22,887,949 |

(b) Legal matters

The Company is a party to legal matters and claims in the normal course of its operations. While the Company believes that the ultimate outcome of these matters will not have a material adverse effect on its financial position, results of operations or cash flows, the outcome of these matters is not determinable with certainty and negative outcomes may adversely affect the Company.

(c) Guarantee

For the years ended December 31, 2018 and 2019, ReneSola Investment, a subsidiary of the Company, guaranteed failed sale-lease back for project companies within the Company with the amount of \$18,256,841 and \$1,766,035, respectively. In addition, the Company guaranteed rooftop lease for subsidiary of the related party of the Company.

21. SEGMENT REPORTING

Prior to the disposal of discontinued business on September 29, 2017 (Note 3), which have been presented as discontinued operations for all the periods presented herein, the Company operated and managed three principal reportable segments, Wafer, Cell and module, and Solar power projects. The Wafer segment involved the manufacture and sales of monocrystalline and multicrystalline solar wafers and processing services. The Cell and module segment involved manufacture and sale of PV cells and modules, and service revenue from tolling arrangements. The solar power projects segment was formed in 2015, and involves solar power project development, EPC services and electricity generation revenue. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

Pursuant to the disposal of the manufacturing business and LED distribution business on September 27, 2017 (Note 3) presented in discontinued operations for all the periods presented herein, the Company further separated the solar power project segment into three reportable segments, including solar power project development, EPC services and electricity generation revenue. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

The chief operating decision maker is the chief executive officer of the Company.

The Company only reports the segment information of net revenue and gross profit, to conform to the information the chief operating decision maker receives to assess the financial performance and allocate resources. There are no differences between the measurements of the Company's reportable segment's gross profit and the Company's consolidated gross profit, as the Company uses the same profit measurement for all of the reportable segments and the consolidated entity. Furthermore, the Company's chief operating decision maker is not provided with asset information by segment. As such, no asset information by segment is presented.

The following table summarizes the Company's revenues generated from each segment:

| | Year ended December 31, 2017 | | | | |
|--------------|---------------------------------|--------------------------------|---------------|-----------|----------------|
| | Solar power project development | Electricity generation revenue | EPC services | Other | Total |
| Net revenue | \$ 64,837,042 | \$ 12,247,320 | \$ 25,853,288 | \$ 36,349 | \$ 102,973,999 |
| Gross profit | \$ 3,575,775 | \$ 7,031,670 | \$ 3,524,310 | \$ - | \$ 14,131,755 |

| | Year ended December 31, 2018 | | | | |
|--------------|---------------------------------|--------------------------------|---------------|------------|---------------|
| | Solar power project development | Electricity generation revenue | EPC services | Other | Total |
| Net revenue | \$ 48,784,766 | \$ 29,257,928 | \$ 18,544,164 | \$ 319,477 | \$ 96,906,335 |
| Gross profit | \$ 7,052,170 | \$ 17,673,474 | \$ 3,329,402 | \$ 14,701 | \$ 28,069,747 |

| | Year ended December 31, 2019 | | | | |
|---------------------|---------------------------------|--------------------------------|--------------|------------|----------------|
| | Solar power project development | Electricity generation revenue | EPC services | Other | Total |
| Net revenue | \$ 90,096,551 | \$ 28,712,942 | \$ 69,751 | \$ 237,780 | \$ 119,117,024 |
| Gross profit/(loss) | \$ 17,571,303 | \$ 16,763,190 | \$ (178,414) | \$ 69,969 | \$ 34,226,048 |

The following table summarizes the Company's revenues generated by the geographic location of customers:

| | Years ended December 31, | | |
|---------------|--------------------------|---------------|----------------|
| | 2017 | 2018 | 2019 |
| China | \$ 67,533,887 | \$ 45,395,811 | \$ 24,470,827 |
| United States | 18,323,947 | 15,445,744 | 9,277,514 |
| Romania | 4,844,238 | 1,824,411 | 3,193,215 |
| UK | 7,271,370 | 31,169,458 | 3,853,687 |
| Turkey | 4,995,648 | 2,129,085 | - |
| France | 4,909 | 941,826 | 730,962 |
| Poland | - | - | 59,884,835 |
| Hungary | - | - | 17,705,984 |
| Total | \$ 102,973,999 | \$ 96,906,335 | \$ 119,117,024 |

22. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Company's Korean subsidiaries successfully rolled-over Korean Won 32.7 billion (\$28.3 million) of long-term borrowings by one year to March 2021.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The coronavirus outbreak and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Company operates. While thus far we have not incurred significant disruptions from the coronavirus outbreak, we are unable to accurately predict the impact that it will have due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by government authorities, the impact to the business of our customers, and other factors. However, the Company's consolidated results for the first quarter of 2020 were adversely affected due to the delay in closing on the sale of two projects in Hungary which was scheduled in late March 2020. The sale was closed in April 2020 and revenue from the sale will be recognized in the second quarter of 2020. Because of the delay, the Company now expects revenue for the first quarter of 2020 to be in range from \$18 to \$20 million, which has been revised from the original range from \$30 to \$33 million. Due to the uncertainty surrounding the coronavirus pandemic, the financial impact for the consolidated results for the full year 2020 cannot be reasonably estimated at this time.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "Cares Act") became law in the United States to provide certain tax incentives with the aim of mitigate the related economic harm for businesses. The Company is currently evaluating the benefit these tax incentives might have on the consolidated financial statements.

ITEM 19. EXHIBITS

| Exhibit Number | Description of Document |
|----------------------------|---|
| <u>1.1</u> | <u>Memorandum and Articles of Association, as amended (incorporated by reference to Exhibit 3.1 of our pre-effective amendment No. 2 to Form F-3 registration statement filed with the Securities and Exchange Commission on September 6, 2013)</u> |
| <u>2.1</u> | <u>Registrant’s Specimen American Depositary Receipt (incorporated by reference to Exhibit 1 from our post-effective amendment No. 1 to Form F-6 registration statement (File No. 333-162257), as amended, initially filed with the Securities and Exchange Commission on August 24, 2011)</u> |
| <u>2.2</u> | <u>Registrant’s Specimen Certificate for Shares (incorporated by reference to Exhibit 4.2 from our Form F-1 registration statement (File No. 333-151315) filed with the Securities and Exchange Commission on May 30, 2008)</u> |
| <u>2.3</u> | <u>Form of Deposit Agreement among the Registrant, the depository and holder of the American Depositary Receipts (incorporated by reference to Exhibit 1 from our post-effective amendment No. 1 to the Form F-6 registration statement (File No. 333-162257) filed with the Securities and Exchange Commission on August 24, 2011)</u> |
| <u>2.4</u> | <u>Rights Agreement dated August 22, 2011 between the Registrant and The Bank of New York Mellon, as Rights Agent (incorporated by reference to Exhibit 4.1 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on August 22, 2011)</u> |
| <u>2.5</u> | <u>Standstill Agreement dated August 22, 2011 between the Registrant and Xianshou Li (incorporated by reference to Exhibit 4.2 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on August 22, 2011)</u> |
| <u>4.1</u> | <u>2007 Share Incentive Plan, amended and restated as of August 29, 2016 (incorporated by reference to Exhibit 10.1 of the post-effective amendment to our registration statement on Form S-8 (File No. 333-153647) filed with the Securities and Exchange Commission on August 29, 2016)</u> |
| <u>4.2</u> | <u>Form of Indemnification Agreement with the Registrant’s Directors (incorporated by reference to Exhibit 10.2 from our Form F-1 registration statement (File No. 333-151315) filed with the Securities and Exchange Commission on May 30, 2008)</u> |
| <u>4.3</u> | <u>English Translation of the Form of Employment Relationship Adjustment Agreement among ReneSola Shanghai Ltd., ReneSola Consulting (Shanghai) Co., Ltd. and our executive officers (incorporated by reference to Exhibit 4.3 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u> |
| <u>4.4</u> | <u>English translation of Service Agreement among ReneSola Shanghai Ltd. and its executive officers (incorporated by reference to Exhibit 4.4 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u> |
| <u>4.5</u> | <u>Form of Service Agreement between ReneSola Power Holdings, L.L.C and its executive officers (incorporated by reference to Exhibit 4.5 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u> |
| <u>4.6</u> | <u>Form of Service Agreement between ReneSola Engineering International GmbH and its executive officers (incorporated by reference to Exhibit 4.6 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u> |

| Exhibit Number | Description of Document |
|-------------------------------|--|
| <u>4.7</u> | <u>Share Purchase and Subscription Agreement, dated September 25, 2017, by and among the Registrant, Mr. Xianshou Li, ReneSola Singapore Pte. Ltd. and other parties named therein (incorporated by reference to Exhibit 99.2 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on September 25, 2017)</u> |
| <u>4.8</u> | <u>Share Purchase Agreement by and between ReneSola Ltd and Shah Capital Opportunity Fund LP dated as of September 29, 2019 (incorporated by reference to Exhibit 99.2 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on October 3, 2019)</u> |
| <u>4.9</u> | <u>Investor Rights Agreement by and among ReneSola Ltd, Mr. Xianshou Li, ReneSola Singapore Pte. Ltd., Champion Era Enterprises Limited and Shah Capital Opportunity Fund LP dated as of October 2, 2019 (incorporated by reference to Exhibit 99.3 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on October 3, 2019)</u> |
| <u>4.10</u> | <u>Letter dated as of April 29, 2019 from PricewaterhouseCoopers Zhong Tian LLP regarding Item 16F of the annual report for the fiscal year ended December 31, 2018 (incorporated by reference to Exhibit 4.9 of the Report of Foreign Private Issuer on Form 20-F (File No. 001-33911) filed with the Securities and Exchange Commission on April 29, 2019)</u> |
| <u>10.1</u> | <u>Investment Agreement of Zhejiang ReneSola Investment Ltd., dated as of April 27, 2018 (incorporated by reference to Exhibit 10.1 of the Report of Foreign Private Issuer on Form 20-F (File No. 001-33911) filed with the Securities and Exchange Commission on April 29, 2019)</u> |
| <u>10.2*</u> | <u>Bond Subscription Agreement relating to the issuance of up to EUR 7,327,000 Tranches A Bonds and up to EUR 6,101,000 Tranches B Bonds between ReneSola New Energy S.à r.l., and Eiffel Energy Transition Fund S.L.P.</u> |
| <u>11.1</u> | <u>Code of Business Conduct and Ethics of the Registrant (incorporated by reference to Exhibit 99.1 from our Form F-1 registration statement (File No. 333-151315) filed with the Securities and Exchange Commission on May 30, 2008)</u> |
| <u>12.1*</u> | <u>CEO Certification, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u> |
| <u>12.2*</u> | <u>CFO Certification, pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u> |
| <u>13.1**</u> | <u>CEO Certification, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
| <u>13.2**</u> | <u>CFO Certification, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u> |
| <u>15.1*</u> | <u>Consent of Harney Westwood & Riegels LLP</u> |
| <u>15.2*</u> | <u>Consent of Grant Thornton</u> |
| <u>15.3*</u> | <u>Consent of PricewaterhouseCoopers Zhong Tian LLP</u> |
| 101* | Financial information from the Registrant for the year ended December 31, 2019 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2018 and 2019; (ii) Consolidated Statements of Operations for the Years Ended December 31, 2017, 2018 and 2019; (iii) Consolidated Statements of Comprehensive Income/(Loss) for the Years Ended December 31, 2017, 2018 and 2019; (iv) Consolidated Statements of Changes in Equity for the Years Ended 31, 2017, 2018 and 2019; (v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, 2018 and 2019; and (vi) Notes to the Consolidated Financial Statements |

* 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 its behalf.

RENESOLA LTD

By: /s/ Yumin Liu

Name Yumin Liu

Title: Chief Executive Officer

Date: April 28, 2020

Description of Securities

Registered under Section 12 of the Securities Exchange Act of 1934 (the “Exchange Act”)

American Depositary Shares (“ADSs”) each representing 10 shares of ReneSola Ltd, (“we,” “our,” “our company,” or “us”) are listed and traded on the NASDAQ Global Select Market and, in connection with this listing (but not for trading), the shares are registered under Section 12(b) of the Exchange Act. This exhibit contains a description of the rights of (i) the holders of shares and (ii) the holders of ADSs (“you”). The shares underlying the issued ADSs are held by The Bank of New York Mellon, as depositary, and holders of ADSs will not be treated as registered holders of the ordinary shares.

Description of Ordinary Shares

The following is a summary of material provisions of our currently effective amended and restated memorandum and articles of association (the “Memorandum and Articles of Association”), as well as the BVI Business Companies Act, 2004 (as amended) (the “Companies Law”) insofar as they relate to the material terms of our shares. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire Memorandum and Articles of Association, which has been filed with the SEC as an exhibit to Form F-3 registration statement (File No. 001-33768) filed with the Securities and Exchange Commission on September 6, 2013).

Type and Class of Securities (Item 9.A.5 of Form 20-F)

We are authorised to issue a maximum of 600,000,000 shares no par value shares of a single class. All of our outstanding shares are fully paid and non-assessable. The number of shares that have been issued as of the last day of the fiscal year ended December 31, 2019 is provided on the cover of the annual report on Form 20-F filed on April 28, 2020 (the “2019 Form 20-F”). Certificates representing the shares are issued in registered form. We may not issue shares to bearer.

Preemptive Rights (Item 9.A.3 of Form 20-F)

Our shareholders do not have pre-emptive rights.

Limitations or Qualifications (Item 9.A.6 of Form 20-F)

Not applicable.

Rights of Other Types of Securities (Item 9.A.7 of Form 20-F)

Not applicable.

Rights of Shares (Item 10.B.3 of Form 20-F)

Dividend Rights. The holders of our shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law.

Voting Rights. Each share is entitled to one vote on all matters upon which the shares are entitled to vote. We are required by our Memorandum and Articles of Association to hold an annual general meeting each year. Additionally, our directors may convene meetings of our shareholders at such times and in such manner and places within or outside the British Virgin Islands as the directors consider necessary or desirable. Upon the written request of shareholders holding 10% or more of the outstanding voting rights attaching to our shares the directors shall convene a meeting of shareholders. The director shall give not less than 14 days’ notice of a meeting of shareholders to those persons whose names at the close of business on a day to be determined by the directors appear as shareholders in our share register and are entitled to vote at the meeting.

A meeting of shareholders is duly constituted if, at the commencement of the meeting, there are present in person or by proxy not less than 50% of the votes of the shares entitled to vote on shareholder resolutions to be considered at the meeting. If a quorum is present, notwithstanding the fact that such quorum may be represented by only one person, then such person or persons may resolve any matter and a certificate signed by such person and accompanied, where such person be a proxy, by a copy of the proxy form shall constitute a valid resolution of shareholders.

If within two hours from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand adjourned to the next business day at the same time and place or to such other time and place as the directors may determine, and if at the adjourned meeting there are present within one hour from the time appointed for the meeting in person or by proxy not less than one third of the votes of the shares of each class or series of shares entitled to vote on the resolutions to be considered by the meeting, those present shall constitute a quorum but otherwise the meeting shall be dissolved. The chairman, may, with the consent of the meeting, adjourn any meeting from time to time, and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

An action that may be taken by the shareholders at a meeting may also be taken by a resolution of shareholders consented to in writing without the need for any notice, but if any resolution of shareholders is adopted otherwise than by the unanimous written consent of all shareholders, a copy of such resolution shall forthwith be sent to all shareholders not consenting to such resolution.

Mandatory Tender Offer. Except with the consent of our board of directors, when (a) any person acquires, whether or not by a series of transactions over a period of time, our shares which (taken together with shares held or acquired by persons acting in concert with that person) carry 30% or more of the voting rights of our company; or (b) any person who together with persons acting in concert with him, holds not less than 30% but not more than 50% of our voting rights and acquires additional shares resulting in an increase in the percentage of the voting rights held by that person or any person acting in concert with him, such person is required to extend an offer to holders of all the issued shares in our company pursuant to our memorandum and articles of association. References to any person above include persons acting in concert with such person.

Transfer of Shares. Certificated shares in our company may be transferred by a written instrument of transfer signed by the transferor and containing the name and address of the transferee, but in the absence of such written evidence of transfer the directors may accept such evidence of a transfer of shares as they consider appropriate. We may also issue shares in uncertificated form. We shall not be required to treat a transferee of a registered share in our Company as a member until the transferee's name has been entered in the share register.

The register of members may be closed at such times and for such periods as the board of directors may from time to time determine, not exceeding in whole thirty days in each year, upon notice being given by advertisement in a leading daily newspaper and in such other newspaper (if any) as may be required by the law of British Virgin Islands and the practice of the NYSE.

The board of directors may decline to register a transfer of any share to a person known to be a minor, bankrupt or person who is mentally disordered or a patient for the purpose of any statute relating to mental health. The board of directors may also decline to register any transfer unless:

- (a) any written instrument of transfer, duly stamped (if so required), is lodged with us at the registered office or such other place as the board of directors may appoint accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognized person or a holder of such shares in respect of whom we are not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such shares);
- (b) there is provided such evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person;

(c) on his behalf, the authority of that person to do so; any instrument of transfer is in respect of only one class or series of share; and

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

Liquidation. In the case of the distribution of assets by a voluntary liquidator on a winding-up of our company, subject to payment of, or to discharge of, all claims, debts, liabilities and obligations of our company any surplus assets shall then be distributed amongst the shareholders according to their rights and interests in our company according to our memorandum and articles of association. If the assets available for distribution to members shall be insufficient to pay the whole of the paid up capital, such assets shall be shared on a pro rata basis amongst members entitled to them by reference to the number of fully paid up shares held by such members respectively at the commencement of the winding up.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid at the specified time are subject to forfeiture.

Redemption of Shares. The Companies Law provides that subject to the memorandum and articles of association of a company, shareholders holding 90% or more of all the voting shares in a company, may instruct the directors to redeem the shares of the remaining shareholders. The directors shall be required to redeem the shares of the minority shareholders, whether or not the shares are by their terms redeemable. The directors must notify the minority shareholders in writing of the redemption price to be paid for the shares and the manner in which the redemption is to be effected. In the event that a minority shareholder objects to the redemption price to be paid and the parties are unable to agree to the redemption amount payable, the Companies Law sets out a mechanism whereby the shareholder and the company may each appoint an appraiser, who will together appoint a third appraiser and all three appraisers will have the power to determine the fair value of the shares to be compulsorily redeemed. Pursuant to the Companies Law, the determination of the three appraisers shall be binding on the company and the minority shareholder for all purposes.

Inspection of Books and Records. Holders of our shares have a general right under British Virgin Islands law to inspect our books and records on giving written notice to the Company. However, the directors have power to refuse the request on the grounds that the inspection would be contrary to the interests of the Company. However, we will provide our shareholders with annual audited financial statements.

Requirements to Change the Rights of Holders of Shares (Item 10.B.4 of Form 20-F)

Variations of Rights of Shares. If at any time the issued or unissued shares are divided into different classes of shares, the rights attached to any class may only be varied, whether or not the company is in liquidation, with the consent in writing or by resolution passed at a meeting by the holders of not less than 50% of the issued shares of that class.

Limitations on the Rights to Own Shares (Item 10.B.6 of Form 20-F)

There are no limitations under the laws of the British Virgin Islands or under the Memorandum and Articles of Association that limit the right of non-resident or foreign owners to hold or vote shares.

Provisions Affecting Any Change of Control (Item 10.B.7 of Form 20-F)

Our Memorandum and Articles of Association contain provisions which have the potential to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. For instance, our board of directors has the authority, without further action by our shareholders, to create and issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges and other rights, 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 shares, or the related ADSs, at such time and on such terms as they may think appropriate. In the event these preferred shares have better voting rights than our shares, or the related ADSs, they could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult.

Ownership Threshold (Item 10.B.8 of Form 20-F)

There are no provisions under British Virgin Islands laws applicable to the Company, or under the Memorandum and Articles of Association, that require the Company to disclose shareholder ownership above any particular ownership threshold.

Differences Between the Law of Different Jurisdictions (Item 10.B.9 of Form 20-F)

The Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Protection for Minority Shareholders

Under the laws of most U.S. jurisdictions, majority and controlling shareholders of a company generally have certain “fiduciary” responsibilities to the minority shareholders. Corporate actions taken by majority and controlling shareholders which are unreasonable and materially detrimental to the interest of minority shareholders may be declared null and void. Notwithstanding, the minority shareholders may have less protection for their rights under British Virgin Islands law than they would have under U.S. law.

Powers of Directors

Unlike most U.S. jurisdictions, the directors of a British Virgin Islands company, subject in certain cases to the approval of the court (which will generally require shareholder approval), may implement the sale, transfer, exchange or disposition of any asset, property, part of the business, or securities of the company, if the board determines such transaction to be in the best interests of the company, its creditors, or its shareholders, with the exception that shareholder approval is required for any sale, transfer, lease exchange or other disposition of more than 50% in value of the assets of the company other than in the usual or regular course of business of the company.

Conflict of Interests

Similar to the laws of most U.S. jurisdictions, when a director becomes aware of the fact that he has an interest in a transaction which the company is to enter into, he must disclose it to the board. However, with sufficient disclosure of the interest in relation to that transaction, the director who is interested in a transaction entered into or to be entered into by us may (i) vote on a matter relating to the transaction; (ii) attend a meeting of directors at which a matter relating to the transaction arises and be included in the quorum; and (iii) sign a document on behalf of the company, or do any other thing in his capacity as a director, that relates to the transaction.

Written Consent and Cumulative Voting

Similar to the laws of most U.S. jurisdictions, under the British Virgin Islands law, shareholders are permitted to approve matters by way of written resolution in place of a formal meeting. The Companies Law does not make a specific reference to cumulative voting, and our current Articles of Association have no provisions authorizing cumulative voting.

Independent Directors

There is no requirement for a majority of the directors of the company to be independent as a matter of British Virgin Islands law. Investigating Power and Suspension of Shareholder’s Rights Regulation 24.3 of our Articles grants us investigating power with respect to the ownership of our shares. This is done by sending a written notice, or the section 793 notice, to any shareholder or other person whom we have reasonable cause to believe has, or had, an “interest” (e.g. owns, controls or has certain rights over shares) in our relevant shares at some time during the three years immediately preceding the date of issue of the section 793 notice. A person who receives a section 793 notice must respond with the required information within 14 days following the date of service of the notice. Default in complying with the notice in relation to any shares, or the default shares, either on the part of the shareholder or on the part of some other interested person, could result in the rights of the shares being suspended if our board of directors has served a disenfranchisement notice on the holder of the default shares.

Redemption

Our shares are not redeemable at the shareholders' option. Subject to the Companies Law, we may redeem our shares only with the consent of the shareholders whose shares are to be redeemed, except that the consent from the shareholders is not needed under the circumstances of (i) the compulsory redemption with respect to fractional shares held by our shareholders in the circumstance of share division, and (ii) the compulsory redemption, at the request of the shareholders holding 90% of the votes of the outstanding shares entitled to vote, of the remaining issued shares.

Takeover Provisions

Our Articles do not alter the general provisions of the Companies Law or any other British Virgin Islands law and therefore measures such as a poison pill would have to be in place before a takeover offer is in contemplation, as, if not, the directors might be seen as exercising their powers for an improper purpose in trying to introduce such a measure.

Furthermore, prior to the issuance of any additional classes of shares there would need to be an amendment to our Articles to create the new class of shares and to set out the rights and obligations attaching to those shares in our Articles. This may be done following a resolution of directors or a resolution of shareholders (as more particularly set out in the section "Preferred Shares" above). If at anytime the shares of our company are divided into different classes, a variation of the rights of any such class will not be triggered by but note that the creation and issue of a further class with rights ranking pari passu therewith or superior thereto. The introduction of a poison pill mechanism involving the issue of a new class of shares would require an amendment to our Articles but such amendment could be approved by way of shareholder resolution or by a resolution of directors.

Shareholder's Access to Corporate Records

A shareholder is entitled, on giving written notice to the company, to inspect the company's (i) memorandum and articles of association; (ii) register of members; (iii) register of directors; and (iv) minutes of meetings and resolutions of members and of those classes of members of which he is a member.

The directors may, if they are satisfied that it would be contrary to the company's interests to allow a member to inspect any document listed above (or any part thereof), refuse the member to inspect the document or limit the inspection of the document. The board may also authorize a member to review the company's account if requested.

Indemnification

British Virgin Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the British Virgin Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

Under our Articles, we may indemnify our directors or any person who is or was, at the request of the company, serving as a director of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise against expenses (including legal fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such persons in connection with legal, administrative or investigative proceedings to which they are a party or are threatened to be made a party by reason of their acting as our directors or agents. To be entitled to indemnification, these persons must have acted honestly and in good faith and in the best interest of the company, and they must have had no reasonable cause to believe their conduct was unlawful.

Insofar as indemnification for liabilities arising under the U.S. Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Mergers and Similar Arrangements

Under the laws of the British Virgin Islands, two or more companies may merge or consolidate in accordance with Section 170 of the Companies Law. A merger means the merging of two or more constituent companies into one of the constituent companies, and a consolidation means the uniting of two or more constituent companies into a new company. In order to merge or consolidate, the directors of each constituent company must approve a written plan of merger or consolidation which must be authorized by a resolution of shareholders.

While a director may vote on the plan even if he has a financial interest in the plan of merger or consolidation, in order for the resolution to be valid, the interest must have been disclosed to the board forthwith upon him becoming aware of such interest. The transaction will not be avoidable if the shareholders approve it.

Shareholders not otherwise entitled to vote on the merger or consolidation may still acquire the right to vote if the plan of merger or consolidation contains any provision which, if proposed as an amendment to the memorandum or articles of association, would entitle them to vote as a class or series on the proposed amendment. In any event, all shareholders must be given a copy of the plan of merger or consolidation irrespective of whether they are entitled to vote at the meeting or consent to the written resolution to approve the plan of merger or consolidation.

The shareholders of the constituent companies are not required to receive shares of the surviving or consolidated company but may receive cash, debt obligations or other securities of the surviving or consolidated company, or other assets, or a combination thereof. Further, some or all of the shares of a class or series may be converted into a kind of asset while the other shares of the same class or series may receive a different kind of asset. As such, not all the shares of a class or series must receive the same kind of consideration.

After the plan of merger or consolidation has been approved by the directors and authorized by a resolution of the shareholders, articles of merger or consolidation are executed by each company and filed with the Registrar of Corporate Affairs in the British Virgin Islands.

A shareholder may dissent from a mandatory redemption of his shares, an arrangement (if permitted by the court), a merger (unless the shareholder was a shareholder of the surviving company prior to the merger and continues to hold the same or similar shares after the merger) and a consolidation. A shareholder properly exercising his dissent rights is entitled to payment of the fair value of their shares.

A shareholder dissenting from a merger or consolidation must object in writing to the merger or consolidation before the vote by the shareholders on the merger or consolidation, unless notice of the meeting was not given to the shareholder. If the merger or consolidation is approved by the shareholders, the company must within 20 days give notice of this fact to each shareholder who gave written objection, and to each shareholder who did not receive notice of the meeting. Such shareholders then have 20 days to give to the company their written election in the form specified by the Companies Law to dissent from the merger or consolidation, provided that in the case of a merger, the 20 days starts when the plan of merger is delivered to the shareholder.

Upon giving notice of his election to dissent, a shareholder ceases to have any rights of a shareholder except the right to be paid the fair value of his shares. As such, the merger or consolidation may proceed in the ordinary course notwithstanding the dissent.

Within seven days of the later of the delivery of the notice of election to dissent and the effective date of the merger or consolidation, the company must make a written offer to each dissenting shareholder to purchase his shares at a specified price that the company determines to be their fair value. The company and the shareholder then have 30 days to agree upon the price. If the company and the shareholder fail to agree on the price within the 30 days, then the company and the shareholder shall each designate an appraiser and these two appraisers shall designate a third appraiser. These three appraisers shall fix the fair value of the shares as of the close of business on the day before the shareholders approved the transaction without taking into account any change in value as a result of the transaction.

Shareholders' Suits

Similar to the laws of most U.S. jurisdictions, British Virgin Islands law permits derivative actions against its directors. However, the circumstances under which such actions may be brought, and the procedures and defenses available may result in the rights of shareholders of a British Virgin Islands company being more limited than those of shareholders of a company incorporated and/or existing in the United States.

We are not aware of any reported class action having been brought in a British Virgin Islands court. Reported derivative actions have been brought but unsuccessfully for technical reasons. The courts of the British Virgin Islands may, on the application of a shareholder of a company, grant leave to that shareholder to bring proceedings in the name and on behalf of that company, or intervene in proceedings to which the company is a party for the purpose of continuing, defending or discontinuing the proceedings on behalf of the company. In determining whether to grant leave, the High Court of the British Virgin Islands must take into account (i) whether the shareholder is acting in good faith, (ii) whether the derivative action is in the interests of the company taking account of the views of the company's directors on commercial matters, (iii) whether the proceedings are likely to succeed, (iv) the costs of the proceedings in relation to the relief likely to be obtained, and (v) whether an alternative remedy to the derivative claim is available.

Leave to bring or intervene in proceedings may be granted only if the High Court of the British Virgin Islands is satisfied that (i) the company does not intend to bring, diligently continue or defend, or discontinue the proceedings, as the case may be or (ii) it is in the interests of the company that the conduct of the proceedings should not be left to the directors or to the determination of the shareholders as a whole.

Changes in Capital (Item 10.B.10 of Form 20-F)

Not applicable

Debt Securities (Item 12.A of Form 20-F)

Not applicable.

Warrants and Rights (Item 12.B of Form 20-F)

Not applicable.

Other Securities (Item 12.C of Form 20-F)

Not applicable.

Description of American Depositary Shares (Items 12.D.1 and 12.D.2 of Form 20-F)

The Bank of New York Mellon, as depository, will register and deliver ADSs. Each ADS will represent ten shares deposited with the principal London office of The Bank of New York Mellon, as custodian for the depository. Each ADS will also represent any other securities, cash or other property which may be held by the depository. The depository's corporate trust office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by holding ADSs in the Direct Registration System, or DRS, or (B) indirectly through your broker or other financial institution. If you hold ADSs directly, you are an ADS holder. This description assumes you hold your ADSs directly. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

DRS, is a system administered by The Depository Trust Company, or DTC, pursuant to which the depository may register the ownership of uncertificated ADSs, which ownership shall be confirmed by periodic statements sent by the depository to the ADS holders entitled thereto.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. British Virgin Islands law governs shareholder rights. The depository will be the holder of the shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depository and you, as an ADS holder, and the beneficial owners of ADSs set out ADS holder rights as well as the rights and obligations of the depository. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material terms of the deposit agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement that we previously filed. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also find the registration statement and the attached deposit agreement from the SEC's website at <http://www.sec.gov>.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

- **Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis, and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained within a reasonable period, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes or other governmental charges that must be paid will be deducted. See “Payment of Taxes.” The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.*

- **Shares.** The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares sufficient to pay its fees and expenses in connection with that distribution.
- **Rights to purchase additional shares.** If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to you. If the depositary decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depositary will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash. The depositary will allow rights that are not distributed or sold to lapse. *In that case, you will receive no value for them.*

If the depositary makes rights available to you, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict transfers and cancellation of the ADSs represented by shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depositary may deliver restricted depositary shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

- **Other Distributions.** The depositary will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice; it may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash; or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to you unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons entitled thereto.

How do ADS holders cancel an American Depositary Share?

You may turn in your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to you or a person you designate at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible.

How do ADS holders interchange between Certificated ADSs and Uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

You may instruct the depositary how to vote the deposited securities. Otherwise, you will not be able to exercise your right to vote unless you withdraw the shares your ADSs represent. However, you may not know about the meeting enough in advance to withdraw the shares.

If we ask for your instructions, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will (1) describe the matters to be voted on and (2) explain how you may instruct the depositary to vote the shares or other deposited securities underlying your ADSs as you direct, including an express indication that such instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the depositary to give a discretionary proxy to a person designated by us. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practicable, subject to the laws of the British Virgin Islands and the provisions of our Articles, to vote or to have its agents vote the shares or other deposited securities as you instruct. The depositary will only vote or attempt to vote as you instruct. If we timely asked for your instructions but no instructions are received by the depositary from an owner with respect to ADSs of that owner on or before the date established by the depositary for such purpose, the depositary shall deem that owner to have instructed the depositary to give a discretionary proxy to a person designated by us with respect to the amount of deposited securities represented by those ADSs, and the depositary shall give a discretionary proxy to a person designated by us to vote such deposited securities. No such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary (i) we do not wish such proxy given, (ii) any matter as to which substantial opposition exists or (iii) any matter that materially and adversely affects the rights of holders of the shares.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing shares or holders of ADSs must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.02 (or less) per ADS

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

\$.02 (or less) per ADSs per calendar year

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

The depository collects its fees for issuance and cancellation 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 deduction 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.

From time to time, the depository may make payments to us to reimburse and/or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depository may use brokers, dealers or other service providers that are affiliates of the depository and that may earn or share fees or commissions.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depository may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

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
- Distribution of securities distributed to holders of deposited securities which 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 (when expressly provided in the deposit agreement)
- Converting foreign currency to U.S. dollars
- As necessary
- As necessary

Reclassifications, Recapitalizations and Mergers

If we:

-
- Change the nominal or par value of our shares
 - Reclassify, split up or consolidate any of the deposited securities
 - Distribute securities on the shares that are not distributed to you
 - Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action

Then:

The cash, shares or other securities received by the depositary will become deposited securities. Each ADS will automatically represent its equal share of the new deposited securities.

The depositary may deliver new ADSs or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, such amendment will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADS, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The depositary may also terminate the deposit agreement by mailing notice of termination to us and the ADS holders then outstanding if at any time 60 days shall have expired after the depositary shall have delivered to us a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment.

After termination, the depositary and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver shares and other deposited securities upon cancellation of ADSs. Six months after termination, the depositary may sell any remaining deposited securities by public or private sale. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depositary's only obligations will be to account for the money and other cash. After termination our only obligations will be to indemnify the depositary and to pay fees and expenses of the depositary that we agreed to pay.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement;

- are not liable if either of us exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any ADS holder to benefit from any distribution, offering, right or other benefit which is made available to holders of deposited securities but is not, under the terms of the deposit agreement, made available to ADS holders;
- are not liable for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other party; and
- may rely upon the advice of, or information from, any person whom we believe in good faith to be competent to give such advice or information.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying Your ADSs

You have the right to cancel your ADSs and withdraw the underlying shares at any time except:

- When temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares.
- When you or other ADS holders seeking to withdraw shares owe money to pay fees, taxes and similar charges.
- When it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depository to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depository may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depository. The depository may receive ADSs instead of shares to close out a pre-release. The depository may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depository in writing that it or its customer owns the shares or ADSs to be deposited, assigns all beneficial rights, title and interest in such shares or ADSs to the depository for the benefit of the owners and will not take any action with respect to such shares or ADSs that is inconsistent with the transfer of beneficial ownership; (2) the pre-release is fully collateralized with cash or other collateral that the depository considers appropriate; and (3) the depository must be able to close out the pre-release on not more than five business days' notice. In addition, the depository will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depository may disregard the limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the depository may register the ownership of uncertificated ADSs, which ownership shall be evidenced by periodic statements issued by the depository to the ADS holders entitled thereto. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of an ADS holder, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register such transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through DRS/Profile and in accordance with the deposit agreement, shall not constitute negligence or bad faith on the part of the depository.

Shareholder communications; inspection of register of holders of ADSs

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depository will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Dated 31 January 2019

BONDS SUBSCRIPTION AGREEMENT

Relating to the issuance of up to EUR 7,327,000 Tranches A Bonds and up to EUR 6,101,000 Tranches B Bonds

This subscription agreement for bonds (the “**Agreement**”) is made on 31 January 2019.

BY AND BETWEEN:

- (1) **ReneSola New Energy S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated on 28th March 2012 under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”) with coordinated articles of association dated as of 11 September 2018 (the “**Articles**”), and with its registered office at 16A, Avenue de la Liberté, L-1930 Luxembourg, duly registered with the Luxembourg Trades and Companies register under number B 168049 (the “**Bonds Issuer**”); and
- (2) **Eiffel Energy Transition Fund S.L.P.**, a French limited partnership (*société en libre partenariat*) with capital of 3,000 euros, registered with the Paris trade and commerce registrar under n° RCS 828 380 600, with registered offices located at 9, rue Newton, F-75116 Paris, France, represented by its management company, Eiffel General Partner S.A.S., a French simplified joint stock company with capital of 1,000 euros, registered with the Paris trade and commerce registrar under n° RCS 828 053 785, with registered offices located at 9, rue Newton, F-75116 Paris, France, represented by the Eiffel Investment Group S.A.S., investment management company, a French simplified joint stock company, registered with the Paris trade and commerce registrar under n° RCS 510 813 991, with registered offices located at 9, rue Newton, 75116 Paris, France, represented by Fabrice Dumonteil, (the “**Bonds Subscriber**”).

The Bonds Issuer and the Bonds Subscriber are hereafter collectively referred to as the “**Parties**” and individually as a “**Party**”.

WHEREAS:

- 1) The Bonds Issuer intends to issue up to 7,327,000 (seven million three hundred and twenty-seven thousand tranches A bonds (the “**Tranches A Bonds**”) with denomination of EUR 1 (one) each, for a total amount of up to EUR 7,327,000 (seven million three hundred and twenty-seven thousand euros (each a “**Bond A**”) and 6,101,000 (six million one hundred and one thousand) tranches B bonds (the “**Tranches B Bonds**” and together with the Tranches A Bonds, the “**Bonds**”) with denomination of EUR 1 (one) each, for a total amount of up to EUR 6,101,000 (six million one hundred and one thousand euros (each a “**Bond B**”) (the “**Bonds Issuance**”).
- 2) The Bonds Issuance would be subscribed, totally or partially, by the Bonds Subscriber for the purpose of providing interim financing to the Issuer in the conditions and as further detailed in the terms and conditions of the Bonds attached hereto as Schedule 1 (the “**Terms and Conditions**”).

NOW THEREFORE, in consideration of the mutual agreements herein contained, the Parties hereby agree as follows:

1. Issue and Subscription

The Bonds Issuer hereby agrees to issue 1,257,900 (one million two hundred fifty seven thousand and nine hundred) Tranche A Beta 1 bonds, 1,582,000 (one million five hundred and eighty two thousand) Tranche B.1 bonds and 3,335,000 (three million three hundred and thirty five thousand) Tranche B.2 bonds, and the Bonds Subscriber agrees to subscribe as of the date hereof for 1,257,900 (one million two hundred and fifty seven thousand and nine hundred) Tranche A Beta 1 bonds, 1,582,000 (one million five hundred and eighty two thousand) Tranche B.1 bonds and 3,335,000 (three million three hundred and thirty five thousand) Tranche B.2 bonds for a total amount of EUR 6,174,900 (six million one hundred seventy four thousand and nine hundred euros).

Subject to the provisions of the Terms and Conditions, the Bonds Issuer and the Bonds Subscriber agree that the Bonds have been issued and 6,174,900 (six million one hundred seventy four thousand and nine hundred) bonds have been subscribed by the Bonds Subscriber for a total amount of 6,174,900 euros (six million one hundred seventy four thousand and nine hundred Euros) (the “**Subscription Amount**”).

The Bonds Subscriber should be duly registered and/or updated, as the case may be, as the holder of 6,174,900 (six million one hundred seventy four thousand nine hundred) bonds in the Bondholders’ register kept by the Bonds Issuer at its registered office.

All defined terms used but not defined into this agreement should bear the definition ascribed to them into the Terms and Conditions.

2. Subscription Price - Costs and Expenses

- 2.1 The Parties agree that the Subscription Price will be fully paid to the Bonds Issuer by the Bonds Subscriber by wire transfer to the bank account as specified by the Bonds Issuer to the Bonds Subscriber. The Bonds Subscriber undertakes to do any acts and formalities to complete the transfer of the Subscription Price forthwith the execution of this Agreement.
- 2.2 The Bonds Issuer agrees to bear and pay all costs and expenses, including VAT (if applicable), in connection with the bonds’ issue.

3. Fees

Without prejudice to the terms of this Agreement, in addition to the Subscription Price, the Bonds Subscriber hereby accepts to pay to the Bonds Issuer all fees to be paid by the Bonds Subscriber, as described and detailed in the Terms and Conditions.

4. Effective Date

This Agreement and the issuance of the relating Bonds shall be effective on the date of this Agreement.

5. Private Offering

- 5.1 The Bonds Issuer and the Bonds Subscriber undertake that no action has been or will ever be taken by the Bonds Issuer and/or the Bonds Subscriber that would permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required or that, where such action is not required, they will not proceed with such public offering.
- 5.2 Accordingly, the Bonds Issuer and the Bonds Subscriber undertake that they will not, directly or indirectly, offer or sell the Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other offering material in any country or jurisdiction.
- 5.3 The Bonds Subscriber acknowledges that it is not authorised to make public any information or to make any representation in connection with the issue of the Bonds, unless required by applicable law to do so.

6. Terms and Conditions

The Terms and Conditions form an integral part of this Agreement.

7. Representations and Undertakings

The Bonds Issuer hereby represents and undertakes that the table attached as Schedule 2 is a true and accurate representation of the Bonds Issuer's creditors at the date of this Agreement. The Bonds Issuer represents and undertakes that the Bonds Issuer's creditors, at the date of this Agreement and until the full redemption of the Bonds, are and will be subordinated to the Bonds.

8. Risk Factors

Investing in Bonds involves taking risks. The Bonds Subscriber shall carefully analyze the potential risks associated with investing in and holding the Bonds. In particular, the Bonds Subscriber shall be aware that the Bonds Issuer's ability to perform its obligations relating to the Bonds (whether in principal, interest, additional return or other) depends mainly on the performance and operation of the Projects, the evolution of their value, their liquidity and the evolution of the market relating thereto. The occurrence of certain events relating to the Projects and/or the Issuer may prevent the Bonds Issuer from performing its obligations under the Bonds and may result in a partial or total loss of the investment made by the Bonds Subscriber in the Bonds.

9. Notices

8.1 Each demand, notice or other communication to be made hereunder shall (unless otherwise agreed by the Parties) be made in writing and in the English language.

8.2 Any communication or document to be made or delivered by one Party to another pursuant to this Agreement shall (unless otherwise agreed by the Parties) be made or delivered to that other Party at its registered address for the time being (as stated in this Agreement) and shall be deemed to have been received in the case of a letter, when delivered personally or by the date of first presentation by postal services.

10. Interpretation

This Agreement may be amended only by a written instrument executed by the Parties or their respective successors or assigns. The section and clause headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

11. Further Assurance

At any time each Party hereto shall do and execute, or procure to be done and executed, all necessary acts, deeds, documents and things as may be reasonably requested of it by the other Party to give effect to the Agreement.

12. Counterparts

This Agreement may be executed in any number of counterparts each of which when executed and delivered shall be an original, but all the counterparts together shall constitute one and the same instrument.

13. Governing law - Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of the Grand-Duchy of Luxembourg.

The Parties hereby agree that the courts of the city of Luxembourg shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Agreement and that accordingly any proceeding, suit or action arising out of or in connection with the Agreement may be brought in such courts.

The Parties hereto or their duly authorised representatives have executed the Agreement in 2 (two) originals the day and year first above written, each Party acknowledging to have received one copy.

ReneSola New Energy S.à r.l.

Represented by:

Name:
Title: Manager

Eiffel Energy Transition Fund S.L.P.

Represented by: Eiffel General Partner S.A.S, represented by Eiffel Investment Group S.A.S., itself represented by Fabrice Dumonteil

Name: Fabrice Dumonteil
Title: Chairman

Schedule 1
Terms and Conditions

TERMS AND CONDITIONS
OF
EUR 7,327,000 TRANCHES A BONDS
AND
EUR 6,101,000 TRANCHES B BONDS
ISSUED BY
RENESOLA NEW ENERGY S.À R.L.
AS ISSUER

Dated 31 January 2019

TERMS AND CONDITIONS OF EUR 7,327,000 TRANCHES A BONDS AND EUR 6,101,000 TRANCHES B BONDS ISSUED BY RENESOLA NEW ENERGY S.À R.L. AND DATED 31 JANUARY 2019 (THE “TERMS AND CONDITIONS”).

THESE TERMS AND CONDITIONS are effective as of ___ January 2019 (the “**Effective Date**”) and made by **RENESOLA NEW ENERGY S.À R.L.**, a private limited liability company (*société à responsabilité limitée*) incorporated on 28th March 2012 under the laws of the Grand Duchy of Luxembourg (“**Luxembourg**”) with coordinated articles of association dated as of 11 September 2018 (the “**Articles**”), and with registered office at 16A, Avenue de la Liberté, L-1930 Luxembourg, duly registered with the Luxembourg Trades and Companies Register (“**RCS**”) under number B 168049 (the “**Issuer**”).

Whereas:

- 1) The Terms and Conditions relating to the issuance by the Issuer of 7,327,000 (seven million three hundred and twenty-seven thousand) tranches A bonds as described in section 2.1 below (“**Tranches A Bonds**”) with denomination of EUR 1 (one) each, for a total amount of EUR 7,327,000 (seven million three hundred and twenty-seven thousand Euros) and of 6,101,000 (six million one hundred and one thousand) tranches B bonds as described in section 2.1 below (“**Tranches B Bonds**”) and together with the Tranches A Bonds, the “**Bonds**”) with a denomination of EUR 1 (one) each, for a total amount of EUR 6,101,000 (six million one hundred and one thousand).
- 2) The Bonds will be issued in the context of the investment (i) by 4 (four) holding companies (the “**Hungarian HoldCos**”), subsidiaries of the Issuer, in 69 (sixty-nine) photovoltaic projects in Hungary (the “**Hungarian Projects**”), representing in total 41,302 (forty-one thousand three hundred and two) Mega Watts, for a total capital expenditure of approximately EUR 53,100,000 (fifty-three million one hundred thousand), (ii) by 3 holding companies (the “**Polish HoldCos**”), subsidiaries of the Issuer, in 55 (fifty-five) photovoltaic projects in Poland (the “**Polish Projects**”) together with the Hungarian Projects, the “**Projects**”), representing in total 55 (fifty-five) Mega Watts for a total capital expenditure of approximately EUR 50,000,000 (fifty million).
- 3) The Issuer will issue the Bonds which would be subscribed by **Eiffel Energy Transition Fund S.L.P.**, a French limited partnership (*société en libre partenariat*) with capital of 3,000 euros, registered with the Paris trade and commerce registrar under n° RCS 828 380 600, with registered offices located at 9, rue Newton, F-75116 Paris, France, represented by its management company, Eiffel General Partner S.A.S., a French simplified joint stock company with capital of 1,000 euros, registered with the Paris trade and commerce registrar under n° RCS 828 053 785, with registered offices located at 9, rue Newton, F-75116 Paris, France, represented by the Eiffel Investment Group S.A.S., investment management company, a French simplified joint stock company, registered with the Paris trade and commerce registrar under n° RCS 510 813 991, with registered offices located at 9, rue Newton, 75116 Paris, France, represented by Fabrice Dumonteil (the “**Fund**” or the “**Subscriber**”) pursuant to the terms of the Subscription Agreement(s) (as defined below) for the purpose of providing interim financing to the Issuer before a refinancing (the “**Refinancing**”) consisting in selling all or part of the equity of the Hungarian HoldCos and all or part of the equity of the Polish HoldCos respectively to GreenCity AG or potential other investors (the “**Hungarian Bidder**”) and Chroma Impact Investment S.A. or potential other investors (the “**Polish Bidder**”) (the “**Equity Transactions**”).
- 4) From time to time, the Issuer may pursue transactions on assets that are not held by the Hungarian HoldCos or the Polish HoldCos (the “**Other Transactions**”). The possibility for the Issuer to redeem the Renesola BVI Loans (as defined below) with a portion of the proceeds of the Other Transactions (the “**Authorized Payment on Other Transactions**”) shall be subject to the Subscriber’s authorization (the “**Subscriber’s Consent**”). The Subscriber’s Consent shall not be unreasonably withheld and shall take into account, amongst other considerations, the progress of the Refinancing.
- 5) 30% (thirty percent) of the proceeds of the Bonds shall be used to redeem the Renesola BVI Loans (as defined below) (the “**Authorized Payment at Issuance**”).

This introductory section headed "Whereas" constitutes an integral part of the Terms and Conditions set out below (the "**Conditions**").

The rights and powers of the Bondholder (as defined below) shall only be exercised in accordance with these Conditions.

1. Definitions and Construction

For the purposes of these Conditions:

Authorized Payment at Issuance as defined under Whereas 5) above.

Authorized Payment at Refinancing as defined under section 7.3.

Authorized Payment on Other Transactions as defined under Whereas 4) above.

Bondholder(s) shall mean the Subscriber and/or any future holder(s) of Bonds from time to time, being specified that the Bondholders should always and at any time qualify as a professional investors as defined under the MiFID Regulations (as defined below).

Business Day shall mean a day (other than a Saturday or Sunday) on which banks are open for business in Luxembourg.

Case of Default shall mean any of (i) the failure to pay by the Issuer any sum due under the Bonds, and/or (ii) an Insolvency Event (as defined below) against the Issuer, (iii) a breach of an undertaking of the Issuer as specified in section 6 "Undertakings of the Issuer" and/or (iv) any change in applicable regulations, decisions from the administrative authorities, or signing of contract, causing a negative effect on the Projects' financial projections and resulting in a decrease of more than 10% of the Projects' net cash flows available for debt service, (v) a delay of more than eight (8) weeks compared to the schedule attached in Annex 4 for more than ten percent (10%) of the Polish Projects related to a subscribed tranche.

Conditions Precedents for Tranches A Issuance shall mean that a due diligence has been conducted to the satisfaction of the Subscriber on the Hungarian Projects related to the issued tranche, and a long term financing of the Hungarian Projects related to the issued tranche, is in place or secured by a binding commitment of a first rank bank.

Condition Precedents for Tranches B Issuance shall mean that the Polish Projects related to the tranche are in operation and connected to the grid (together with the Conditions Precedents for Tranches A issuance, the "**Conditions Precedent**").

Insolvency Event shall mean bankruptcy, insolvency, moratorium, controlled management, suspension of payment, general settlement or composition with creditors, reorganisation or similar procedures applicable to the Issuer and affecting the rights of creditors generally.

Interest Payment Date shall mean the earliest of the Maturity Date, the Early Redemption Date or the Refinancing Redemption Date.

Interest Periods shall mean the interest periods as described under section 5 "Interest".

Loans mean all existing and future loans extended by affiliates of the Issuer to the Issuer.

Renesola BVI Loans shall mean the existing and future loans extended to the Issuer by Renesola Ltd, a limited liability company incorporated under the laws of the British Virgin Islands, having its registered office at Road Town, Craigmuir Chambers, Tortola, British Virgin Islands registered with the British Virgin Islands Trade Register under number 1016246, owning 100% of the capital of the Issuer.

Maturity Date shall mean the 30th March 2020.

MiFID Regulations shall mean the directive 2004/39/EC of 21 April 2004 on markets in financial instruments (MiFID), Directive 2014/65/EU, on markets in financial instruments (MiFID II), the market in financial instruments regulation (EU) 600/2014 and any Luxembourg implementing measures, laws, regulations, including any CSSF circulars, as may be amended from time to time.

Party means each of the Issuer and the Bondholder(s).

Register shall mean the register of Bondholder(s) to be kept by the Issuer in its registered office in respect of the Bonds, and which includes all information as specified in Annex 1.

Shareholder shall mean any direct or indirect shareholder, stakeholder, and/or associate of the Issuer.

Subscription Agreement(s) shall mean the agreement(s) entered into between the Issuer and the Subscriber in relation with the subscription of the Bonds.

Subscription Deadlines Dates shall mean 31 July 2019 in relation to the Tranches A Bonds and 30 June 2019 in relation to the Tranches B Bonds.

Taxes means any amounts (including, without limitation, any present and future taxes, duties, assessments or governmental charges) that may become payable by the Issuer to applicable tax, regulatory, statutory or other authorities in Luxembourg or any other jurisdiction from time to time.

Words importing the singular shall include the plural and vice versa. Clause headings are inserted for convenience of reference only and shall be ignored in construing these Terms and Conditions. A reference to a person in these Terms and Conditions includes its successors, transferees and assignees or novated parties. Reference in these Terms and Conditions, to any agreement or instrument is a reference to that agreement or instrument as amended, novated, supplemented, extended or restated.

2. Form, Denomination, Title and Register

2.1 Form and Denomination

Subject to the fulfilment of the relevant Conditions Precedent and following the signature of the Subscription Agreements, the Bonds will be issued in registered form. No certificates will be issued.

The Bonds are subdivided in several sub-tranches composed of (i) the Tranches A Bonds relating to the Hungarian Projects, and (ii) the Tranches B Bonds relating to the Polish Projects, respectively in the following sub-tranches as described below:

- **Tranches A Bonds:**

- o Tranche A - Alfa: 2,882,000 (two million eight hundred and eighty two thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 2,882,000 (the “**Tranche A Alfa**”) related to the Tranche A Alfa Projects as defined in Annex 2 divided into:
 - o Tranche A - Alfa 1 – Bicske: €1.053.990
 - o Tranche A - Alfa 2 – Boldog: € 1.828.010
- o Tranche A -Beta: 2,290,000 (two million two hundred and ninety thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 2,290,000 (the “**Tranche A Beta**”) related to the Tranche A Beta Projects as defined in Annex 2 divided into:
 - o Tranche A - Beta 1 – Fehergyarmat: €1.257.900
 - o Tranche A - Beta 2 – Baktalaronthaza: € 1.032.100

- o Tranche A - Gamma: 1,892,000 (one million eight hundred and ninety-two thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 1,892,000 (the “**Tranche A Gamma**”) related to the Tranche A Gamma Projects as defined in Annex 2; and
- o Tranche A -Delta: 263,000 (two hundred sixty three thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 263,000 (the “**Tranche A. Delta**”) related to the Tranche A Delta Projects as defined in Annex 2.
- **Tranches B Bonds:**
 - o Tranche B.1: 1,582,000 (one million five hundred and eighty-two thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 1,582,000 (the “**Tranche B.1**”) related to the Tranche B.1 Projects as defined in Annex 3;
 - o Tranche B.2: 3,335,000 (three million three hundred and thirty-five thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 3,335,000 (the “**Tranche B.2**”) related to the Tranche B.2 Projects as defined in Annex 3; and
 - o Tranche B.3: 1,184,000 (one million one hundred and eighty-four thousand) bonds with denomination of EUR 1 (one) each, for a total amount of EUR 1,184,000 (the “**Tranche B.3**”) related to the Tranche B.3 Projects as defined in Annex 3.

The Bonds shall be registered into the Register, which shall, *inter alia*, indicate the mentions described and specified in **Annex 1**. In this respect, the Issuer shall keep an up to date version of the Register at its registered office at any time.

2.2 Title

Title to the Bonds passes by registration in the Register. Each person who is for the time being registered on the Register as Bondholder shall be treated by the Issuer as the holder of the Bonds for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it or its theft or loss) and no person will be liable for treating the person registered on the Register as the holder of such Bonds as its holder.

2.3 Subscription Amount

The price at which any Bond has been subscribed following the entry in one or further Subscription Agreement(s) shall be expressed as the subscription price (the “**Subscription Price**”), and the total amount of the subscribed Bonds is referred as the “**Subscription Amount**”, being specified that all Bond bear an individual nominal value of one euro (EUR 1) (the “**Nominal Value**”).

2.4 Register

The Register shall be kept in accordance with the **Annex 1** attached hereto. References herein to holders of registered Bonds are to those persons in whose names such registered Bonds are registered in the Register.

3. Status, Ranking, Seniority and Security

The Bonds will constitute direct, general and unconditional obligations of the Issuer, and rank *pari passu* and rateably without any preference among themselves and any other bonds hereafter issued by the Issuer unless designated otherwise.

The Loans are, and will continue to be, until the full redemption of the Bonds, subordinated to the Bonds.

Until the Maturity Date:

- no distribution of dividends or similar payments to a Shareholder, nor Shareholder's loan redemption, except for (i) redemptions amounting up to €500,000 on a 12 month rolling basis, (ii) the Authorized Payments at Issuance, (iii) the Authorized Payments at Refinancing (as defined in section 7.3), and (iv) the Authorized Payment on Other Transactions (together the "**Authorized payments to the Shareholder**") (for avoidance of doubt, this limitation does not include nor concern the payment to suppliers, creditors or commercial counterparties), should be performed;
- no external financial debt at the Issuer's level is authorized; and
- no funding from the Issuer's parent companies except through the Renesola BVI Loans (for avoidance of doubt, this limitation does not include the funds raised from the subsidiaries of the Issuer, nor the funds invested in the subsidiaries of the Issuer).

All payment due under the Bonds are secured by

- (a) a first ranking pledge on the Issuer's shares (the "**Share Pledge Agreement**");
- (b) a first ranking pledge over the Receivables (as defined therein) in favour of the Pledgee acting in the name and on behalf of the Subscriber (the "**Receivables Pledge Agreement**"); and
- (c) a negative pledge on the Polish HoldCos and Hungarian Holdcos and on the companies owned by the Polish HoldCos and Hungarian Holdcos, except in relation with the bank financing of the Projects (the "**Negative Pledge Agreement**").

4. Transfers

The Subscriber undertakes not to transfer the Bonds except in case, of

- (i) an unresolved Case of Default or an acceleration event, after the expiration of a ten Business Day period starting on the date of the acceleration event notification for the Bonds,
- (ii) sale of the Bonds by the Fund to an affiliate of the Fund, or a fund managed by the investment advisor of the Fund, or one of its affiliates (as long as the affiliate concerned is not an industrial company operating in the same sector as the Issuer).

In any case, no transfer of the Bonds is possible nor such transfer would become effective:

- (a) if the transferor does not qualify as a professional investor as defined under the MiFID Regulations, and
- (b) before the transferor expressly agreed to be bound by these Terms and Conditions and all provisions contained therein.

5. Interest

The Bondholder is entitled to receive the interest as scheduled and computed under the Interest Periods detailed below and to be paid at the Interest Payment Date:

- a. first interest period yielding a 6,0% interest rate per annum from the date of subscription of the Bonds to the 31st August 2019 (included) (the "**First Interest Period**"),
- b. the second interest period yielding a 7,5% interest rate per annum from the day following the end of the First Interest Period to the 31st December 2019 (included) (the "**Second Interest Period**"), and
- c. the third interest period yielding a 9,0% interest rate per annum from the day following the end of the Second Interest Period to the Maturity Date (included) (the "**Third Interest Period**").

Bonds would bear interest as from the date of their subscription until the date of their redemption.

No interest under the Bonds would accrue to be capitalized on the principal due under the Bonds (ie capitalization of interest or “*anatocism*”).

6. Undertakings of the Issuer

The Issuer expressly undertakes to comply with all obligations specified in these Terms and Conditions and especially the provisions specified in section 3 “Status, Ranking, Seniority and Security“ and section 4 “Transfers”.

The Issuer also undertakes to report to the Subscriber the following information:

- On each 15th business day of a given month, the amount owed to the creditors of the Issuer as of the end of the previous month, split by creditor, as well as the progress of the negotiations in relation with the Refinancing,
- 60 business days post the end of every quarter, the unaudited standalone financial accounts of the Issuer,
- 80 business days post the end of every year, the audited consolidated financial accounts of Renesola Group.

7. Redemption

7.1 Maturity Redemption

Unless transferred or previously redeemed, the Bonds will be redeemed in full at the Maturity Date, in an amount equal to the number of Bonds subscribed together with any accrued interest in respect of the Bonds, with no requirement for payment of any further amounts hereunder.

7.2 Early Redemption

The Issuer may at its own option, having given a preliminary notice to the Bondholder(s) (which notice shall be irrevocable) at least 10 Business Days before, redeem such Bonds as it may elect and specify in such notice, in its absolute discretion, on such date as may be specified in such notice (the “**Early Redemption Date**”). The price at which such Bonds are redeemed (the “**Early Redemption Amount**”) shall be the principal amount together with any interest accrued under the Bonds (as specified under section 5 “Interest”) and, in case all Bonds are redeemed, the early redemption fee (the “**Early Redemption Fee**”). The Early Redemption Fee shall be the difference, if positive, between EUR 150,000 (one hundred and fifty thousand Euros) and the Interests and Non Use Fees (as defined in section 14.2) due on the totality of issued Bonds.

Only an early redemption of a whole number of Bonds is possible.

If a Case of Default occurs, all the Bonds shall be automatically redeemed and the Issuer will be required to repay all outstanding amounts due under the Bonds (whether in principal, interests or otherwise).

7.3 Redemption at Refinancing

In case of Refinancing related to certain Projects, the Issuer shall redeem 115% (hundred and fifteen percent) of the Subscription Price of the Bonds issued in relation with the Projects that are related to the Refinancing, along with interests due on the Bonds to be redeemed, and, if applicable, Non Use Fee on the Bonds to be redeemed, and Early Redemption Fee (together, the “**Mandatory Redemption Amount**”).

The Mandatory Redemption Amount shall however be capped by the sum of the Subscription Price of the outstanding issued and non-redeemed Bonds, and of all interests and costs due, at the time of the Refinancing. The Mandatory Redemption Amount shall also not be lower than 60% (sixty percent) of the proceeds related to the Refinancing.

The difference between the proceeds of the Refinancing and the Mandatory Redemption Amount shall constitute the amount that the Issuer is authorized to pay to its shareholders or associates according to the section 3 “Status, Ranking, Seniority and Security“(the “**Authorized Payment at Refinancing**”).

As an example, if a Refinancing occurs, providing proceeds of 4,000,000€ (four million euros) to the Issuer, related to the Tranche A Alpha Projects, for which 2,882,000 (two million eight hundred eighty two thousand) Bonds of EUR 1 (one euro) were issued and subscribed at a total price of 2,882,000€, at a time when the accrued Interests on the Tranche A Alpha Bonds amounts to 100,000€ (a hundred thousand euros), and the Non Use Fee related to the Tranche A Alpha Bonds amounts to 2,000€ (two thousand euros), and other Bonds related to other Tranches are still outstanding, meaning that no Early Redemption Fee shall be due.

Then, the Mandatory Redemption Amount shall be 3,416,000€ (three million four hundred and sixteen thousand euros), being calculated as the sum of 3,314,000€ (three million three hundred and fourteen euros), calculated as 115% (one hundred and fifteen percent) of 2,882,000 (two million eight hundred and eighty two thousand) multiplied by the Subscription Price of EUR 1 (one euro), 100,000€ (one hundred thousand euros), 2,000€ (two thousand euros).

And the Authorized Payment at Refinancing shall be 584,000€ (five hundred eighty four thousand euros), calculated as the difference between the proceeds of the Refinancing (4,000,000€) and the Mandatory Redemption Amount (3,416,000€).

7.4 Cancellation

All Bonds redeemed or purchased pursuant to sections 7.1 or 7.3 will be cancelled and may not be re-issued or resold.

8. Method of Payment

- 8.1** The Issuer shall pay the interest and any other amount payable in respect of the Bonds by a bank or other funds transfer system, or by such other method as a Bondholder may in writing direct.
- 8.2** All payments in respect of the Bonds shall be made without withholding or deduction for, or on account of, any present or future Taxes, duties or charges of whatsoever nature unless the Issuer is required by applicable law to make any payment in respect of the Bonds subject to any withholding or deduction for or on account of any present or future Taxes, imposts, assessments, levies, duties or charges of whatsoever nature. In that event, the Issuer shall make the payment due under the Bonds after such withholding or deduction has been made in a view to keep the Bondholder harmless and not affected.
- 8.3** Payments under the Bonds shall be made by the Issuer, notwithstanding the commencement of a liquidation, until such liquidation is complete, other than in the event that the liquidation is commenced on foot of the insolvency of the Issuer.

9. Risks

Investing in Bonds involves taking risks. The Bondholder shall carefully analyze the potential risks associated with investing in and holding the Bonds. In particular, the Bondholder shall be aware that the Issuer’ ability to perform its obligations relating to the Bonds (whether in principal, interest, additional return or other) depends mainly on the performance and operation of the Projects, the evolution of their value, their liquidity and the evolution of the market relating thereto. The occurrence of certain events relating to the Projects and/or the Issuer may prevent the Issuer from performing its obligations under the Bonds and may result in a partial or total loss of the investment made by the Bondholder(s) in the Bonds.

10. Notices

10.1 Notices to the Bondholder(s)

Any notice to a Bondholder shall be validly given if sent to a Bondholder by registered mail or fax to the address set out in the Register or any other address as notified from time to time by the Bondholder to the Issuer.

10.2 Notices to the Issuer

Any notice to the Issuer shall be validly given if sent by registered mail or fax to the registered office of the Issuer.

11. Governing Law

The Bonds shall be governed by and construed in accordance with Luxembourg law.

12. Jurisdiction

The courts of Luxembourg-City, Grand Duchy of Luxembourg shall have exclusive jurisdiction to settle any disputes which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, the Bonds and these Conditions or otherwise arising in connection with the Bonds and these Conditions, and for such purposes the Bondholders irrevocably submit to the jurisdiction of such courts.

13. Miscellaneous

Holding a Bond shall constitute the full acceptance of all the provisions set out in these Conditions.

Furthermore, in subscribing/acquiring Bonds, the Bondholders guarantee to the Issuer that the monies being invested for the subscription/acquisition of the Bonds do not represent directly or indirectly proceeds of any criminal activity such as drugs traffic, fraud to the financial interest of the European Union, corruption, organized criminality or terrorism financing.

14. Fees

Without prejudice to the Conditions, the following fees should be paid:

14.1 Structuring Fees

To be paid by the Issuer:

- (i) 1,0% on drawn amounts, up to EUR 10,000,000 (ten million Euros) cumulated amount; and
- (ii) 0,5% on drawn amounts above EUR 10,000,000 (ten million Euros),

Payable by compensation at the date of subscription of the Bonds;

Being specified, that:

- (iii) a minimum of EUR 50,000 (fifty thousand Euros) shall be payable at the date of the subscription of the first drawn tranche.

14.2 Non Use Fees

A non-use fee of 2% per annum shall be due on the unsubscribed amounts, i.e. the difference between EUR 13,428,000 (thirteen million four hundred thousand and twenty-eight Euros) and the Subscription Amount of the subscribed Bonds, for the period elapsing between the 15th March 2019 and the Subscription Deadlines Dates (the “**Non-Use Fee**”) except on the Bonds that the Issuer has renounced to issue (the “**Renounced Bonds**”), by sending a written notice to the Subscriber (the “**Non Subscription Notice**”). The Non Use Fee shall cease to be due on the Renounced Bonds, 4 (four) weeks after the receipt by the Subscriber of the Non Subscription Notice.

Without prejudice to the Conditions, the legal charges or obligation required for the structuring of the Bonds issuance and incurred by the Issuer shall have to be paid by the Issuer.

15. Confidentiality

- a. Each Party undertakes that it shall not at any time disclose to any person any confidential information concerning these Conditions, the Bonds, the business, affairs, customers or clients of the other party, except as permitted by Condition 15.b below.
- b. Each Party may disclose the other Party's confidential information:
 - (i) to its employees, officers, representatives or advisers who need to know such information for the purposes of carrying out the Party's obligations under these Conditions. Each Party shall ensure that its employees, officers, representatives or advisers to whom it discloses the other Party's confidential information comply with this Condition; and
 - (ii) as may be required by law, court order or any governmental or regulatory authority.
- c. No party shall use any other Party's confidential information for any purpose other than to perform its obligations under these Terms and Conditions and the Bonds.

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ANNEX 1 – The Register

1. The Register will be kept by the Issuer in one or more books and there shall be entered in such Register:
 - a. the names and addresses of the Bondholders for the time being;
 - b. the amount of the Bonds held by every registered Bondholder; and
 - c. the date at which the name of every such registered holder is entered in respect of the Bonds standing to its/his/her name;
2. Any change of the name or address of any Bondholder shall forthwith be notified to the Issuer and thereupon the Register shall be altered accordingly. A Bondholder will be entitled at all reasonable times during usual office hours to inspect the Register and to take copies of and extracts from the same or any part thereof. The Register may be closed at such times and for such periods as the Issuer may from time to time determine, provided that it shall not be closed for more than 30 days in any year.

ANNEX 2 - Description of Tranches A Projects

| Project | MW | Price paid by investor | | | bridge financing | | | Status long-term financing |
|-------------------------------------|---------------|------------------------|---------------|---------------------|------------------|--------------|--------------|--|
| | | local ccy | € | net of debtprice/MW | per MW | in k€ | | |
| HUNGARY | | | | | | | | |
| Tranche A Alfa | 13,764 | 1,270,980 | 4,035 | 4,035 | 0.293 | 0.209 | 2,882 | |
| Tranche A - Alfa 1- Bicske | 5,033.60 | | | | | | 1,053,990 | Binding TS obtained, DD ongoing. FA received mid January and security documents expected end January |
| Tranche A - Alfa 2- Boldog | 8,730.15 | | | | | | 1,828,010 | Binding TS obtained, DD ongoing. FA received mid January and security documents expected end January |
| Tranche A Beta | 13,961 | 1,009,849 | 3,206 | 3,206 | 0.230 | 0.164 | 2,290 | |
| Tranche A- Beta 1 - Fehergyarmat | 7,669.20 | | | | | | 1,257,900 | Financial closing achieved, 3 drawdowns completed |
| Tranche A- Beta 2 - Baktalaronthaza | 6,292.00 | | | | | | 1,032,100 | DD in progress, binding TS expected last week of Jan 2019, indicative TS obtained |
| Tranche A Gamma | 12,319 | 834,428 | 2,649 | 2,649 | 0.215 | 0.154 | 1,892,000 | DD started - currently on hold due to priority on Baktalaronthaza and question of registration of PV plant under seperate land registry number to be clarified |
| Tranche A Delta | 1,258 | 116,051 | 368 | 368 | 0.293 | 0.209 | 263,000 | Binding TS obtained, DD ongoing. FA received mid January and security |
| Hungary Total | 41,302 | 3,231,308 | 10,258 | 10,258 | 0.248 | 0.177 | 7,327 | |

ANNEX 3 – Description of Tranche B Projects

| Holding company | SPV | no. | Project name | Eiffel Energy Transition Bonds Tranche B |
|-----------------------------------|------------------------------------|-------------------|--------------------------------|---|
| RS Holdco 1 sp. z o.o. | RSDF 1 sp. z o.o. | 1 | Dobryzyce | Tra nche B1 |
| | | 2 | Myślibórz | Tra nche B1 |
| | | 3 | Sieradz 109 | Tra nche B1 |
| | | 4 | Sieradz 375 | Tra nche B1 |
| | | 5 | Dobrodzien Dobrodzien | Tra nche B2 |
| | | 6 | Dobrodzień Warłów | Tra nche B2 |
| | | 7 | Mstow - Patyk | Tra nche B2 |
| | RSDF 2 sp. z o.o. | 8 | Oleszno PV1 Hektary | Tra nche B1 |
| | | 9 | Oleszno PV2 Krasocin | Tra nche B1 |
| | | 10 | Oleszno PV3 Oleszno | Tra nche B1 |
| | | 11 | Oleszno PV4 Włoszczowa | Tra nche B2 |
| | | 12 | Błachownia Wyraków | Tra nche B2 |
| | | 13 | Saddów Lubliniec | Tra nche B2 |
| | | 14 | Saddów Saddów | Tra nche B2 |
| | GEPOL ECO SUN sp. z o.o. | 15 | GEPOL ECO SUN | Tra nche B1 |
| | GEPOL SUN POWER sp. z o.o. | 16 | GEPOL SUN POWER | Tra nche B1 |
| | GEPOL GREN ENERGY sp. z o.o. | 17 | GEPOL GREEN ENERGY | Tra nche B1 |
| | RENE FOTO ENERGY sp. z o.o. | 18 | RENE FOTO ENERGY | Tra nche B1 |
| | GEPOOL FOTO ENERGY sp. z o.o. | 19 | GEPOL FOTO ENERGY | Tra nche B1 |
| | GEPOL SOLAR ENERGY sp. z o.o. | 20 | GEPOL SOLAR ENERGY | Tra nche B1 |
| RS Holdco 2 sp. z o.o. | Bielik sp. z o.o. | 21 | WYSOKIE 1 | Tra nche B2 |
| | Perkoz sp. z o.o. | 22 | STELMACHOWO 1 | Tra nche B2 |
| | | 23 | STELMACHOWO 2 | Tra nche B2 |
| | Warsola 1 sp. z o.o. | 24 | BIALA PISKA 1 | Tra nche B2 |
| | Warsola 2 sp. z o.o. | 25 | BIALA PISKA 2 | Tra nche B2 |
| | Warsola 3 sp. z o.o. | 26 | SIEDLISKA 2 | Tra nche B2 |
| | Warsola 4 sp. z o.o. | 27 | SIEDLISKA 1 | Tra nche B2 |
| | Polsola 2 sp. z o.o. | 28 | CHOJNOWO | Tra nche B2 |
| | Polsola 3 sp. z o.o. | 29 | NIEWIAROWO | Tra nche B2 |
| | Solviol 2 sp. z o.o. | 30 | BANIE MAZURSKIE 3 | Tra nche B2 |
| | RENE FOTO sp. z o.o. | 31 | RENE FOTO | Tra nche B3 |
| | GEPOL SOLAR POWER sp. z o.o. | 32 | GEPOL SOLAR POWER | Tra nche B3 |
| | RENE ENERGIA ODNAWIALNA sp. z o.o. | 33 | RENE ENERGIA ODNAWIALNA | Tra nche B3 |
| | GEPOL SUN sp. z o.o. | 34 | GEPOL SUN | Tra nche B3 |
| | GEPOL FOTOWOLTAIKA sp. z o.o. | 35 | GEPOL FOTOWOLTAIKA | Tra nche B3 |
| | GEPOL EKOENERGIA | 36 | GEPOL EKOENERGIA | Tra nche B3 |
| | GEPOL FOTO POWER sp. z o.o. | 37 | GEPOL FOTO POWER | Tra nche B3 |
| | GEPOL ECO SOLAR sp. z o.o. | 38 | GEPOL ECO SOLAR | Tra nche B3 |
| | GEPOL SUN ENERGY sp. z o.o. | 39 | GEPOL SUN ENERGY | Tra nche B3 |
| | RENE EKOENERGIA sp. z o.o. | 40 | RENE EKOENERGIA | Tra nche B3 |
| GEPOL FOTO sp. z o.o. | 41 | GEPOL FOTO | Tra nche B3 | |
| RS Holdco 3 sp. z o.o. | MPP3 sp. z o.o. | 42 | Nowe Grudze 1 | Tra nche B2 |
| | | 43 | Nowe Grudze 2 | Tra nche B2 |
| | RPS 1 sp. z o.o. | 44 | Bartoszewka | Tra nche B2 |
| | | 45 | Malecz | Tra nche B2 |
| | | 46 | Kulczyzna | Tra nche B2 |
| | RPS 2 sp. z o.o. | 47 | Komorów 2 | Tra nche B2 |
| | | 48 | Koluszki A | Tra nche B2 |
| | | 49 | Koluszki B | Tra nche B2 |

| | | | |
|--------------------|----|------------------------------|------------|
| RPS 3 sp. z o.o. | 50 | Erazmów 1 | Tranche B2 |
| | 51 | Erazmów 2 | Tranche B2 |
| | 52 | Komorów 1 | Tranche B2 |
| RPS4 sp. z o.o. | 53 | Rzeczyc | Tranche B2 |
| | 54 | Wola Stryjewska | Tranche B2 |
| RSDF 3 s p. z o.o. | 55 | Blachownia Blachownia | Tranche B2 |

ANNEX 4 – Planned schedule of connection, license and work acceptance of Polish Projects

| Holding company | SPV | no. | Project name | BATCH | | | Auction | | Start of production [Grid Operator] | End of construction date [Building Control Office] | Concession / CFD Readiness [Energy Regulatory Office] | CFD - first application [ZR S.A.] |
|------------------------|------------------------------------|-------------------------------|-------------------------|--------------------|----|--------|------------|------------|-------------------------------------|--|---|-----------------------------------|
| | | | | A | B | C | 31/12/2016 | 30/06/2017 | | | | |
| RS Holdco 1 sp. z o.o. | | 1 | Dobryszycze | 1 | | | PLN/MWh | 26/04/2018 | 28/05/2018 | 29/06/2018 | 01/01/2019 | |
| | | 2 | Myslibórz | 2 | | | 408,8 | 07/05/2018 | 25/05/2018 | 29/06/2018 | 01/01/2019 | |
| | RSDF 1 sp. z o.o. | 3 | Sieradz 109 | 3 | | | 408,8 | 30/04/2018 | 25/06/2018 | 29/06/2018 | 01/11/2018 | |
| | | 4 | Sieradz 375 | 4 | | | 408,8 | 30/04/2018 | 25/06/2018 | 29/06/2018 | 01/11/2018 | |
| | | 5 | Dobrodzien Dobrodzien | | | 1 | 408,8 | 10.12.2018 | 26/10/2018 | | 01.10.2019 | |
| | | 6 | Dobrodzien Warłów | | | 2 | 384,78 | 10.12.2018 | 26/10/2018 | 08.01.2019 | 01.10.2019 | |
| | | 7 | Mstow - Patyk | | | 3 | 384,78 | 15.02.2019 | 31.01.2019 | 28.02.2019 | 01.10.2019 | |
| | RSDF 2 sp. z o.o. | 8 | Oleszno PV1 Hektary | 5 | | | 384,78 | 27/04/2018 | 09/07/2018 | 31/07/2018 | 01/12/2018 | |
| | | 9 | Oleszno PV2 Krasocin | 6 | | | 408,8 | 27/04/2018 | 09/07/2018 | 31/07/2018 | 01/12/2018 | |
| | | 10 | Oleszno PV3 Oleszno | 7 | | | 408,8 | 27/04/2018 | 09/07/2018 | 31/07/2018 | 01/12/2018 | |
| | | 11 | Oleszno PV4 Wloszczowa | 8 | | | 408,8 | 27/04/2018 | 09/07/2018 | 31/07/2018 | 01/12/2018 | |
| | | 12 | Blachownia Wyrzawów | | | 4 | 384,78 | 15.02.2019 | 31.01.2019 | 28.02.2019 | 01.10.2019 | |
| | | 13 | Sadów Lubliniec | | | 5 | 385,78 | 10.12.2018 | 20.11.2018 | 08.01.2019 | 01.10.2019 | |
| | | 14 | Sadów Sadów | | | 6 | 385,78 | 10.12.2018 | 20.11.2018 | | 01.10.2019 | |
| | | GEPOL ECO SUN sp. z o.o. | 15 | GEPOL ECO SUN | 9 | | | 385,78 | 19/06/2018 | 10/08/2018 | 24/08/2018 | 01/10/2018 |
| | | GEPOL SUN POWER sp. z o.o. | 16 | GEPOL SUN POWER | 10 | | | 408,75 | 19/06/2018 | 10/08/2018 | 28/08/2018 | 01/10/2018 |
| | | GEPOL GREEN ENERGY sp. z o.o. | 17 | GEPOL GREEN ENERGY | 11 | | | 408,75 | 19/06/2018 | 10/08/2018 | 28/08/2018 | 01/10/2018 |
| | | RENE FOTO ENERGY sp. z o.o. | 18 | RENE FOTO ENERGY | 12 | | | 408,75 | 19/06/2018 | 10/08/2018 | 24/08/2018 | 01/10/2018 |
| | | GEPOL FOTO ENERGY sp. z o.o. | 19 | GEPOL FOTO ENERGY | 13 | | | 408,75 | 19/06/2018 | 10/08/2018 | 28/08/2018 | 01/10/2018 |
| | | GEPOL SOLAR ENERGY sp. z o.o. | 20 | GEPOL SOLAR ENERGY | 14 | | | 408,75 | 19/06/2018 | 10/08/2018 | 28/08/2018 | 01/10/2018 |
| RS Holdco 2 sp. z o.o. | | 21 | WYSOKIE 1 | | 1 | | 408,75 | 23/10/2018 | 14.11.2018 | 08/01/2019 | 30.06.2019 | |
| | | 22 | STELMACHOWO 1 | | 2 | | 388,48 | 01/10/2018 | 29/10/2018 | | 30.06.2019 | |
| | Perkoz sp. z o.o. | 23 | STELMACHOWO 2 | | 3 | | 392,78 | 28/09/2018 | 29/10/2018 | 29.11.2018 | 30.06.2019 | |
| | Warsola 1 sp. z o.o. | 24 | BIALA PISKA 1 | | 4 | | 392,78 | 25/10/2018 | 09/11/2018 | 28.02.2019 | 30.06.2019 | |
| | Warsola 2 sp. z o.o. | 25 | BIALA PISKA 2 | | 5 | | 388,48 | 25/10/2018 | 09/11/2018 | 28.02.2019 | 30.06.2019 | |
| | Warsola 3 sp. z o.o. | 26 | SIEDLISKA 2 | | 6 | | 388,48 | 23/10/2018 | 09.11.2018 | 28.02.2019 | 30.06.2019 | |
| | Warsola 4 sp. z o.o. | 27 | SIEDLISKA 1 | | 7 | | 386,78 | 23/10/2018 | 09.11.2018 | 28.02.2019 | 30.06.2019 | |
| | Polsola 2 sp. z o.o. | 28 | CHOJNOWO | | 8 | | 386,78 | 09/10/2018 | 31/10/2018 | 08/01/2019 | 30.06.2019 | |
| | Polsola 3 sp. z o.o. | 29 | NIEWIAROWO | | 9 | | 386,78 | 01/10/2018 | 31/10/2018 | 31/01/2019 | 30.06.2019 | |
| | Solviol 2 sp. z o.o. | 30 | BANIE MAZURSKIE 3 | | 10 | | 386,78 | 22/10/2018 | 15/11/2018 | 29.11.2018 | 30.06.2019 | |
| | RENE FOTO sp. z o.o. | 31 | RENE FOTO | | 11 | | 386,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL SOLAR POWER sp. z o.o. | 32 | GEPOL SOLAR POWER | | 12 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | RENE ENERGIA ODNAWIALNA sp. z o.o. | 33 | RENE ENERGIA ODNAWIALNA | | 13 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL SUN sp. z o.o. | 34 | GEPOL SUN | | 14 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL FOTOWOLTAIKA sp. z o.o. | 35 | GEPOL FOTOWOLTAIKA | | 15 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL EKOENERGIA | 36 | GEPOL EKOENERGIA | | 16 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL FOTO POWER sp. z o.o. | 37 | GEPOL FOTO POWER | | 17 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL ECO SOLAR sp. z o.o. | 38 | GEPOL ECO SOLAR | | 18 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | GEPOL SUN ENERGY sp. z o.o. | 39 | GEPOL SUN ENERGY | | 19 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| | RENE EKOENERGIA sp. z o.o. | 40 | RENE EKOENERGIA | | 20 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | |
| GEPOL FOTO sp. z o.o. | 41 | GEPOL FOTO | | 21 | | 385,78 | 30.04.2019 | 30.04.2019 | 31.05.2019 | 20.07.2019 | | |
| RS Holdco 3 sp. z o.o. | MPP3 sp. z o.o. | 42 | Nowe Grudze 1 | | | 7 | 385,78 | 27.12.2018 | 29.11.2018 | 25.01.2019 | 30.09.2019 | |
| | | 43 | Nowe Grudze 2 | | | 8 | 385,78 | 15.02.2019 | 29.11.2018 | 28.02.2019 | 30.08.2019 | |
| | | 44 | Bartoszewka | | | 9 | 385,78 | 15.11.2018 | 09/10/2018 | | 01.10.2019 | |
| | RPS 1 sp. z o.o. | 45 | Malecz | | | 10 | 385,78 | 09.11.2018 | 10/10/2018 | 23.01.2019 | 01.10.2019 | |
| | | 46 | Kulczyzna | | | 11 | 385,78 | 22.01.2018 | 13.11.2018 | | 01.10.2019 | |
| | | 47 | Komorów 2 | | | 12 | 385,78 | 21.11.2018 | 12.10.2018 | | 01.10.2019 | |
| | RPS 2 sp. z o.o. | 48 | Koluski A | | | 13 | 384,78 | 31.01.2019 | 13.11.2018 | 11.01.2019 | 01.10.2019 | |
| | | 49 | Koluski B | | | 14 | 384,78 | 31.01.2019 | 13.11.2018 | | 01.10.2019 | |
| | | 50 | Erasmów 1 | | | 15 | 384,78 | 06/12/2018 | 13.11.2018 | | 01.10.2019 | |
| | RPS 3 sp. z o.o. | 51 | Erasmów 2 | | | 16 | 386,78 | 06/12/2018 | 13.11.2018 | 22.01.2019 | 01.10.2019 | |
| | | 52 | Komorów 1 | | | 17 | 386,78 | 14.01.2019 | 12.10.2018 | | 01.10.2019 | |
| RPS4 sp. z o.o. | 53 | Rzeczyca | | | 18 | 386,78 | 14.11.2018 | 19.11.2018 | 22.01.2019 | 01.10.2019 | | |
| | 54 | Wola Stryjewska | | | 19 | 386,78 | 24.01.2019 | 30.11.2018 | | 01.10.2019 | | |
| RSDF 3 sp. z o.o. | 55 | Blachownia Blachownia | | | 20 | 388,78 | 15.02.2019 | 31.01.2019 | 28.02.2019 | 30.09.2019 | | |
| | | TOTAL | | 14 | 21 | 20 | | | | | | |
| | | | | | | | 55 | | | | | |

Schedule 2

**Bonds Issuer Creditors' List
(as of 28th of January 2019)**

| Countries | Interco companies | Original currency | Amount | EUR amount | Relationship |
|------------------|-------------------------------------|--------------------------|-----------------|-------------------|---------------------|
| BVI | Renesola BVI | USD | (11,051,115.16) | (9,646,573.68) | Parent Company |
| BVI | Renesola BVI | EUR | (1,241,602.64) | (1,241,602.64) | Parent Company |
| BVI | Renesola Investment Management Ltd. | USD | (193,050.00) | (168,514.32) | Subsidiary |
| BVI | Renesola Investment Management Ltd. | GBP | (437,256.68) | (492,368.72) | Subsidiary |
| SGP | Renesola Singapore Pte .Ltd | USD | (184,998.00) | (161,485.67) | Related party |
| SGP | Renesola Singapore Pte .Ltd | EUR | (1,262,375.69) | (1,262,375.69) | Related party |
| SGP | Renesola Singapore Pte .Ltd | THB | (607,500.00) | (15,602.03) | Related party |

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ReneSola Ltd (the "Company") on Form 20-F for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yumin Liu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (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 28, 2020

By: /s/ Yumin Liu
Name: Yumin Liu
Title: Chief Executive Officer

**Certification by the Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ReneSola Ltd (the "Company") on Form 20-F for the year ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ke Chen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (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 28, 2020

By: /s/ Ke Chen

Name: Ke Chen

Title: Chief Financial Officer



Harney Westwood & Riegels LLP
3rd Floor, 1 Pemberton Row
London
EC4A 3BG
United Kingdom
Tel: +44 (0) 20 3752 3600
Fax: +44 (0) 20 3752 3695

28 April 2020
BY EMAIL

rachel.graham@harneys.com
+44 (0) 20 3752 3604
039181.0057.RAG/ANL

ReneSola Ltd
Craigmuir Chambers
PO Box 71
Road Town
Tortola
British Virgin Islands

Dear Sirs

Annual Report on Form 20-F

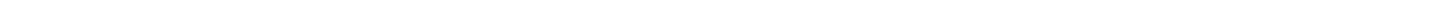
We hereby consent to the filing of this letter as an exhibit to the Company's annual report on Form 20-F for the year ended December 31, 2019 with the U.S. Securities and Exchange Commission, and to the reference therein to our firm under the headings "Item 10. Additional Information—E. Taxation" and "Item 16G. Corporate Governance" in the annual report.

Yours faithfully

/s/ Harney Westwood & Riegels LLP

Harney Westwood & Riegels LLP is a limited liability partnership registered in England & Wales.
Reg. No. OC302285, VAT No. 795563084.
A list of partners is available for inspection at our offices.
Bermuda legal services provided through an association with Zuill & Co.

Anguilla | Bermuda | British Virgin Islands
Cayman Islands | Cyprus | Hong Kong | London
Montevideo | Shanghai | Singapore | Vancouver
www.harneys.com



CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 28, 2020, with respect to the consolidated financial statements included in the Annual Report of ReneSola Ltd. on Form 20-F for the year ended December 31, 2019. We consent to the incorporation by reference of said report in the Registration Statements of ReneSola Ltd. on Form S-8 (Nos. 333- 153647 and 333-175479).

/s/ Grant Thornton

Shanghai, the People's Republic of China

April 28, 2020

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333- 153647 and 333-175479) of ReneSola Ltd. of our report dated April 30, 2018 relating to the consolidated financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China
April 28, 2020

ReneSola Power

Room 2302 , Baohua Tower,
No. 1211 Changde Road,
Putuo District, Shanghai 200060
People's Republic of China
Tel: +86 21 6280-9180
www.renesolapower.com