ReneSola Ltd
Form 20-F
April 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013.

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

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)

No. 8 Baoqun Road

Yaozhuang Town

Jiashan County

Zhejiang Province 314117

People’s Republic of China

(Address of principal executive offices)

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(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:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing two shares, no par value per share	New York Stock Exchange

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

None

(Title of Class)

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

None

(Title of Class)

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

203,367,464 shares, no par value per share, as of December 31, 2013

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

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 x

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 x No ¨

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

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

Large accelerated filer ¨ Accelerated filer x Non-accelerated filer ¨

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

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

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

Item 17 ¨ Item 18 ¨

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

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

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

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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;

- all references to "RMB" or "Renminbi" refer to the legal currency of China; all references to "$," "dollars" and "U.S. dollars" refer to the legal currency of the United States; all references to "£" and "pounds sterling" refer to the legal currency of the United Kingdom; all references to "€" or "Euro" refer to the official currency of the European Union and the currency that is used in certain of its member states;

- "ADSs" refers to our American depositary shares, each of which represents two shares, and "ADRs" refers to the American depositary receipts that evidence our ADSs; and

- "shares" refers to shares of ReneSola Ltd with no par value.

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

Consistent with industry practice, we measure our solar wafer manufacturing capacity and production output in watts, or W, or megawatts, or MW, representing 1,000,000 W, of power-generating capacity. We believe MW is a more appropriate unit to measure our manufacturing capacity and production output compared to pieces of wafers, as our solar wafers differ in size, thickness, power output and conversion efficiency. We manufacture both monocrystalline and multicrystalline wafers, and solar cells using these two types of wafers have different conversion efficiencies.

For disclosure of operating data as of and after January 1, 2011 and prior to January 1, 2012, we have assumed an average conversion efficiency rate of 18.2% and 16.8% for solar cells using our monocrystalline wafers and multicrystalline wafers, respectively. Based on this conversion efficiency, for wafers produced on or after January 1, 2011 and prior to January 1, 2012, we have assumed that (i) each 125 mm by 125 mm monocrystalline wafer can generate approximately 2.7 W of power, (ii) each 156 mm by 156 mm monocrystalline wafer can generate

approximately 4.2 W of power and (iii) each 156 mm by 156 mm multicrystalline wafer can generate approximately 4.1 W of power.

For disclosure of operating data as of and after January 1, 2012 and prior to January 1, 2013, we have assumed an average conversion efficiency rate of 18.8% and 17.7% for solar cells using our monocrystalline wafers and multicrystalline wafers, respectively. Based on this conversion efficiency, for wafers produced on or after January 1, 2012 and prior to January 1, 2013, we have assumed that (i) each 125 mm by 125 mm monocrystalline wafer can generate approximately 2.7 W of power, (ii) each 156 mm by 156 mm monocrystalline wafer can generate approximately 4.2 W of power and (iii) each 156 mm by 156 mm multicrystalline wafer can generate approximately 4.2 W of power. Assumption of power generation from each wafer may change in the future.

For disclosure of operating data as of and after January 1, 2013, we have assumed an average conversion efficiency rate of 19.0% and 17.8% for solar cells using our monocrystalline wafers and multicrystalline wafers, respectively. Based on this conversion efficiency, for wafers produced on or after January 1, 2013 and prior to January 1, 2014, we have assumed that (i) each 125 mm by 125 mm monocrystalline wafer can generate approximately 2.7 W of power, (ii) each 156 mm by 156 mm monocrystalline wafer can generate approximately 4.2 W of power and (iii) each 156 mm by 156 mm multicrystalline wafer can generate approximately 4.2 W of power. Assumption of power generation from each wafer may change in the future.

All references to “PV” are to photovoltaic. The photovoltaic effect is a process by which sunlight is converted into electricity.

This annual report on Form 20-F includes our audited consolidated balance sheets as of December 31, 2012 and 2013 and our audited consolidated income statements, consolidated statements of comprehensive income (loss), consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended December 31, 2013.

This annual report contains translations of certain Renminbi amounts into U.S. dollars at the rate of RMB6.0537 to $1.00, the noon buying rate in effect on December 31, 2013 as set forth in the H.10 Statistical Release of the Federal Reserve Bank 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—Risk Related to Doing Business in China—Fluctuations in exchange rates may have a material adverse effect on your investment.” On April 18, 2014, the noon buying rate was RMB6.2240 to $1.00.

We and certain selling shareholders of our company completed an initial public offering of 10,000,000 ADSs on January 29, 2008 and listed our ADSs on the New York Stock Exchange, or the NYSE, under the symbol “SOL.” On June 23, 2008, we completed a follow-on public offering of 10,350,000 ADSs sold by us and certain selling shareholders. On October 5, 2009, we completed another follow-on public offering of 15,500,000 ADSs sold by us.

In August 2006, we placed 33,333,333 shares on the Alternative Investment Market of the London Stock Exchange, or the AIM. In November 2010, with the approval of our board of directors, our shares ceased to trade on the AIM, and our admission to trading on the AIM was cancelled.

In the first quarter of 2010, we redeemed the outstanding balance of $32 million of our RMB928,700,000 U.S. dollar-settled 1.0% convertible bonds due March 26, 2012.

On March 15, 2011, we completed an offering of $175 million of convertible senior notes due 2018, with an additional sale of $25 million principal amount of the notes on April 7, 2011 pursuant to the over-allotment option exercised by the initial purchasers, to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended, or the Securities Act. The convertible senior notes will mature on March 15, 2018. In connection with the pricing of the convertible senior notes, we entered into a capped call transaction and an additional capped call transaction, which covers, 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 capped call transactions are expected generally to reduce potential dilution to the shares and ADSs upon conversion of the

convertible senior notes. The capped call transactions are separate transactions entered into by us with the hedge counterparty and are not part of the terms of the notes and do not change the noteholders' rights under the notes. Holders of the convertible senior notes do not have any rights with respect to the capped call transactions. During 2011, we repurchased $88.4 million aggregate principal amount of our convertible senior notes using $57.1 million in cash. As of December 31, 2013, the carrying value of our convertible senior notes was $111.6 million.

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 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.

In August 2011, our board of directors authorized a share repurchase program under which we may repurchase up to $100 million in aggregate value of our outstanding shares during a six-month period ended February 20, 2012 on the open market or in privately negotiated transactions. We repurchased an aggregate of 645,424 ADSs, representing 1,290,848 shares, on the open market for a total cash consideration of $1.9 million in 2011, which were cancelled as of February 29, 2012. We did not repurchase any ADSs in 2012 or 2013.

In September 2013, we completed a registered direct offering of 15,000,000 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 net proceeds from the offering were approximately $65.9 million (excluding proceeds from the exercise of warrants) based on the public offering price of $4.67 per ADS and warrants for 35% of an ADS. The warrant has an initial exercise price of $3.02 per share (or $6.04 per ADS). The warrants are exercisable immediately and will expire four years from the date of issuance.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our Selected Consolidated Financial Data

The following selected data from the consolidated income statements for the years ended December 31, 2011, 2012 and 2013 and the selected consolidated balance sheet data as of December 31, 2012 and 2013 are derived from our audited consolidated financial statements included elsewhere in this annual report. The selected data from the

consolidated income statements for the years ended December 31, 2009 and 2010 and the consolidated balance sheet data as of December 31, 2009, 2010 and 2011 are derived from our consolidated financial statements, which are not included in this annual report. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" included elsewhere in this annual report. Our consolidated financial statements are prepared and presented in accordance with 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.

	For the Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands, except percentage, share and per share data)				
Consolidated Statement of Income Data					
Net revenues[1]	$510,405	$1,205,579	$985,279	$969,132	$1,519,635
Cost of revenues[2]	(553,607)	(857,615)	(889,226)	(1,004,826)	(1,416,372)
Operating (expenses) income:					
Sales and marketing	(5,399)	(8,360)	(17,233)	(33,646)	(65,753)
General and administrative	(29,084)	(43,314)	(38,550)	(50,882)	(55,633)
Research and development	(14,507)	(36,263)	(47,055)	(44,102)	(46,452)

	For the Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands, except percentage, share and per share data)				
Other operating (expenses) income	1,633	(14,083)	18,327	1,656	45,886
Impairment of long-lived assets	—	—	—	(6,438)	(202,757)
Goodwill impairment	—	—	—	(6,161)	—
Intangible asset impairment	—	—	—	(3,764)	—
Total operating expenses	(47,356)	(102,020)	(84,511)	(143,337)	(324,709)
Income (loss) from operations	(90,558)	245,944	11,542	(179,031)	(221,446)
Non-operating income (expenses):					
Interest income	1,716	1,835	7,862	7,118	8,443
Interest expense	(17,122)	(23,246)	(37,190)	(50,629)	(52,109)
Foreign exchange (losses) gains	(1,433)	(1,814)	6,612	1,386	(368)
Gains on repurchase of convertible notes	7,995	6	28,350	—	—
Gains (losses) on derivatives, net	—	6,268	(15,297)	(54)	634
Fair value change of warrant liability	—	—	—	—	3,203
Investment (loss)	—	—	(193)	—	—
Other-than-temporary impairment loss on available-for-sale investment	(13,367)	—	(6,207)	—	—
Total non-operating (expenses)	(22,211)	(16,950)	(16,063)	(42,179)	(40,197)
Income (loss) before income tax, non-controlling interests	(112,770)	228,994	(4,520)	(221,210)	(261,643)
Income tax benefit (expenses)	41,156	(59,998)	4,851	(21,352)	2,723
Equity in (loss) of investee, net of tax	(291)	—	—	—	—
Net income (loss)	(71,904)	168,996	331	(242,562)	(258,920)
Less: Net income (loss) attributable to non-controlling interests	—	—	(2)	(47)	(4)
Net income (loss) attributable to holders of ordinary shares	$(71,904)	$168,996	$333	$(242,515)	(258,916)
Earnings (loss) per share:					
Basic	$(0.49)	$0.98	$0.00	$(1.40)	$(1.42)
Diluted	$(0.49)	$0.97	$0.00	$(1.40)	$(1.42)
Earnings (loss) per ADS:					
Basic	$(0.98)	$1.96	$0.00	$(2.81)	$(2.85)

Diluted	$(0.98)	$1.93	$0.00	$(2.81)	$(2.85)
Weighted average number of shares used in computing earnings per share:					
Basic	147,553,679	172,870,921	173,496,901	172,671,369	182,167,908
Diluted	147,553,679	175,111,731	173,870,162	172,671,369	182,167,908
Other Consolidated Financial Data					
Gross margin	(8.5)%	28.9 %	9.7 %	(3.7)%	6.8 %
Operating margin	(17.7)%	20.4 %	1.2 %	(18.5)%	(14.6)%
Net margin	(14.1)%	14.0 %	0.0 %	(25.0)%	(17.0)%

	For the Year Ended December 31,				
	2009	2010	2011	2012	2013
	(in thousands, except percentage, share and per share data)				
Selected Consolidated Operating Data					
Solar power products shipped (in MW)[3]	526.6	1,182.8	1,294.8	2,219.3	3,218.0

(1) Included approximately $nil, $nil, $6.8 million, $63.7 million and $3.1 million of net revenues from products sold to related parties in 2009, 2010, 2011, 2012 and 2013, respectively.

(2) Included approximately $nil, $nil, $6.7 million, $68.3 million and $3.6 million of cost of revenues of solar products sold to related parties in 2009, 2010, 2011, 2012 and 2013, respectively.

(3) Included solar ingots, wafers, cells and modules shipped, as well as solar wafers and modules shipped from processing services.

	As of December 31,				
	2009	2010	2011	2012	2013
	(in thousands)				
Consolidated Balance Sheet Data					
Cash and cash equivalents	$106,808	$290,702	$379,039	$93,283	$86,773
Inventories	137,844	170,599	154,182	254,880	359,577
Advances to suppliers—current	12,092	26,315	16,164	23,614	14,210
Total current assets	480,224	698,009	832,922	873,779	1,206,798
Property, plant and equipment, net	702,816	801,472	980,165	1,102,562	863,093
Advances for purchases of property, plant and equipment	20,840	26,930	25,867	8,317	2,214
Advances to suppliers—noncurrent	8,072	13,743	17,644	5,928	5,627
Total assets	1,284,829	1,593,945	1,948,976	2,058,325	2,139,751
Short-term borrowings	358,634	400,798	570,894	733,618	673,096
Advances from customers—current	53,852	57,396	58,238	40,384	99,499
Total current liabilities	609,851	778,247	989,377	1,442,229	1,712,973
Total equity	396,263	586,464	601,141	364,403	169,107
Total liabilities and equity	$1,284,829	$1,593,945	$1,948,976	$2,058,325	$2,139,751

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

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 short-term and long-term borrowings and capital market financing, including convertible notes, to fund a portion of our capital requirements and expect to continue to do so in the future. We have significant borrowings from commercial banks in China. Our borrowings include primarily short-term borrowings, which decreased from $733.6 million as of December 31, 2012 to $673.1 million as of December 31, 2013, of which $343.0 million was attributable to trade financings as of December 31, 2013, which increased from $316.8 million as of December 31, 2012 to satisfy our working capital requirements. Our working capital deficit was $568.4 million and $506.2 million as of December 31, 2012 and 2013, respectively. Our long-term borrowings increased from $56.6 million as of December 31, 2012 to $69.5 million as of December 31, 2013. We completed an offering of convertible senior notes due 2018 in March 2011 and the carrying value of our convertible senior note was $111.6 million as of December 31, 2013.

The amount of our borrowings 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, the PRC government may pass measures to tighten credit, including trade financing, available in the PRC market. 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 finance our current liabilities and other 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 its operations or business.

We intend to obtain additional debt obligations to finance our operations and future expansions. 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. This 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.

Volatile market and industry trends, in particular, unfavorable changes in supply or demand for solar power products throughout the value chain, and continued substantial downward pressure on the prices of our products will have a negative impact on our business and results of operations.

The volume of our sales and prices of our solar power products depend on a variety of factors, including supply and demand of solar power products in key solar markets. The solar industry has seen an increase in demand for solar power products due in part to the improvement of global economic conditions since 2009, when the global economic downturn had a material impact on demand for solar power products. Despite a recovery in demand, the prices of solar power products have been volatile in recent years due to the unstable supply of solar power products. Even though demand has gradually increased in the last two years and the average price has increased and stabilized since the beginning of 2013, the industry may still be operating oversupplied throughout the solar value chain in the near future. In addition, the solar industry is expected to continue to be highly competitive. Increased production efficiencies and improved technologies may further reduce costs of polysilicon and other silicon raw materials, which have already declined significantly over the past few years. Potential further expansion of manufacturing capacity in the future by us or by our competitors and potential new entrants into the market, given the relatively low barriers to entry, may result in continued excess capacity in the industry.

If the oversupply of solar power products continues to exist, the end markets for solar power products do not grow or start to weaken or if we are unable to lower our costs in line with the decline in prices, by, for example, increasing our manufacturing efficiency, securing polysilicon feedstock and consumables at lower costs, achieving technological advances and/or other means reasonably available to us, our business and results of operations would be materially and adversely affected.

Imposition of anti-dumping and countervailing orders in one or more markets may result in additional costs to our customers and disruptions in such markets and could materially and adversely affect our business, results of operations, financial conditions and prospects.

Trade actions initiated in the United States or other jurisdictions, including the European Union and India, and the resulting anti-dumping and countervailing duties imposed on solar imports in those jurisdictions could cause disruptions in the solar markets, result in additional costs to our customers and could materially and adversely affect our business, results of operations, financial conditions and prospects. Specifically,

- In 2011, trade actions were initiated by solar companies in the United States against imports of Chinese solar panels. In November 2012, the U.S. International Trade Commission, or the USITC, upheld higher tariffs that had been imposed in October 2012 by the U.S. Department of Commerce, or the USDOC. Recently, the USDOC has, in an effort to monitor the compliance with the antidumping and countervailing orders, requested certain major Chinese solar panel manufacturers selling to the United States to submit information to substantiate their claim that panels/modules imported by such manufacturers into the United States do not contain solar cells produced in the PRC. The rates at which duties will be assessed and payable is subject to administrative reviews in 2014 pursuant to a request by SolarWorld AG and may differ from the announced deposit rates. A number of parties have challenged rulings of the USDOC and the USITC in appeals in the U.S. Court of International Trade. Decisions on those appeals are not expected until late 2014.

On December 31, 2013, the U.S. unit of SolarWorld AG filed a new trade action at the USDOC and the USITC accusing Chinese producers of certain crystalline silicon photovoltaic, or CSPV, cells and modules of dumping their products into the United States and of receiving countervailable subsidies from the Chinese authorities. This trade action also accuses Taiwanese producers of certain CSPV cells and modules of dumping their products into the United States. Excluded from these new actions are those Chinese-origin solar products covered by the 2012 rulings detailed above. The USDOC and the USITC are investigating the validity of these claims. We were identified as one of a number of Chinese exporting producers of subject goods to the U.S. market. We also have affiliated U.S. operations that import goods subject to these new investigations.

On March 25, 2014, we received a letter from the USDOC in which we were named as one of the mandatory respondents related to an anti-dumping investigation. According to the World Trade Organization rules, the USDOC has to guarantee the export quantities of the sampled companies accounted for a certain percentage of the total export sales of China. It is common practice for the USDOC to select certain companies with relatively large market share in the United States to participate in the investigation. We intend to fully cooperate with the investigation proceedings and to pursue the best outcome for us, as well as the industry. It is estimated the USDOC will make a preliminary ruling in June 2014. If the USDOC finds sharply increased Chinese shipments to the United States from March 2014 to the preliminary ruling date, this investigation may result in certain retroactive tariffs being applied on products shipped to the United States within the investigation scope, including modules with Chinese and Taiwanese cell elements. We cannot predict the outcome of these proceedings at this time but if we fail to effectively manage our sales and supply chain to ensure our compliance with the U.S. antidumping and countervailing orders or demonstrate to the satisfaction of the USDOC upon request of our compliance with the orders, we may be subject to retrospective

actions by the USDOC resulting in penalties such as suspension of unliquidated entries into the United States and/or posting of antidumping duty cash deposits or bonds.

On June 4, 2013, the European Union imposed provisional anti-dumping duties on Chinese solar panels at the starting rate of 11.8% until August 6, 2013, and then from that date, an increased rate of an average of 47.6%. However, on July 27, 2013, the European Union trade commissioner announced his satisfaction with an offer of a price undertaking submitted by Chinese solar panel exporters, including us, under which, according to reports, Chinese solar panel exporters agreed to limit their exports of solar panels to the European Union and for no less than a minimum price per watt, in exchange for the European Union's agreement to forgo the imposition of anti-dumping duties on these imports of solar panels from China. The accord was approved by the full European Commission on August 2, 2013. According to the accord, solar panels imported into the European Union from China after the annual quota is reached would be subject to anti-dumping duties. According to the reported official statements by the European Union trade commissioner, this accord also could be used to resolve the parallel anti-subsidy investigation, commenced by the European Union on November 8, 2012, prior to the imposition of provisional anti-subsidy measures. On August, 7, 2013, the European Commission announced that it would not impose any provisional measures in its anti-subsidy investigation. On December 5, 2013, the European Council announced its final decision imposing definitive antidumping and anti-subsidy duties on imports of crystalline silicon PV cells and modules originating from or consigned from China. An average duty of 47.7%, consisting of the anti-dumping and anti-subsidy duties, will be applied for a period of two years beginning on December 6, 2013 to Chinese solar panel exporters who cooperated with the European Commission's investigations. On the same day, the European Commission announced its decision to confirm the acceptance of the price undertaking offered by Chinese export producers with the China Chamber of Commerce for Import and Export of Machinery and Electronic Product in connection with the anti-dumping proceeding and to extend the price undertaking to the anti-subsidy proceeding, which will exempt them from both anti-dumping and anti-subsidy duties. For the portion of our PV modules produced in China that will be sold into the European Union, we intend to comply with the minimum price set in the accord to avoid any anti-dumping duties. As the European Union is the largest market for solar power products, and China is the largest producer of solar panels, anti-dumping and/or countervailing duties imposed on imports of solar power products into the European Union from China will continue to affect the stability of the solar markets;

- In November 2012, India initiated an anti-dumping investigation on imported solar products from China, Taiwan, the United States, and Malaysia. The scope of the Indian complaint includes thin-film and CSPV cells and modules, as well as "glass and other suitable substrates." The period of investigation is from January 1, 2011 to June 30, 2012. The final findings of the last stage of the investigation are expected to be issued by the end of May 2014; and

- Import restrictive proceedings initiated in China and any anti-dumping or countervailing duties imposed by Chinese authorities on silicon imports, which could increase the costs of polysilicon and hence our cost of production. In 2012, some solar power products producers in China filed anti-dumping and countervailing actions with the Ministry of Commerce of the PRC. In July and November 2012, the Ministry of Commerce of the PRC initiated an investigation on the import of polycrystalline silicon from the United States, the European Union and South Korea. On July 18, 2013, the Ministry of Commerce of the PRC announced that it would impose temporary security deposits on imports of solar-grade polysilicon at rates as high as 57% for U.S. suppliers and 48.7% for South Korean suppliers. On January 20, 2014, the Ministry of Commerce of the PRC announced the final action that it would impose countervailing duty on imports of solar-grade polysilicon at rates from 21% to 57% for U.S. suppliers and from 2.4% to 48.7% for South Korean suppliers in the following five years. Although we do not import any polysilicon from the United States and only approximately 14.0% of our total polysilicon supply in 2013 was purchased from a South Korean supplier, and which is subject to a 2.4% temporary security deposit imposed by China, we cannot assure you that there we will not be subject to any such deposit requirements in the future.

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 and our cost of raw materials could increase. Other trade barriers in these and other markets, such as export requirements, taxes and other restrictions and expenses, may also be erected which could make our exports less competitive in some countries.

Our polysilicon project may not achieve our planned utilization rate or operational efficiency, which may negatively affect our profit margin. Any issues with our polysilicon manufacturing facilities as a result of operating hazards and natural disasters may limit our ability to manufacture such products.

In 2012, we completed the construction of a polysilicon manufacturing facility in Meishan, Sichuan Province, through our wholly owned subsidiary, Sichuan ReneSola Silicon Material Co., Ltd., or Sichuan ReneSola, which was established in the Sichuan Province in August 2007. We ramped up our polysilicon manufacturing facility in two phases. Phase I of our polysilicon facility had been in full operation since the beginning of 2011 and Phase II of the facility was completed in June 2013. Prior to our operation of the polysilicon manufacturing facility in the Sichuan Province, we did not have any experience in operating polysilicon production facilities. Manufacturing polysilicon is a highly complex chemical process and we may not be able to produce polysilicon of sufficient quantity and quality or at a cost comparable to or lower than those of other polysilicon manufacturers or on schedule to meet our wafer manufacturing requirements. Minor deviations in the manufacturing process can cause substantial decreases in yield and in some cases cause production to be suspended or to yield no output. In addition, our production cost was higher than previously expected due to continuous trial runs, system testing, purchases of trichlorosilane, or TCS, and minimal activated hydrogenation processes. At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to its prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate our Phase I facility without incurring a loss and to recognize the impairment charge in its wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013.

If our remaining polysilicon production facility experiences any additional delays or defect in operations, we may suffer a setback to our raw material procurement strategy. We may also fail to manufacture polysilicon of sufficient quantity, quality or at competitive costs compared to the polysilicon available from the market, thereby making our polysilicon manufacturing facility uneconomical to run, which would negatively impact our profit margin and financial results. If the price of polysilicon and other raw materials rise and we are required to make purchases at higher than anticipated market rates, our profit margin may be further negatively impacted. If our polysilicon production facility does not perform as planned we may be unable to recover our investments or be forced to write down the value of the assets.

Because our polysilicon manufacturing capabilities are concentrated in our manufacturing facilities in the Sichuan Province, any problem in our facilities may limit our ability to manufacture such products. We may encounter problems in our manufacturing facilities as a result of, among other things, production failures, construction delays, human error, equipment malfunction or process contamination, which could seriously harm our operations. We may also experience fires, floods, droughts, power losses and similar events beyond our control that would affect our facilities. Operating hazards and natural disasters, such as earthquakes may also cause interruption to our operations, property and/or environmental damage as well as personal injuries, and any of these incidents may have a material adverse impact on our results of operations. On April 20, 2013, a strong earthquake hit part of the Sichuan Province, resulting in significant casualties and property damage. Also, in July 2013, flooding in the Sichuan Province caused a delay of our polysilicon production. While we did not suffer any significant loss or experience any significant disruption due to the earthquake or the flooding, if a similar disaster were to occur in the future that affects any place where we have major operations, our operations could be disrupted and affected by loss of personnel and damage to property. Although we carry business interruption insurance, losses incurred or payments required to be made by us due to operating hazards or natural disasters that are not fully insured may have a material adverse effect on our financial condition and results of operations.

Our long-lived assets may be subject to impairment.

We evaluate our long-lived assets 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 of the asset is shorter than originally estimated. We recognize an impairment loss in the event the carrying amount exceeds the estimated future undiscounted cash flows attributable to such assets. The impairment charge recognized is based on the amount by which the carrying amount asset exceeds their fair value. In 2012, as a result of the effects of weakening market conditions and a sustained, significant decline in our market capitalization to a level lower than our net book value, we concluded that changes in circumstances existed and performed recoverability tests, based on which we determined that the carrying value of certain assets of monocrystalline furnaces would not be recoverable and recorded an impairment loss on long-lived assets of $6.4 million. In addition, at the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to its prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate our Phase I facility without incurring a loss and to recognize the impairment charge in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013. If we are forced to write down the value of our long-lived assets again in the future, these non-cash asset impairments could materially and negatively affect our results of operations in the period in which they are recorded.

We require a substantial amount of cash to fund our operations. If we fail to obtain additional capital when we require it, our prospects and future profitability may be materially and adversely affected.

We require a significant amount of cash to fund our operations. We require capital to fund any expansion of our manufacturing capacities and our research and development activities in order to remain competitive in the solar industry. Future expansions, changes in market conditions or other developments will also cause us to require additional funds. Due to prevailing market conditions and industry practice, we have been providing longer credit terms to a number of customers (as it has become customary in the industry to do so), which has had effect on our cash flows. Such customers who have high credit worthiness may be granted longer credit terms, however, we do not amend contracts once delivery is deemed to have occurred. Moreover, as of December 31, 2013, our current liabilities exceeded our current assets by $506.2 million. While we had cash and cash equivalents of $86.8 million as of December 31, 2013 and a positive cash flow from operations of $118.6 million, we also had short-term bank borrowings of $629.2 million all due within one year, and the current portion of our long-term bank borrowings amounted to $43.9 million, which is not expected to be renewed.

As of December 31, 2013 several factors have raised doubt about our ability to continue as a going concern for the foreseeable future, including (i) the solar industry being negatively impacted by a number of factors including excess capacity, reduction of government incentives in key solar markets, higher import tariffs and the European debt crisis, (ii) for the year ended December 31, 2013, we incurred an operating loss of $221.4 million, and (iii) as of December 31, 2013, our current liabilities exceed our current assets by $506.2 million. These factors could adversely affect our ability to meet our ongoing financing needs as well as to obtain third party financing, which is subject to a number of uncertainties, including our future financial condition, operations and reputation, general market conditions in our industry and economic, political and other conditions in China and elsewhere. For example, weakening global economic conditions and macroeconomic factors in the PRC, such as credit tightening policies implemented by the Chinese government, may negatively impact our ability to obtain financing in a timely manner or on commercially acceptable terms.

We may not be able to refinance our borrowings as they mature. In the event that we are unable to obtain extensions of these borrowings or sufficient alternative financing at reasonable terms to make repayments, as we do not expect to be able to generate sufficient cash from operating activities in 2014 to repay all of these borrowings, we may not be able to repay such borrowings in full or at all when due and, if we were to default on the repayment of these borrowings, 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 operations, results of operations and growth prospects may be materially and adversely affected if the global economic conditions worsen or do not improve.

We face uncertainties in connection with the implementation of our business strategy to transform our business focus from solar wafer production to module production.

At the end of 2012, we started to implement our business strategy to transform the focus of our business from solar wafer production to module production. The shift in our business focus was completed in 2013. In connection with this business transformation, we have implemented a number of strategic initiatives, including increasing our module sales and marketing staff and expanding our in-house module manufacturing capacity from 500 MW to 1.2 gigawatt, or GW, which we believe to have been executed with high efficiency equipment and advanced technologies. However, we cannot assure you that we will be able to continue to implement our business strategy and initiatives effectively and efficiently or that our transformation will result in improved production, sales or operating results or generate shareholder value in the long term. Moreover, as we shift our emphasis to solar module production, we also have to compete with existing players in the solar module market, many of whom are established players with greater resources, longer relationships with customers, greater brand recognition and larger scales of production. If our transformation strategy and initiatives do not achieve their intended results, or if we do not compete successfully against existing players in the solar module market, our business, operations and financial results may be materially and adversely impacted.

Our ability to increase our production of solar modules and expand our module sales business is subject to significant risks and uncertainties, including without limitation:

- the significant amount of capital required to purchase additional equipment or to build additional facilities, which we may be unable to obtain on commercially viable terms or at all;

- failure by our suppliers to make timely and satisfactory deliveries;

- cost overruns and delays as a result of a number of factors, many of which are beyond our control, such as problems with equipment delivery;

- delays or denial of required approvals by relevant government authorities;
- failure to obtain production inputs in sufficient quantities or at acceptable costs;
- failure to execute our expansion plan effectively; and
- failure to control the increase of our operating expenses without a commensurate increase in our revenues as we hire additional sales personnel in connection with the expansion of our module sales business.

Failure to increase our manufacturing capacity or output and expand our module sales business as planned may materially and adversely affect our overall business and competitiveness. Volatility in and large decrease of prices of solar power products may cause significant fluctuations or declines in our revenue.

Most of our current wafer sales, particularly sales to our major customers, are made under purchase orders based on the spot market rates. While we are subject to certain long-term sales contracts, the pricing terms and volumes under such contracts can be subject to renegotiations in situations where there is substantial market volatility. We also have short-term sales contracts and long-term framework contracts that provide for variable pricing and volume terms with our customers. Therefore, volatility or significant decreases in the prices of solar power products have subjected us, and may subject us, to major fluctuations or declines in our revenue under our renegotiated long-term contracts, short-terms sales contracts and long-term framework contracts.

Volatility in polysilicon prices and changes in supply and demand for solar power products may give rise to disputes between us and our suppliers or customers, which may have a material adverse effect on our business and results of operations.

Polysilicon is an essential raw material in the production of our solar power products. We currently produce 6,000 metric tons of polysilicon internally, but it is not sufficient to meet our total demand. The market price of polysilicon rose from $13 to $23 during the course of 2013. If prices continue to rise, we will incur higher costs relating to the external purchase of polysilicon, which may adversely affect our overall profitability. On the contrary, if the actual prices of polysilicon and our finished products are less favorable than our forecast, we may be exposed to inventory write-downs on a net realizable value basis, which may have an adverse effect on our results of operations. In addition, we have entered into long-term polysilicon purchase agreements with international suppliers. In the past, the long-term polysilicon purchase agreements we entered into with international suppliers did not provide for price adjustments in the event of fluctuations in the market price of polysilicon. In 2012, we renegotiated with these suppliers for each purchase order during the year ended December 31, 2012 and successfully changed the terms to be close to the market price. If we are unable to make similar arrangements in the future, we may incur higher raw material costs than market prices or our competitors who are not bound by long-term supply contracts for fixed prices, which in turn could have a material adverse effect on our competitiveness, results of operations and financial

condition. Furthermore, in light of the volatility of polysilicon prices and changes in supply and demand of solar power products, our suppliers and customers may become involved in negotiations or disputes with us regarding terms and conditions of the agreements or arrangements with them, including the quantity and price of the products to be delivered under existing agreements or arrangements. Any negotiation or litigation arising out of these disputes could distract management from the day-to-day operation of our business, subject us to potentially significant legal expenses, result in the forfeiture of our deposits under long-term polysilicon contracts and interrupt the sourcing of our polysilicon or the sales of our solar power products, which could materially and adversely affect our business and results of operations.

Volatility in the prices of, and any failure to secure the supply of, other raw materials may have a material adverse effect on our business and results of operations.

In addition to polysilicon, we also depend on the supply of other raw materials such as steel and slurry for our production activities. Given our focus on cost reductions in a market where our products are under an industry-wide downward pressure on pricing, we may be outbid by purchasers in other industries or other players in the same industry for such raw materials. If we are unable to secure the supply of such raw materials at reasonable costs, we may experience interruptions to our production or otherwise incur significant costs that could have a material adverse effect on our business and results of operations.

Moreover, we are subject to fluctuations in the prices of such other raw materials. If we are unable to manage such risks, we may incur substantial costs when the prices of such raw materials increase significantly or experience write-downs in our inventory when their prices decline, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may be exposed to 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. For example, equipment we design may infringe the 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.

If our 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 internal control systems consisting of components such as an 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 internal control system, we cannot assure you that our internal control system will be able to identify, prevent and remedy all risks arising from our business activities as intended or otherwise effectively implemented, monitored or managed by us. Moreover, we cannot guarantee all of our employees will act in compliance with our employee policies and applicable laws and regulations. Any misconduct or violation by employees could adversely affect our business and reputation or lead to regulatory sanctions against or litigation costs incurred by us.

In addition, as we continue to transform the focus of our business from solar wafer production to both solar wafer and module production, expand our product lines and breadth of operations globally, our business operations will become more complex. Although we will continue to reassess and seek ways to improve upon our internal control system as necessary, the transformation and expansion of our business operations may give rise to additional internal control risks that are currently unknown to us, despite any efforts to anticipate such risks.

If our 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 internal control procedures commensurate with our expanding business operations, 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.

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 error 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.

The reduction or elimination of government subsidies and economic incentives for on-grid solar power applications could cause demand for our products to decline.

Our solar wafers sold to customers are subsequently made into modules and assembled in solar power systems, which are either connected to the utility grid and generate electricity to feed into the grid or installed to supply electricity to businesses and residents. We also sell solar modules directly to customers. 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. 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, most notably in Germany, China, Spain, Italy, the United States, Japan, Australia, Bulgaria and Romania, have provided subsidies and economic incentives in the form of feed-in tariffs, 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, in 2011, a decrease in payment to solar power producers, in the form of feed-in tariffs and other reimbursements and a reduction in available financing caused a decrease in the growth in a number of solar power projects in the European markets. Certain reduction in feed-in-tariff programs continued in 2012 and 2013 across Europe, including Germany, Italy, Spain, Romania and Czech. According to the Notice re Leveraging the Price to Promote the Health Development of the Photovoltaic Industry issued by the Department of Price of the PRC National Development and Reform Commission, or NDRC, on August 26, 2013, since September 1, 2013, the feed-in-tariff in China has been reduced to a range of RMB0.90/kwh to RMB1.00/kwh depending on the project location, from RMB1.15/kwh for projects approved prior to July 1, 2011 or from RMB1.00/kwh for projects approved after July 1, 2011. See “Item 4. Information on the Company—D. Business Overview—Regulations—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, the reduction or elimination of government subsidies and economic incentives for on-grid solar power applications could result in decreased demand for our products and cause our revenues to decline. Although, under the most recently proposed five-year plan, we expect China to become one of the largest markets for solar power products in 2013 and beyond, and although we have seen substantial growth out of markets such as the United States, Japan, and Australia, Europe continues to be an important market. As European governments continue to decrease their subsidies, Chinese solar power products may continue to experience excess capacity, which could impact the demand and pricing of our solar power products, which could materially and adversely impact our revenues and profitability.

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

Demand for solar power 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 electric 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 affected by the solar market and industry trends. In 2011, payments to solar power producers decreased as governments in Europe, under pressure to reduce sovereign debt levels, reduced subsidies such as feed-in tariffs, which tariffs require public utility companies to pay higher prices for solar power than for power generated through conventional means. In 2012, continued instability in the European financial markets coupled with continued oversupply in the solar market contributed to difficult market conditions for solar power producers. In 2013, the solar sector recovered as solar product manufacturers adopted a more rational approach, a series of industry restructuring and integration took place and market demand increased. However these market conditions may not last in the long-run if potentially increased manufacturing capacity and insufficient rationalization of capacity drive the market into continued oversupply, which may adversely affect the prices of solar power products.

There may still be substantial uncertainties in the global credit and lending environment. If the demand for solar power products 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. This would delay and lengthen our cash collection cycles and negatively impact our operating results. Additionally, our share price may decrease if investors have concerns that our business, financial condition and results of operations will be negatively impacted by a global economic downturn.

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 competitors include integrated solar power product manufacturers, specialized solar wafer manufacturers, solar wafer manufacturing divisions of large conglomerates, specialized cell and module manufacturers, polysilicon suppliers with ingot and wafer producing capacities, integrated module manufacturers and end-market system integrators. Many of our competitors have longer operating histories, stronger market positions, larger manufacturing capabilities, greater resources, better brand name recognition and better access to favorably priced silicon raw materials than we do. Some of our competitors have an established track record in large-scale polysilicon manufacturing and they may have an advantage over us in polysilicon feedstock costs. Many of our competitors also have more established distribution networks and larger customer bases. 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. The key barriers to enter into our industry at present consist of access to capital resources, advanced manufacturing technologies, a competitive cost structure and skilled personnel. 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.

One of the competitive factors in solar power industry is conversion efficiency. Conversion efficiency of solar power products is not only determined by the quality of solar wafers but is also dependent on the solar cell and module production processes and technologies. Therefore, solar wafer manufacturers usually assume the conversion efficiency of their solar wafers based on the conversion efficiency of solar cells and modules manufactured by their customers. There is a lack of publicly available information on the conversion efficiency of solar wafers and accordingly, investors may not be able to obtain a comprehensive view of our competitive position vis-à-vis our competitors.

Our future success substantially depends on our ability to closely monitor and accurately predict market demand and to efficiently manage our manufacturing capacity to either meet increased demand or avoid under-utilization of our production facilities due to lower-than-expected demand. This exposes us to a number of risks and uncertainties.

We intend to reach a balance between closely matching our manufacturing capacity and production output to market demand for our products. If we are unable to do so, the low utilization rate resulting from our over-expansion of production facilities may result in high production cost, which would adversely affect our profitability. Our failure to accurately predict market demand may also result in our lack of manufacturing capacity required to meet increased demand. Our ability to achieve a balance between the increase in manufacturing capacity and the changes in market demand is subject to significant risks and uncertainties, including:

- the ability to quickly adjust our manufacturing capacity and output while the industry is rapidly evolving;

- the ability to maintain existing customer relationships, attract new customers and expand our market share;

- the ability to implement new and upgraded operational and financial systems, procedures and controls to adapt to the strains associated with fast growth and expansion or rapid decrease in demand;

- the ability to favorably renegotiate our equipment supply contracts previously entered into for our wafer production in accordance with changes in our expansion plan;

- 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;

- any 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 new production equipment on a timely basis;

- the delay or denial of required approvals by relevant government authorities; and

- any significant diversion of management attention.

If we are unable to successfully manage our manufacturing capacity to respond to market demand, or if we fail to resolve any of the risks and uncertainties described above, we may be unable to expand our business as planned. Therefore, we cannot assure you that we can meet our targeted production costs and consequently stay competitive. Moreover, even if we are able to manage our growth, we may be unable to secure sufficient customer orders, which could adversely affect our business and operations.

If we are dependent on a limited number of customers, we may experience significant fluctuations or declines in our revenues.

In the past, we sold a substantial portion of our solar wafers to a limited number of customers. In 2013, our top five wafer customers accounted for approximately 52% of our wafer sales and 10.8% of our net revenues and our largest wafer customer accounted for approximately 24.8% of our wafer sales and 5.1% of our net revenues. Our top five module customers accounted for approximately 20.6% of our module sales and 15.1% of our net revenues and our largest module customer accounted for approximately 4.6% of our module sales and 3.4% of our net revenues. Since the end of 2011, we have increasingly focused our effort on solar module development and productions and have become primarily a module producer since the end of 2013, which is also expected to reduce our dependence on a limited number of solar wafer customers.

However, if we fail to further diversify our customer base, including by adding certain new international customers, any one of the following events may cause material fluctuations or declines in our revenues:

- reduction, delay or cancellation of orders from one or more of our significant customers;
- unilateral change of contractual technological specifications by one or more of our customers;
- failure to reach an agreement with our customers on the pricing terms or sales volumes under various contracts;
- loss of one or more of our significant customers and our failure to identify additional or replacement customers; and
- failure of any of our significant customers to make timely payment for our products.

We are exposed to credit risks of our customers.

As we expand our module sales business, we expect to derive more revenues from credit sales, generally with payment schedules due according to negotiated contracts, which have longer credit periods and more flexible terms when compared to our wafer contracts. As a result of the disruptions in the financial markets and other macroeconomic challenges which have affected the global economy, our customers may 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.

We incurred and may incur in the future impairment losses on our investments in equity securities.

Since October 2009, we have held a minority equity interest in a polysilicon manufacturer or the investee whose shares are traded on the Toronto Stock Exchange, or TSX. If the fair value of these shares declines below their cost basis and we determine that the decline is permanent, we are required to record an impairment loss for the applicable period. In 2009, due to the rapid decline of the investee's share price as a result of the difficult operating environment for its core business, such as the rapid decline of polysilicon prices, we recorded impairment losses of $13.4 million. We recorded further impairment losses of $6.2 million in 2011 due to the same reason. The investee filed for bankruptcy protection under the Companies' Creditors Arrangement Act of Canada, or CCAA, in January 2012. As a result of the commencement of proceedings under the CCAA, in February 2012, TSX determined to delist the investee's shares due to its failure to meet the continued listing requirements of the TSX. As a result, the investment was fully written off in 2011. We may make investments in the future and as a result incur additional expenses as a result of impairment of such investments if their values decline. Any losses incurred could have a material adverse effect on our financial condition and results of operations.

We may not be able to use certain deferred tax assets, which could have a negative impact on our net income.

We recorded approximately $18.9 million as deferred tax assets on our consolidated financial statements as of December 31, 2013. Our ability to use net operating losses to offset earnings is dependent on a number of factors, including our ability to generate taxable income in future years. Should future results of operations or other factors cause us to determine that it is not more likely than not that we will generate sufficient taxable income to fully utilize our deferred tax assets, we would then be required to establish a valuation allowance against such deferred tax assets. We would increase our income tax expense by the amount of the tax benefit we do not expect to realize. This would negatively impact our net income and could have a material adverse effect on our results of operations and our financial position.

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.

In 2013, approximately 66.2% of our net revenues were generated from customers outside of China, Taiwan and Hong Kong. We expanded our international sales efforts in the last several years by focusing on sales to international solar companies with global distribution capabilities. As we continue to expand our module business, we plan to increase sales of our modules internationally. The marketing, distribution and sales of our solar power products in international markets expose us to a number of risks, including:

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fluctuations in currency exchange rates, such as exchange rate volatility between the Euro and the U.S. dollar and the continuing trend of appreciation of the Renminbi against the U.S. dollar;

- increased costs associated with maintaining marketing efforts 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;

- trade actions initiated in the United States or other jurisdictions, including the European Union and India, and the resulting anti-dumping and countervailing duties imposed on solar imports in those jurisdictions. See also "—Imposition of anti-dumping and countervailing orders in one more more markets may result in additional costs to our customers and disruptions in such markets and could materially and adversely affect our business, results of operations, financial conditions and prospectus";

- import restrictive proceedings initiated in China and any anti-dumping or countervailing duties imposed by Chinese authorities on silicon imports, which could increase the costs of polysilicon and hence our cost of production. See also "—Imposition of anti-dumping and countervailing orders in one more more markets may result in additional costs to our customers and disruptions in such markets and could materially and adversely affect our business, results of operations, financial conditions and prospectus";

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

- failure to comply with international sanction laws, including the rules and regulations promulgated by the office of Foreign Assets Control of the US Department of the Treasury; and

- 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 module sales business.

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.

Our expansion into module operations may cause us to compete with our customers.

As of December 31, 2013, through our subsidiary ReneSola Jiangsu Ltd., formerly known as Wuxi Jiacheng Solar Energy Technology Co., Ltd., or ReneSola Jiangsu, we had an annual module manufacturing capacity of 1.2 GW. Our module sales business has caused us to compete directly with some of our wafer customers, particularly as we increase the sales of our own branded modules in the market. As a result, our relationships with some of our customers have been affected. As we implement our business strategy to expand our module sales business, the competition between us and other module players in the market is likely to intensify. If our customers stop purchasing wafers from us altogether due to our competition with them or if we are unable to sell our wafers to ReneSola Jiangsu due to competition or other reasons, our business and results of operations will be materially and adversely affected.

We may not be able to successfully outsource production of certain of our solar power products.

We are targeting to ship 2.3 GW to 2.5 GW of solar modules in 2014 while our current module shipment capacity is 1.2 GW per year. We expect to outsource some of our production needs to be able to meet our target amount, including under arrangements where related and third parties will manufacture modules for us under supervision. We may not be able to successfully outsource the production of solar modules at the cost, terms and quality satisfactory to us. We may incur additional costs to cure any defects or any delay in shipments and be exposed to additional risks in connection with outsourcing.

Furthermore, we currently do not possess sufficient cell manufacturing capacity to meet the needs of our module manufacturing business and have to rely on external supplies of solar cells, which may not provide us with solar cells at the desirable quality or cost as compared to internal supplies. Further, we cannot be certain that external suppliers

will meet our needs in a timely manner. There can be no assurance that there will continue to be an adequate supply of solar cells in the future or that we will continue to be able to procure quality solar cell supplies at prices acceptable to us in a timely manner. Furthermore, we cannot assure you that our solar cell manufacturing capacity will expand sufficiently and in a cost-effective manner to meet the internal demands from our module manufacturing business. Any disruption in the supply of solar cells could have a material adverse impact on our module business, which could in turn have an adverse effect on our business and results of operations.

Any significant claims under the product warranty obligations we assumed during our acquisition of ReneSola Jiangsu and under the product warranty of our solar modules may materially and adversely affect our profitability.

Historically, our solar modules were typically sold with a warranty for minimum power output for up to 20 years following the date of sale. We also provided warranties for our solar modules against defects in materials and workmanship for a period of two years from the date of sale. We do not provide similar warranties for our solar wafers. We began selling solar modules in June 2009 after our acquisition of ReneSola Jiangsu. In connection with our acquisition of ReneSola Jiangsu, we also assumed all of the product warranty obligations that ReneSola Jiangsu granted to its customers on its module products. ReneSola Jiangsu provides warranties for minimum power output for up to 25 years following the date of sale. ReneSola Jiangsu also provides warranties for solar modules against defects in materials and workmanship for a period of five to ten years from the date of sale. We are obligated to meet the performance requirements in accordance with ReneSola Jiangsu’s warranty policy. As a result of the long warranty periods, we bear the risk of extensive warranty claims long after we have sold our products and recognized revenues. If we receive significant warranty claims from the customers of ReneSola Jiangsu and the amount of warranty costs accrued exceeds our estimates, we will need to recognize higher warranty costs and our profits may be adversely affected.

We have been required to make assumptions regarding the durability and reliability of our solar modules. Our assumptions could prove to be materially different from the actual performance of our solar modules, causing us to incur substantial expense to repair or replace defective solar modules in the future. As we continue to expand our solar module business, we may be exposed to increased warranty claims. If our warranty provisions turn out to be inadequate, we may have to incur substantial expense to repair or replace defective products in the future. See "—Problems with product quality or product performance could result in increased costs, damage to our reputation and loss of revenues and market share." Any increase in the defect rate of our products would cause us to increase the amount of our warranty reserves and have a correspondingly negative impact on our operating results. Furthermore, widespread product failures may damage our market reputation, reduce our market share and cause our sales to decline.

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

We have entered into several long-term loans with commercial banks in China and overseas. These loans 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, and (v) take part in any mergers or acquisitions. For more information about the loan agreements, see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources." Any breach by us of the various undertakings and covenants in our existing loan agreements will give such banks 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 undertaking in the future. Any failure to maintain any of the above covenants or undertakings could result in an acceleration of obligations under the facility agreement, 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 loan agreements and/or the cross-acceleration provisions in some of those loan agreements, thereby giving the lenders the right to accelerate our loan repayment obligations. As a result, we are limited in the manner in which we conduct our business and may be unable to engage in certain business activities or finance our future operations or capital needs.

Our recent and future capacity expansion has and will continue to utilize equipment with customized designs that will be contract manufactured by new suppliers, which subjects us to a number of risks.

Historically, we have purchased all of our furnaces for the production of multicrystalline ingots from foreign equipment suppliers. Since 2010, we have collaborated with a domestic equipment supplier in China to develop our own customized multicrystalline furnaces. We have used considerable resources on the development of these furnaces. Although our new multicrystalline furnaces have achieved satisfactory results to date, these furnaces may not achieve satisfactory results in the future and the equipment supplier may not be able to continue to manufacture and deliver the multicrystalline furnaces we require in a timely manner or be able to meet our quality and technical requirements. In addition, from time to time we may require additional customized equipment in connection with our business

operation and manufacturing capacity expansion, whether in polysilicon production, wafer production, cell production or module production. As such equipment is not readily available from vendors and would be difficult to repair or replace, problems with quality or performance of the equipment or with timely delivery will negatively impact our expansion plans and may result in the failure to grow our revenues or reduce our manufacturing costs as originally intended. Problems with quality or performance of our products as a result of poor equipment performance or failure could result in losses and adversely affect our results of operations and reputation.

Our polysilicon raw material suppliers may fail to supply us with polysilicon in a timely manner, at a favorable price, or with the quantity or quality we require, which may materially and adversely affect our financial condition and results of operations.

Any failure by our suppliers in supplying us with polysilicon in a timely manner and with the quantity or quality 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 products to our customers in accordance with the sales contracts we entered into with such customers. From time to time, we become involved in negotiations and disputes with certain suppliers that supply us with polysilicon with quality defects or regarding quantity and price. Any negotiation or litigation arising out of these disputes 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 polysilicon raw material suppliers and interruption of our polysilicon supply, which could materially and adversely affect our business and results of operations.

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

In order to secure silicon raw materials when the supply of these raw materials was limited, we made advance payments to some of our polysilicon feedstock suppliers. In 2011 and 2012, due to the worldwide oversupply of silicon raw materials, we were not required to make advance payments for our newly signed procurement agreements with suppliers. In 2012 and 2013, we did not sign any long term contracts. As of December 31, 2013, the outstanding advance payments in connection with our procurement agreements entered before 2014 amounted to approximately $10.0 million. We typically made such advance payments without receiving any collateral. To the extent that there was collateral and/or security attached to the advance payments, it is uncertain whether we will be able to enforce the collateral or the security or if 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 should any supplier fail to fulfill its delivery obligations under its supply contract, which would include failure to provide sufficient quantity of raw materials or raw materials of such quality as specified in the contract or should a supplier's stock price be less than the price agreed to settle to our claim. We terminated a polysilicon feedstock purchase agreement with a supplier in 2009 due to its breach of the agreement terms and the supplier issued to us its publicly listed shares that carried a value equivalent to the value of our outstanding prepayment, based on the closing price of the shares on the day of the settlement agreement, as a settlement of its obligations under the agreement. Since these shares were issued to us in October 2009, their price has fallen significantly and, as a result, we have been required to record an impairment loss in 2009 and 2011. The supplier filed for bankruptcy protection under CCAA in January 2012. As a result, we have fully written off the investment in the supplier. See "—We incurred and may incur in the future impairment losses on our investments in equity securities." Similar claims by us for advance payments in the future would expose us to the credit risks of the suppliers and capital 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 acquire or invest in technologies, 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.

If solar power technology is proven not suitable for widespread adoption, or if demand for solar power products continues to lag behind their supply, our revenues may continue to 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 products 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 products has not developed as fast as many market players have anticipated. Many factors may affect the viability of widespread adoption of solar power technology and demand for solar power products, including:

- cost-effectiveness, performance and reliability of solar power products compared to conventional and other renewable energy sources and products;
- success of other alternative energy generation technologies, such as wind power, hydroelectric power and biomass;
- 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 products;
- fluctuations in interest rates, which may affect the effective prices paid for solar power products by end-users who rely on long-term loans to finance their purchases; and
- deregulation of the electric power industry and the broader energy industry.

We have formulated our expansion plan based on the expected growth of the solar market. If solar power technology is proven not viable for widespread adoption or the demand for solar power products continues to decline, our revenues may continue to suffer and we may be unable to sustain our profitability.

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

The technology for the manufacture of solar power products is continuously being modified in an effort to improve yields and product performance. Microscopic impurities such as dust and other contaminants, difficulties in the manufacturing process or 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. See also "—Our polysilicon project may not achieve our planned utilization rate or operational efficiency, which may negatively affect our profit margin. Any issues with our polysilicon manufacturing facilities as a result of operating hazards and natural disasters may limit our ability to manufacture such products."

Any unplanned transmission line maintenance work with short notices from local electricity transmission line operators may force our production to shut down, limit our ability to manufacture products and to fulfill our commitments to customers on a timely basis. Our polysilicon, wafer and cell manufacturing processes may generate hazardous waste. 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 technology could render our products 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 production technology that enables them to produce larger and thinner wafers with higher quality than our products at a higher yield and lower cost. In addition, some producers have focused on developing alternative forms of solar power technology, such as thin-film technology. We will need to invest significant financial resources in research and development to maintain our market position, keep pace with technological advances in the solar power industry and effectively compete in the future. Our failure to further refine our products and technology or to develop and introduce new solar power products 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, such as Mr. Xianshou Li, our chief executive officer. If Mr. Xianshou Li, other executive officers or key employees were unable or unwilling to continue in their present positions, we may be unable able to replace them easily, in a timely manner, or at all. 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. Each of our executive officers and key employees has entered into an employment agreement with us, which contains non-competition provisions. However, if any dispute arises between our executive officers and us, these agreements may not be enforceable in China, where these executive officers reside, in light of uncertainties with China's legal system. See "—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us."

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 product quality or product performance could result in increased costs, damage to our reputation and loss of revenues and market share.

From time to time, we encounter sales returns due to non-conformity with customers' specifications and are required to replace our products promptly. While in the past we had an insignificant return rate, we cannot assure you that in the future our products will not contain defects that are not detected until after they are shipped or installed. Any proven defects could lead to return or refund of our products under our warranties, cause us to incur additional costs and divert the attention of our personnel from our operations. Similarly, if we fail to maintain the consistent quality of our other products via effective quality control, we may deliver products with defects or other quality problems, which may result in increased costs associated with replacements or other remedial measures. Product defects and the possibility of product defects could also cause significant damage to our market reputation and reduce our product sales and market share.

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 U.S. securities laws. The U.S. Securities and Exchange Commission, or the SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, has adopted rules requiring every public company to include a management report on such company's internal control over financial reporting in its annual report, which contains management's assessment of the effectiveness of the company's internal control over financial reporting. In addition, an independent registered public accounting firm must audit and report on the effectiveness of the company's internal control over financial reporting. Our reporting obligations as a public company have placed, and will continue to place, a significant strain on our management, operational and financial resources and systems for the foreseeable future.

Therefore, we have established a system of internal control over financial reporting and we constantly reevaluate those controls and our related systems. Our management has evaluated the effectiveness of our internal control over financial reporting, as required by Rule 13-a-15(c) of the Exchange Act of 1934, as amended, or Exchange Act, and we have concluded that our internal control over financial reporting was effective for our fiscal year ended December 31, 2013. If we fail to maintain the adequacy of our internal controls, our management may conclude that our internal control over financial reporting is not effective in the future. Moreover, effective internal control over financial reporting is necessary for us to produce reliable financial reports and to prevent fraud. As a result, our failure to achieve and maintain effective internal control over financial reporting could result in the loss of investor confidence in the reliability of our financial statements, which in turn could harm our business and negatively impact the market price of our ADSs.

Moreover, as we further grow our business, particularly moving up the solar power product value chain into new business areas and expanding our operations globally, we are required to adopt additional procedures and safeguards with respect to our accounting and financial reporting systems, including revenue recognition procedures, to ensure the accuracy and timeless of our financial reporting and our ability to prevent fraud. Devising and implementing new procedures take time and resources and cause us to incur additional costs. There will be inherent limitations to such procedures and can be no assurance that such procedures will always work as intended or will be effective. Any failure by us to devise or properly implement adequate procedures to maintain effective control over financial reporting when we expand into new business areas or shift our business focus could have a material adverse effect on our results of operations and financial condition.

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 patent laws, trade secrets and other contractual restrictions to protect our intellectual property. 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. For example, we had 173 patents and 93 pending patent applications in China and 4 pending international patent application as of December 31, 2013. We cannot assure you that our patent applications will be eventually issued with sufficiently broad coverage to protect our technology and products. 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 research and development 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. See "—Risks Related to Doing Business in China—Uncertainties with respect to the PRC legal system could adversely affect us." We may need to resort to court proceedings to enforce our intellectual property rights 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.

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.

As our manufacturing processes, including producing polysilicon, producing ingots, slicing wafers and producing solar cells and modules, generate noise, waste water and gaseous and other industrial waste, we are required to comply with all applicable regulations regarding protection of the environment. 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. We use, generate and discharge toxic, volatile and otherwise hazardous chemicals and waste in our research and development and manufacturing activities. Any failure by us to control the use of or to adequately restrict the discharge of hazardous substances could subject us to potentially significant monetary damages and fines or suspensions in our business operations.

Our solar module products must comply with the applicable environmental regulations where they are installed and we may incur expenses to design and manufacture our products so as to comply with such regulations. For example, we increased our expenditures to comply with the European Union's Restriction of Hazardous Substances Directive, which took effect in July 2006, by reducing the amount of lead and other restricted substances used in our solar module products. Furthermore, we may need to comply with the European Union's Waste Electrical and Electronic Equipment Directive if solar modules and products are re-classified as consumer electronics under the directive or if our customers located in other markets demand that they comply with this directive. This would require us to implement manufacturing process changes, such as changing the soldering materials used in panel manufacturing in order to continue to sell into these markets. As a result, we have required our suppliers of soldering materials to provide certifications from TÜV Rheinland, a globally recognized certification organization. As of the date of this annual report, our nine suppliers of soldering materials have obtained and provided us the certifications from TÜV Rheinland. If compliance is unduly expensive or unduly difficult, we may lose market share and our financial results may be adversely affected.

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 products and services, this could also cause us to incur additional direct costs in complying with any new environmental regulations during our manufacturing and research and development processes, as well as increased indirect costs resulting from our customers, suppliers or both incurring additional compliance costs that get passed on to us.

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

As the insurance industry in China is still in an early stage of development, the product liability insurance and business interruption insurance available in China offer limited coverage compared to that offered in many other countries. 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.

Similar to other solar power product manufacturers, we are exposed to risks associated with product liability claims if the use of our solar power products results in injury. Since our solar wafers are made into electricity generating devices and our solar modules generate electricity, it is possible that users could be injured or killed by our products as a result of product malfunctions, defects, improper installation or other causes. We only began commercial shipment of our solar power products in July 2005 and because of our limited operating history 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.

The audit report included in this annual report are prepared by auditors who are not inspected by the U.S. Public Company Accounting Oversight Board and, as such, you are deprived of the benefits of such inspection.

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

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

Proceedings instituted by the SEC against five PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In late 2012, the SEC commenced administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese affiliates of the "big four" accounting firms, (including our auditors) and also against Dahua (the former BDO affiliate in China). The Rule 102(e) proceedings initiated by the SEC relate to these firms' inability to produce documents, including audit work papers, in response to the request of the SEC pursuant to Section 106 of the Sarbanes-Oxley Act of 2002, as the auditors located in the PRC are not in a position lawfully to produce documents directly to the SEC because of restrictions under PRC law and specific directives issued by the China Securities Regulatory Commission. The issues raised by the proceedings are not specific to our auditors or to us, but affect equally all audit firms based in China and all China-based businesses with securities listed in the United States.

In January 2014, an administrative judge reached an initial decision that the “big four” accounting firms should be barred from practicing before the SEC for six months. However, it is currently impossible to determine the ultimate outcome of this matter as the accounting firms have filed a petition for review of the initial decision and pending that review the effect of the initial decision is suspended. The SEC Commissioners will review the Initial Decision, determine whether there has been any violation and, if so, determine the appropriate remedy to be placed on these audit firms. Once such an order was made, the accounting firms would have a further right to appeal to the US Federal courts, and the effect of the order might be further stayed pending the outcome of that appeal.

Depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding China-based, United States-listed companies and the market price of our ADSs may be adversely affected.

While we cannot predict the outcome of the SEC’s proceedings, if the accounting firms, including our independent registered public accounting firm, were denied, temporarily or permanently, the ability to practice before the SEC, and we are unable to timely find another registered public accounting firm which can audit and issue a report on our financial statements, we will not be able to meet the reporting requirements under the Exchange Act, which may ultimately result in our deregistration by the SEC and delisting from the NYSE. Moreover, any negative publicity about the SEC’s proceedings against these accounting firms may erode investor confidence in China-based, United States listed companies in general and the trading price of our ADSs may be adversely affected.

Risks Related to Doing Business in China

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

We conduct substantially all of our business operations 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 with respect to 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.

From January 1, 2011 to date, our subsidiary, ReneSola Zhejiang Ltd., formerly known as Zhejiang Yuhui Solar Energy Source Co., Ltd., or ReneSola Zhejiang, paid income tax at a rate of 15% as a High-New Technology Enterprise. ReneSola Zhejiang's High-New Technology Enterprise Certificate expired on December 31, 2011. In 2012, we successfully applied for the renewal of ReneSola Zhejiang's High-New Technology Enterprise Certificate for a term of three years. With this renewal, ReneSola Zhejiang is able to enjoy a reduced income tax rate of 15% from January 1, 2012 to December 31, 2014. In 2012, we also successfully applied for High-New Technology Enterprise Certificates for ReneSola Jiangsu and Sichuan ReneSola for terms of three years. With the approvals, ReneSola Jiangsu is able to enjoy a reduced income tax rate of 15% for a period of three years from January 1, 2012 to December 31, 2014, and Sichuan ReneSola is able to enjoy the same rate in 2013. However, we cannot assure you that new laws may not change the preferential treatment granted to our subsidiaries. Any loss or substantial reduction of the tax benefits enjoyed by us would reduce our net profit.

Moreover, under the new Enterprise Income Tax Law, 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 new 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. If a majority of the members of our management team continues to be located in China, 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. Prior to July 2007, when exporting products, ReneSola Zhejiang was entitled to a 13% refund of VAT that it had already paid or borne. However, starting July 1, 2007, such VAT refund was reduced to 5%, which materially affects the gross margin of our overseas sales. According to the latest tax regulation, the VAT refund applicable to ReneSola Zhejiang has been reverted to 13% from April 1, 2009. The VAT refund applicable to ReneSola Jiangsu is 17%. Our profitability may be materially and adversely affected if this VAT refund changes significantly and frequently.

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 ReneSola Zhejiang.

We conduct substantially all of our operations through ReneSola Zhejiang. Our ability to make distributions or other payments to our shareholders depends on payments from ReneSola Zhejiang. 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. ReneSola Zhejiang 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 Zhejiang is also required to allocate a portion of its after-tax profits, as determined by its board of directors, to its staff welfare and bonus funds, which may not be distributed to equity owners. In addition, when ReneSola Zhejiang incurs debt on its own behalf, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. For example, according to certain loan agreements between ReneSola Zhejiang and its banks, ReneSola Zhejiang is not permitted to pay dividends for any given year if it has no after-tax profit or any principal or interest due in that year that has not been paid.

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 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, have been and will be permanently reinvested to the PRC entities. Therefore, no dividend withholding tax was accrued.

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." Substantially all of our management members are based in the PRC. Accordingly, 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 export sales are generally denominated in U.S. dollars, Euros, Australian dollars, Japanese yen, and Indian rupee. Our costs and capital expenditures are largely denominated in Renminbi and foreign currencies, including U.S. dollars, Euros and Japanese yen. Fluctuations in exchange rates could affect our net profit margins and could result in foreign exchange losses and operating 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 Euro and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi was permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This change in policy caused the Renminbi to appreciate approximately 21.5% against the U.S. dollar over the following three years. Since reaching a high against the U.S. dollar in July 2008, the Renminbi traded within a narrow band against the U.S. dollar until June 2010, remaining within 1% of its July 2008 high but never exceeding it. Starting from March 17, 2014, the People's Bank of China widened the band to 2% around which the value of the Renminbi is allowed to deviate from the daily reference rate, which may allow for greater volatility in the U.S. dollar and Renminbi exchange rate. In June 2010, the People's Bank of China announced that the PRC government would reform the Renminbi exchange rate regime and increase the flexibility of the exchange rate. It is difficult to predict how long the current situation may last and when and how it may change again.

In addition, as we rely entirely on dividends paid to us by our operating subsidiaries in China, 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 Euro, fluctuation between the Euro 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 significant 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, ReneSola Zhejiang 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 Zhejiang under capital accounts continue to be subject to significant foreign exchange controls and require the approval of or registration with PRC governmental authorities. In particular, if ReneSola Zhejiang 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 Ministry of Commerce of the PRC, SAFE and the State Administration of Industry and Commerce, or SAIC, or their local counterparts. These limitations could affect the ability of ReneSola Zhejiang 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, or CSRC, 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 a regulation that became effective on September 8, 2006. 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 and October 2009. 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.

On October 21, 2005, SAFE issued the 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, or Notice 75, which became effective as of November 1, 2005. On May 11, 2013, SAFE issued Notice re 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 under the Notice 75. 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 purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. An amendment to registration or filing with the local SAFE branch by such PRC resident is also required for the injection of equity interests or assets of an onshore enterprise in the offshore company or overseas funds raised by such offshore company, or any other material change involving a change in the capital of the offshore company. Moreover, Notice 75 applies retroactively. As a result, PRC residents who have established or acquired control of offshore companies that have made onshore investments in the PRC in the past were required to complete the relevant registration procedures with the local SAFE branch by March 31, 2006.

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 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 75 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.

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 in various parts of China and elsewhere in Asia, including a few confirmed human cases and deaths. There have also been an outbreak of swine flu occurred in Mexico and the United States and there have been recent cases in China and elsewhere in Asia. Most recently, Shanghai has activated an emergency plan in response to cases of death and serious illness caused by a swine flu virus in the local region. Any prolonged occurrence or recurrence of avian flu, SARS, swine flu or other adverse public health developments in China may have a material adverse effect on our business operations. Our operations may be impacted by a number of health-related factors, including, among other things, quarantines or closures of our facilities, which could severely disrupt our operations, the sickness or death of our key officers and employees, and a general slowdown in the Chinese economy. Any of the foregoing events or other unforeseen consequences of public health problems could adversely affect our business and results of operations. We have not adopted any written preventive measures or contingency plans to combat any future outbreak of avian flu, SARS, swine flu or any other epidemic.

Risks Related To Our ADSs, Notes and its Underlying ADSs, Warrants and Shares

The market price for our ADSs may be volatile; the trading price of our convertible senior notes and 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 April 22, 2014, the market price of our ADSs ranged from $1.08 to $29.48 per ADS. 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 or elimination of government subsidies and 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 or other foreign currencies;
- sales or anticipated sales of additional ADSs;
- conversion of the convertible senior notes or exercise of our warrants;
- 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. We expect that the trading price of our convertible senior notes will be significantly affected by the market price of our ADSs. This may result in greater volatility in the trading price of the notes than would be expected for nonconvertible debt securities.

The price of the ADSs could also be affected by possible sales of the ADSs by investors who view our convertible senior notes and warrants as more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving the ADSs. This trading activity could, in turn, affect the trading prices of our convertible senior notes and value of our warrants.

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 impacted 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 chief executive officer and director, and Mr. Yuncai Wu, our director, beneficially owned 21.8% and 4.8%, respectively of our shares as of March 31, 2014. As such, Messrs. Li and Wu have 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-linked or debt equity securities or incur indebtedness, which could result in additional dilution to our shareholders or increase our debt service obligations. Hedging activities may depress the trading price of our ADSs.

The solar industry is currently being negatively impacted by a number of factors including excess capacity, reduction of government incentives in key solar markets, higher import tariffs and the European debt crisis. These factors have contributed to declining average selling prices for our products. For the year ended December 31, 2013, we incurred an operating loss of $221.4 million and our current liabilities exceed our current assets by $506.2 million. While we had cash and cash equivalents of $86.8 million and a positive cash flow from operations of $118.6 million, we also had short-term bank borrowings of $629.2 million all due within one year and the current portion of long-term bank borrowings amounted to $43.9 million, which is not expected to be renewed.

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. We currently also have a significant amount of debt outstanding. 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. Market conditions could require us to accept less favorable terms for the issuance of our securities in the future. Further, the price of our ADSs could also be affected by possible sales of our ADSs by investors who view our outstanding convertible notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that involves our 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.

Sales of our shares or ADSs in the public market and after offerings of our convertible senior notes and warrants, or the perception that these sales could occur, could cause the market price of our ADSs to decline or could make it more difficult for us to raise funds through the sale of equity in the future. Likewise, additional equity financings or other issuances of shares or ADSs by us could adversely affect the market price of the ADSs.

We 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. If we do need to raise additional capital, there can be no assurance that we will be able to do so on favorable terms or at all. In addition, any such financing could be significantly dilutive to existing shareholders and holders of the ADSs and result in the issuance of securities that have rights, preferences and

privileges that are senior to those of the shares and ADSs.

A substantial number of the ADSs are reserved for issuance upon conversion of our convertible senior notes and for the exercise of share options granted to directors and employees pursuant to our 2007 share incentive plan and for the exercise of our warrants. The conversion of some or all of our convertible senior notes and warrants will dilute the ownership interests of existing shareholders and holders of the ADSs. 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 trading price of our convertible senior notes and the market price of the shares or ADSs and impair our ability to raise capital through the sale of additional equity securities.

All ADSs sold in our initial public offering and the follow-on offering are freely transferable without restriction or additional registration under the Securities Act. The remaining ADSs outstanding after the initial public offering and the follow-on offering are currently available for sale, subject to volume and other restrictions as applicable under Rule 144 and Rule 701 of the Securities Act.

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, but you may not receive the voting materials in time to ensure that you can convert your notes and instruct the depositary to vote the ADSs issued upon the conversion of your notes. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if the ADSs you receive upon the conversion of your notes are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholder meeting.

The depository 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 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 and the ADSs you receive upon the conversion of the convertible senior notes 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.

The issuance of warrants as well as the sales of a significant number of the ADSs in the public markets, or the perception of these sales, could depress the market price of the ADSs.

The number of shares issuable upon exercise of warrants and the sales of a substantial number of the ADSs or other equity-related securities of the Company in the public markets, including the issuance of ADSs upon conversion of the notes, could depress the market price of the ADSs, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of the ADSs or other equity-related securities would have on the market price of the ADSs.

In addition, the existence of our convertible senior notes may also encourage short selling by market participants because the conversion of the notes could depress the ADS price. The price of the ADSs could be affected by possible sales of the ADSs by investors who view the notes as a more attractive means of equity participation in us and in connection with hedging or arbitrage trading activities, which we expect to occur involving the ADSs. This hedging or arbitrage could, in turn, affect the market price of the notes.

In addition, we may issue additional shares or ADSs for future acquisitions. If we pay for our future acquisitions in whole or in part with additionally issued shares or ADSs, our investors' ownership interests in our company would be diluted and this, in turn, could have a material adverse effect on the price of the ADSs.

Any future offerings, conversion of the convertible senior notes or exercise of warrants will dilute the ownership interest of existing shareholders and holders of our ADSs, including holders who have previously converted their notes.

On March 15, 2011, we completed an offering of $175 million of convertible senior notes due 2018, with an additional sale of $25 million principal amount of the notes on April 7, 2011 pursuant to the over-allotment option exercised by initial purchasers, to qualified institutional buyers pursuant to Rule 144A under the Securities Act. During 2011, we repurchased $88.4 million aggregate principal amount of our convertible senior notes using $57.1 million in cash. As of December 31, 2013, the carrying value of our convertible senior notes was $111.6 million. The convertible senior notes will mature on March 15, 2018. In September 2013, we completed a registered direct offering of 15,000,000 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 are exercisable immediately and will expire four years from the date of issuance. The conversion of some or all of the convertible senior notes and any exercise of some or all of the warrants will dilute the ownership interests of existing shareholders and holders of the ADSs and may depress the price of the shares or ADSs. In addition, any sales in the public market of the ADSs issuable upon such conversion or future offerings could adversely affect prevailing market prices of the shares or ADSs.

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

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 we were a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for our taxable year ended December 31, 2013. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you the U.S. Internal Revenue Service will not take a contrary position. A non-U.S. corporation will be a PFIC for any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income 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. 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 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 substantially all of our operations in China and most 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 through our wholly owned subsidiary in China. Most of our directors and officers reside outside 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, most of whom are not residents of the United States and the substantial majority of whose assets are located outside of the United States. In addition, there is uncertainty as to whether the courts of the 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 English common law, 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.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our 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 ReneSola Zhejiang 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 tax 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 No. 8 Baoqun Road, Yaozhuang County, Jiashan Town, Zhejiang Province, PRC. Our telephone number at this address is (86-573) 8477 3058. Our registered office is located at the offices of Harneys Corporate Services Limited, Craigmuir Chambers, P.O. Box 71, Road Town, Tortola, 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.

ReneSola acquired all of the equity interests in ReneSola Zhejiang in April 2006 through a series of transactions that were accounted for as a reorganization.

We incorporated our wholly owned subsidiaries, ReneSola America Inc., or ReneSola America, in the State of Delaware, USA, in 2006 to facilitate our procurement of silicon raw materials and product sales in North America; and ReneSola Singapore Pte. Ltd. in Singapore in 2007 to facilitate our polysilicon procurement and product sales outside of China.

In 2007, we began building a polysilicon manufacturing facility in Meishan, Sichuan Province, through our wholly owned subsidiary, Sichuan ReneSola, which was established in the Sichuan Province.

In 2009, as part of our growth strategy, ReneSola Zhejiang acquired the 100% equity interest in ReneSola Jiangsu for a total cash consideration of RMB140.3 million ($23.2 million), including tax paid in connection with the transfer of equity interests, in 2009. ReneSola Jiangsu is a cell and module manufacturer located in Yixing, Jiangsu Province that commenced its cell production in October 2008 and its module production in November 2005. As of December 31, 2009, the year in which it was acquired by us, ReneSola Jiangsu had an annual cell production capacity of 120 MW and an annual module manufacturing capacity of 135 MW. ReneSola Jiangsu offers monocrystalline modules ranging from 40 W to 310 W and multicrystalline modules ranging from 40 W to 310 W in power output, and exports its products primarily to the European markets. On November 6, 2013, ReneSola Zhejiang and ReneSola Singapore Pte. Ltd. entered into an agreement, pursuant to which ReneSola Singapore Pte. Ltd. agreed to invest RMB200 million ($33.0 million) in ReneSola Jiangsu, increasing its share capital to RMB800 million ($132.2 million). After the completion of such transaction, ReneSola Zhejiang and ReneSola Singapore Pte. Ltd. will hold 75% and 25% of ReneSola Jiangsu's equity interest, respectively, and ReneSola Jiangsu will also be converted from a Chinese domestic company into a Sino-foreign equity joint venture. ReneSola Zhejiang and ReneSola Singapore Pte. Ltd are all wholly owned subsidiaries of ReneSola Ltd. ReneSola Jiangsu received the approval from the local commercial authority on December 17, 2013 and is currently going through the registration formalities with the relevant administrative authority for industry and commerce. As of the date of this annual report, the transaction has not been completed.

In 2010, we established a wholly owned subsidiary, Zhejiang ReneSola Photovoltaic Materials Co., Ltd., or Zhejiang ReneSola PV Materials, to engage primarily in the production and sale of crucibles, steel wires and silicon carbon powder. We also established our wholly owned subsidiaries, Sichuan Ruiyu Photovoltaic Materials Co., Ltd., Sichuan Ruixin Photovoltaic Materials Co., Ltd. and Sichuan Ruisheng Photovoltaic Materials Co., Ltd., which subsequently merged into Sichuan ReneSola in November 2011, in China to engage primarily in the sale of monocrystalline and multicrystalline wafers and ingots, steel wires, furnaces and other solar related products. Sichuan Ruixin Photovoltaic Materials Co., Ltd. has not commenced business as of the date of this annual report.

From time to time after 2010, we have established additional wholly owned subsidiaries in China to engage primarily in the research, development, production, sale or installation of certain manufacturing materials, solar energy

technology, solar technology consulting services, solar energy equipment, solar PV power generation related projects, electric power technology, power suppliers and equipment, technology achievement transformation and transferring related to solar PV power and photo thermal.

In 2011, we established a wholly owned subsidiary, ReneSola Deutschland GmbH, to engage primarily in the sales of module, cell and wafer, as well as the operation of solar power projects.

Since 2011, we have also established other wholly owned subsidiaries outside of China, including in Luxemburg, France, India, Australia, Japan, UK, Croatia, South Africa and Panama to expand our businesses in the international markets as part of our growth strategy with respect to the module segment. We have also established our North and South American regional headquarters in San Francisco, and our Asia-Pacific, Middle East and Africa regional sales headquarters in Singapore.

In 2012, we also established several non-wholly owned subsidiaries, including Ningde Hengyang New Energy Development Co., Ltd., which engages primarily in the development and sale of solar energy products and investment and management of new energy; ReneSola Zhejiang Carbon Fiber Material Co., Ltd., which engages in the development, production and sale of carbon fiber materials and other carbon products; and Renesola Keping Co., Ltd., or ReneSola Keping, which engages primarily in the development, investment, construction and operation of energy projects and engineering equipment and provision of supporting services, and has also been involved in the construction and operation of power plants, production and sales of electricity, technology research and training. We held 60% of the equity interests of Ningde Hengyang, with the remaining 40% of equity interests being held by a third party, Quanzhou Heyday Solar Technology Co., Ltd. We held 93.5% of the equity interests of ReneSola Zhejiang Carbon Fiber Material Co., Ltd., with the remaining 6.5% equity interests collectively held by a number of core employees of that company. We held 98.56% of the equity interests of ReneSola Keping, with the remaining 1.44% being held by a third party, Xinjiang Garson Co. Ltd, and an individual shareholder. All of our equity interests in Ningde Hengyang New Energy Development Co., Ltd. and ReneSola Keping were sold in July 2013 and March 2014, respectively. In addition, in March 2014, we signed an agreement to sell all of our equity interests in ReneSola Zhejiang Carbon Fiber Material Co., Ltd. and as of the date of this annual report, the registration formality with the relevant administrative authority for industry and commerce has not been completed.

In 2013, we sold all of our 91.3% equity interests in Zhejiang Ruiyi New Material Technology Co., Ltd., which engaged in the research and development of new manufacturing materials. We also closed our wholly owned subsidiary, Gaotai Yuhui New Energy Co., Ltd., which engaged in preparation work for solar PV projects development, due to our business needs. In addition, in January 2014, we entered into an equity transfer agreement to sell our wholly owned subsidiary, Zhejiang Ruixu Investment Co., Ltd., or Zhejiang Ruixu, which owned three of our solar power plants in China through two of its wholly owned subsidiaries, Qinghai Yuhui and ReneSola Keping. The sale of Zhejiang Ruixu, together with its subsidiaries and the solar power projects, was completed on March 31, 2014.

In March 2014, we closed two subsidiaries, ReneSola Zhejiang Energy-Saving Technology Co., Ltd., formerly known as Zhejiang Sciborn New Material Technology Co., Ltd, which was wholly owned by ReneSola Zhejiang, and Sichuan OuRuida Science Park Co., Ltd., which was wholly owned by Sichuan ReneSola

From time to time, we make acquisitions of equity interests. For example, in 2012, our wholly owned subsidiary, ReneSola Singapore Pte. Ltd., acquired 100% equity interests of Nove Eco Energy Eood and MG Solar Systems Eood in Bulgaria in April 2012 as project assets. We also acquired 100% equity interests in Lucas Est S.R.L and Ecosfer Energy S.R.L in Romania in September 2012 as project assets. In 2013, we acquired Lucas Est Korea Co., Ltd. and Ecosfer Energy Korea Co., Ltd., which became our wholly owned subsidiaries.

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

As of the date of this annual report, we conduct our business through the following key subsidiaries:

- ReneSola Zhejiang, our operating company engaged in wafer production in China;

- ReneSola America, which was incorporated in the State of Delaware, the United States, in November 2006 to facilitate our procurement of silicon raw materials and product sales in North America;

- ReneSola Singapore Pte. Ltd., which was incorporated in Singapore in March 2007 to facilitate our polysilicon procurement and product sales outside of China;

- Sichuan ReneSola, which was incorporated in China in August 2007 to engage in the production of polysilicon;

- ReneSola Jiangsu, which we acquired in May 2009 to engage in the production of solar cells and modules;

- Zhejiang ReneSola PV Materials, which was incorporated in China in April 2010 to engage in the production and sale of crucibles, steel wires and silicon carbon powder; and

- ReneSola Deutschland GmbH, which was incorporated in Germany in September, 2011, to engage in the sales of module, cell and wafer, as well as the operation of solar power projects.

With respect to our securities, in August 2006, we placed 33,333,333 shares on the AIM and raised gross proceeds of approximately $50.0 million. In November 2010, with the approval of our board of directors, our shares ceased to trade on the AIM, and our admission to trading on the AIM was cancelled.

In January 2008, we and certain selling shareholders completed our initial public offering of 10,000,000 ADSs listed on the NYSE. In June 2008, we completed a follow-on public offering of 10,350,000 ADSs sold by us and certain selling shareholders. In October 2009, we completed another follow-on public offering of 15,500,000 ADSs sold by us.

In the first quarter of 2010, we redeemed the outstanding balance of $32 million of our RMB928,700,000 U.S. dollar-settled 1.0% convertible bonds due March 26, 2012.

In March 2011, we completed an offering of $175 million of convertible senior notes due 2018, with an additional sale of $25 million principal amount of the notes in April 2011 pursuant to the over-allotment option. The convertible senior notes will mature 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 covers, 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. For more details, see “Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Liquidity and Capital Resources—Issuance of Securities.” During 2011, we repurchased $88.4 million aggregate principal amount of our convertible senior notes using $57.1 million in cash.

In August 2011, ReneSola’s board of directors adopted a shareholder rights plan to protect the best interests of ReneSola and our shareholders and authorized a 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 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 ReneSola and to encourage anyone seeking to acquire ReneSola to negotiate with the 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.

In August 2011, our board of directors authorized a share repurchase program under which we may repurchase up to $100 million in aggregate value of our outstanding shares during a six-month period ended February 20, 2012 on the open market or in privately negotiated transactions. We repurchased an aggregate of 645,424 ADSs, representing 1,290,848 shares, on the open market for a total cash consideration of $1.9 million in 2011, which were cancelled as of February 29, 2012. We did not repurchase any ADSs in 2012.

In September 2013, we completed a registered direct offering of 15,000,000 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 are exercisable immediately and will expire four years from the date of issuance. We expect to use the net proceeds from the offering for general corporate purposes, including working capital and polysilicon plant optimization.

B. Business Overview

We are a leading global brand and technology provider as well as manufacturer of solar power products based in China. Capitalizing on proprietary technologies, economies of scale, low cost production capabilities, technical innovations and know-how and leveraging our in-house polysilicon, wafer and module manufacturing capabilities, we provide our customers with high quality, cost competitive solar power products and processing services. We provide high quality solar power products to a global network of suppliers and customers, which includes leading global manufacturers of solar cells and modules and distributors, installers and end users of solar modules.

We have significantly expanded our business scope from primarily solar wafer manufacturing to manufacturing of polysilicon and solar modules, as well as ventured into the solar power plant business. We believe our vertically integrated model and integrated manufacturing capabilities allow us to ensure the quality of our solar power products and reduce our reliance on the quality assurances of third-party suppliers. Moreover, the vertical integration allows us to gain an early understanding of trends in PV products pricing, better anticipate market conditions, as well as take advantage of market opportunities more quickly and efficiently.

We have greatly expanded our manufacturing capacity since we began the production of solar wafers. We believe we possess one of the largest solar wafer manufacturing facilities in China based on production capacity as of December 31, 2013. See "—Manufacturing" for more updates on our manufacturing capacities.

We sell solar wafers primarily to solar cell and module manufacturers globally. In 2013, a significant portion of our wafer sales were made to companies based in Asia, primarily to leading solar cell and module companies in China, South Korea and Taiwan. The majority of our module sales in 2013 were made to distributors across the globe including regions like Europe, USA and Asia-Pacific. We have begun to refine our module sales strategy to sell directly to end user customers in order to enhance our pricing power and promote our profit margin. We believe that one of the most cost-effective and innovative ways to improve module efficiencies is through enhanced wafer technologies, an area where we have historical expertise. In addition, we have continued to focus on implementing various cost reduction programs and reduced our silicon consumption rate and non-silicon wafer processing cost.

At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production compared to its prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate the Phase I facility without incurring a loss and to recognize the impairment charge in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013. See "—Manufacturing—Polysilicon Production" for more updates on our polysilicon facilities.

Since the end of 2012, we have started to implement our business strategy to transform our business focus from solar wafer production to module production. In July 2013, we were promoted to "Tier 1" status on the PV Module Maker Tier System published by Bloomberg New Energy Finance, or BNEF. According to BNEF, tier 1 module manufacturers are those that have provided products to three different projects, which have received non-recourse financing by three different banks in the past two years. In connection with this business transformation, we have implemented strategic initiatives including increasing the volume of our module sales and the size of our marketing team. In addition, we have increased capacity by sourcing our modules from overseas original equipment manufacturers, or OEM, while maintaining our in-house module manufacturing capacity at 1.2 GW as of December 31, 2013, which we believe has been executed with high efficiency and advanced technologies. We currently have overseas OEM module capacity of approximately 1 GW, with factories and facilities located in Poland, South Africa, India, Malaysia, South Korea, Turkey, and most recently, Japan.

In 2014, we plan to maintain our in-house polysilicon, solar wafer, cell and module manufacturing capacities. We may continue to seek additional opportunities to develop solar power plants.

In 2011, 2012 and 2013, we shipped 1,294.8 MW, 2,219.3 MW and 3,218.0 MW, respectively, of solar power products.

Our net revenues decreased from $985.3 million in 2011 to $969.1 million in 2012 and increased to $1,519.6 million in 2013. We suffered an operating loss of $221.4 million and a net loss of $258.9 million in 2013, compared to an operating loss of $179.0 million and a net loss of $242.5 million in 2012, and an operating income of $11.5 million and a net income of $0.3 million in 2011.

Industry Background

Increasing environmental awareness and energy security concerns have resulted in governmental policies and regulations in many countries designed to accelerate the development and adoption of solar power and other renewable energy sources. International environmental protection initiatives, such as the Kyoto Protocol for the reduction of overall carbon dioxide and other gas emissions, have also created momentum for government incentives encouraging solar power and other renewable energy sources. We believe that the near-term growth of the market for on-grid applications continue to depend on the availability and size of government subsidies and economic incentives. Reductions or eliminations of subsidies and economic incentives may adversely affect the growth of this market or result in increased price competition.

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, most notably in Germany, China, Spain, Italy, the United States, Japan, Australia, Bulgaria and Romania, have provided government subsidies and economic incentives in the form of feed-in tariffs, 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.

However, as the solar power industry continues to develop, the government subsidies and economic incentives could be reduced or eliminated altogether. Policy changes could result in significant reductions or eliminations of subsidies or economic incentives, and the effects of the recent global economic crisis may affect the fiscal ability of governments to offer certain types of incentives such as tax credits at the level previously targeted, if at all. In 2013, the European governments further reduced their support in the European markets that have traditionally relied upon feed-in-tariffs, among other things, to support demand, which in the aggregate resulted in a marked decline in the global growth rate of demand for solar power products. In September 2008, the Spanish government introduced a feed-in-tariff cap of 500 MW, which limited demand in the grid-connected market in Spain. Additionally, in December 2010, the Spanish government reduced the maximum allowable annual operating hours for which PV systems could earn feed-in-tariff payments. In 2009, the German government reduced solar feed-in tariffs by 9%. In January, July and October of 2010, Germany introduced further solar feed-in tariffs reductions of approximately 24% to 26% for rooftop systems and 20% to 25% for ground-based systems. Germany further reduced its feed-in tariffs in the beginning of 2012 by 15% to up to 24.43 Euro cents per kilowatt hour for rooftop systems and up to 18.76 Euro cents per kilowatt hour for ground-based systems. In September 2012, Germany introduced further a feed-in tariff reduction of 1% monthly for roof-based systems while reducing or eliminating feed-in tariffs for ground-based systems. In September 2013, Germany continued its monthly reduction of 1.8% on the feed-in-tariff for any solar power system that started to operate on or after October 1, 2013. All such reductions may result in a significant fall in the price of PV products in order to support continued demand. Generally, it is expected that due to the reduction in government incentives to users of solar power products in Germany, demand for solar power products will decrease substantially in Germany this year, which may in turn materially and adversely affect our direct or indirect sales into Germany. In 2010, the Italian government announced annual reductions to feed-in tariffs beginning in 2011 in an effort to impede overheating of its solar market. Although it later passed legislation to extend its feed-in tariff program for solar energy through 2012, the feed-in tariff scheme started to slowly decrease each month from June 2011. Also, in May 2013, the Greek government announced an over 40% feed-in-tariff reduction effective June 1, 2013, to reduce the deficit of the Renewable Energy Sources Fund, which is used to pay renewable energy producers in Greece. Currently, multiple governments and countries are discussing ways to reduce or eliminate their solar subsidies, including Japan, UK and Eastern European countries.

Trade actions have been initiated in the United States or other jurisdictions, including the European Union and India, since 2011 and have resulted in anti-dumping and countervailing duties imposed on solar imports in those jurisdictions. See “Item 3. Key Information—D. Risk Factors— Risks Related To Our Business—D. Risk Factors—Imposition of anti-dumping and countervailing orders in one or more markets may result in additional costs to our customers and disruptions in such markets and could materially and adversely affect our business, results of operations, financial conditions and prospects.”

In the last few years, the Chinese government announced a series of plans and subsidies intended to support the development of the Chinese solar power industry, including open bidding for solar power plant licenses, the Solar Rooftop Plan and the Golden Sun Demonstration Projects. These measures were aimed at developing large-scale solar power plants in rural and remote areas and urban rooftop solar power systems. For instance, in March 2009, the Chinese government announced new rules to offer financial subsidies to assist the construction of PV module applications integrated into buildings in urban and remote areas and establishes and promotes technical standards and key universal technologies relating to the application of PV module products integrated into buildings. To be eligible to receive the subsidies, the installed capacity of a PV module project must be more than 50 kilowatts and the conversion efficiency of monocrystalline products must be higher than 16%. Priority is to be given to PV modules

integrated into buildings, projects connected to the power grid and projects for public buildings. In July 2009, the Chinese government announced a new program of incentives for the development of 500 MW large-scale PV projects throughout the country over a period of two to three years. Under this program, on-grid PV projects of at least 300 kilowatts will be eligible for subsidies of 50%. Projects in remote areas with no access to the electricity grid will be eligible for subsidies of 70%. In 2010, the PRC government enacted a revised Renewable Energy Law giving clearer guidance to address issues in the existing legislation and affirming the role of the government in organization and planning, as well as switching the purchasing system for renewable energy from a mandatory system to a guaranteed purchase scheme. These guaranteed purchase principles are intended to make electricity distributors more willing to purchase renewable energy by more clearly defining the relationship between electricity distributors and power generation businesses in terms of rights and responsibilities. The law also provides guarantees regarding the launch of future on-grid pricing systems or feed-in tariffs for renewable energy. In 2010, newly installed capacity for solar power systems in China reached 400 MW, according to the European Photovoltaic Industry Association. China's 12th Five Year Plan, which was released in early 2011, cited renewable energy sources as a focal point for China's development. For renewable energy, the plan set a goal of sourcing 11.4% of primary energy from non-fossil fuels in 2015, an increase from a 2020 goal of 8.3% announced in 2010 and aims to reduce costs of domestic solar power and develop the PV industry. In July 2012, the PRC National Energy Admonition issued China's 12th Five Year Plan for the Development of Solar Electric Energy Generation to continue taking measures to develop the PV industry. On March 25, 2013, China's Ministry of Finance, Ministry of Industry and Information Technology, or the MIIT, the General Administration of Customs and the State Administration of Taxation jointly issued the Notice on the Adjustment on Relevant Catalogue of Tax Policy for the Import of Material Technical Equipment, or the Notice. According to the Notice, as of April 1, 2013, qualified domestic enterprises may import necessary key parts and materials as set forth in the Notice to manufacture certain equipment, including solar cell equipment, which is supported by the PRC government, and will be exempted from custom duty and import VAT. We expect the solar industry to continue to be a focus of government support in China.

China's State Council issued the Several Opinions of the State Council on Promoting the Healthy Development of the Photovoltaic Industry, or the Several Opinions, on July 4, 2013, which provides that the installed capacity for solar electricity is expected to further increase and reach more than 35 GW by 2015 at a growth rate of about 10 GW per year. The PV industry will be promoted principally through, among others, (i) the exploration of the distributed PV power generation market, (ii) the improvement of grid connection management and service, in particular for PV power generation, (iii) the improvement of pricing and subsidy policies and development of funding for renewable energy, and (iv) support from the financial institutions to the PV industry. To implement the Several Opinions, the government authorities have issued additional regulations to promote the PV industry. For example, the MIIT issued the Standard Conditions for Photovoltaic Manufacturing Industry on September 16, 2013, which became effective on October 16, 2013, and subsequently issued the Interim Measures for the Notice Management of the Photovoltaic Manufacturing Industrial Standards on October 11, 2013. The PRC National Energy Commission also issued a series of regulations about PV power generation projects, including the Interim Measures for PV Power Generation Projects on August 29, 2013, the Interim Measures for the Administration of Distributed PV Power Generation Projects on November 18, 2013 and the Interim Measures for the Supervision of Photovoltaic Power Generation Operation on November 26, 2013. In particular, the Interim Measures for the Administration of Distributed PV Power Generation Projects provided that grid companies shall make subsidy payments to project companies on a monthly basis for distributed PV power generation projects which are entitled to subsidies.

To promote the exploitation and utilization of renewable resources, the Ministry of Finance decided to increase the charging standard of the renewable surcharge for electricity end-users to RMB0.015/kwh on September 25, 2013, except for for residential or agricultural use.

On August 26, 2013, the NDRC released subsidy details for projects, including transmission-grid-connected projects and distribution-grid-connected projects. The new feed-in-tariff for 2014 is between RMB0.90/kwh and RMB1.00/kwh depending on project locations for transmission-grid-connected projects and RMB0.42/kwh for distribution-grid-connected projects. See "Item 4. Information on the Company—D. Business Overview—Regulations—Renewable Energy Law and Other Government Directives." Distribution-grid-connected projects are expected to represent the majority of China's new PV installation over the next few years. Unlike the rest of the world, capital expenditures for distribution-grid-connected projects are higher than transmission-grid-connected projects because labor costs for scaffolding and work on rooftops are low in China and rooftop space is currently free.

Our Products and Services

We offer monocrystalline and multicrystalline wafers of various sizes and thicknesses. In wafer manufacturing, we are capable of slicing wafers with a thickness less than 180 microns on a large scale. We also offer wafer processing services to certain customers.

We also offer monocrystalline and multicrystalline solar modules. We currently produce standard solar monocrystalline modules ranging from 75 W to 310 W and multicrystalline modules ranging from 130 W to 310 W in power output, built to general specifications for use in a wide range of residential, commercial, industrial and other solar power generation systems.

We also offer our customers after-sales support services such as monthly performance checks on our products. Our research and development, technical management and quality control teams work closely with our customers' counterparties to address our customers' requirements.

Manufacturing

We manufacture solar-grade polysilicon, solar wafers, cells and modules.

We significantly expanded our manufacturing capacity since we began our production of solar wafers. We believe we operate one of the largest solar wafer manufacturing facilities in China based on production capacity. As of December 31, 2013, we had an annual wafer manufacturing capacity of approximately 2,000 MW, consisting of a monocrystalline wafer manufacturing capacity of approximately 200 MW and a multicrystalline wafer manufacturing capacity of approximately 1,800 MW, All of our annual wafer manufacturing capacity as of December 31, 2013 is the same as the capacity as of December 31, 2012. We plan to maintain this annual wafer manufacturing capacity in 2014.

We began selling solar modules in June 2009 after our acquisition of ReneSola Jiangsu. As of December 31, 2013, we had cell and module manufacturing capacities of 240 MW and 1,200 MW, respectively, compared to 240 MW and 1,200 MW, respectively, as of December 31, 2012, and 240 MW and 500 MW, respectively, as of December 31, 2011. We currently have OEM factories and facilities located in Poland, South Africa, India, Malaysia, South Korea, Turkey and most recently, Japan. In 2013, we had solar module capacity of 1 GW through sourcing our modules from overseas OEM. In 2014, we plan to maintain our own annual cell and module manufacturing capacity, and further expand our OEM capacity to meet the growing demand of our module products.

We had an annual polysilicon manufacturing capacity of 4,000 metric tons and 10,000 metric tons as of December 31, 2011 and 2012, respectively. We ramped up our polysilicon manufacturing facility in Meishan, Sichuan Province, in two phases. Phase I of our polysilicon facility had been in full operation since the beginning of 2011 and Phase II of the facility was completed in June 2013. We produced an aggregate of 3,382 metric tons and 3,523 metric tons of polysilicon in 2011 and 2012, respectively. In November 2012, we halted polysilicon production to upgrade our facilities and equipment, as well as integrate Phase II with Phase I. At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to the prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate the Phase I facility without incurring a loss and to recognize the impairment charge in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013. Our Phase II polysilicon facility currently has an annual manufacturing capacity of 6,000 metric tons.

While the solar sector remains highly competitive and subject to political uncertainties, we believe that our international approach to our module business and continuing investments in new technologies will support our longer-term goals.

The following table sets forth the manufacturing capacities of our facilities.

Manufacturing Facilities	Annual Manufacturing Capacity as of December 31, 2011[1]	Annual Manufacturing Capacity as of December 31, 2012[2]	Annual Manufacturing Capacity as of December 31, 2013[3]	Expected Annual Manufacturing Capacity as of December 31, 2014[3]
Wafer	2,000 MW	2,000 MW	2,000 MW	2,000 MW
—Monocrystalline Wafers	400 MW	[4] 200 MW	200 MW	200 MW
—Multicrystalline Wafers	1,600 MW	1,800 MW	1,800 MW	1,800 MW
Cell	240 MW	240 MW	240 MW	240 MW
Module	500 MW	1,200 MW	1,200 MW	1,200 MW
Polysilicon	4,000 metric tons	10,000 metric tons	6,000 metric tons	6,000 metric tons

(1) Calculated based on the adjusted methodology effective January 1, 2011, which is based on an efficiency rate of 18.2% for monocrystalline wafers and 16.8% for multicrystalline wafers.

(2) Calculated based on the adjusted methodology effective January 1, 2012, which is based on an efficiency rate of 18.8% for monocrystalline wafers and 17.7% for multicrystalline wafers.

(3) Calculated based on the adjusted methodology effective January 1, 2013, which is based on an efficiency rate of 19.0% for monocrystalline wafers and 17.8% for multicrystalline wafers.

(4) Only 200 MW of manufacturing capacity was operational as we were in the process of moving the equipment that generates the additional 200 MW of capacity to another facility, which was classified as assets held-for-sale and had since been written off. In 2013, we successfully sold 200 MW capacity to a third party.

We selectively use automation to enhance the quality and consistency of our finished products and improve efficiency in our manufacturing processes. All of our current monocrystalline furnaces and a portion of our squaring machines were purchased from Chinese and Chinese-foreign joint venture solar power equipment suppliers in order to lower our equipment procurement, transportation and installation costs. Other major equipment is sourced from overseas.

Prior to 2011, we purchased most of our multicrystalline furnaces from foreign equipment suppliers. In 2011, we began to collaborate with domestic equipment makers in China to develop customized multicrystalline furnaces. In 2012, we devised new methods which allowed us to increase the capacity of our existing multicrystalline furnaces. Our new multicrystalline furnaces require substantially less capital expenditure than imported furnaces and offer improved production efficiency and lower electricity consumption.

Our manufacturing capacities comprise the following:

- polysilicon production;
- ingot production;
- wafer slicing;
- cell production; and

· module production.

Polysilicon Production

We use the modified Siemens process to produce polysilicon. Our manufacturing process is able to recover and recycle exhaust gases throughout the process in our closed-loop manufacturing system.

In phase I of our polysilicon manufacturing facility, we adopt TCS production and thermal hydrogenation process. In phase II of our polysilicon manufacturing facility, we use a hydrochlorination process which requires less power consumption compared to our phase I technology.

We integrated the two phases into one combined polysilicon manufacturing facility in October 2012. At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to its prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate the Phase I facility without incurring a loss and to recognize the impairment charge in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013. Our polysilicon facility currently has an annual polysilicon manufacturing capacity of 6,000 metric tons. After eliminating our Phase I facility, our remaining in-house polysilicon production is cost-efficient as compared to the prevailing market price of polysilicon, which we believe will help our overall profitability. In addition, we believe the discontinuation will help reduce our power consumption and depreciation and therefore help to enhance our profitability going forward. While the solar sector remains highly competitive and subject to political uncertainties, we believe that our international approach to our module business and continuing investments in new technologies will support our longer-term goals.

Ingot Production/Wafer Slicing

To produce multicrystalline ingots, molten polysilicon is converted into block-form through a casting process in the multicrystalline furnaces. Crystallization starts by gradually cooling the crucibles in order to create multicrystalline ingot blocks. The resulting ingot blocks consist of multiple smaller crystals as opposed to the single crystal of a monocrystalline ingot. The output of a multicrystalline furnace is higher than that of a monocrystalline furnace.

To produce monocrystalline ingots, we place polysilicon into a quartz crucible in a furnace, where the polysilicon is melted. Then, a thin crystal seed is dipped into the molten silicon to determine the crystal orientation. The seed is rotated and then slowly extracted from the molten silicon to form a single crystal as the molten silicon and crucible cool. Once the single crystals have been grown to pre-determined specifications, they are surface-ground to produce ingots. The uniform properties of a single crystal promote the conductivity of electrons, thus yielding higher conversion efficiencies. We have developed a proprietary method for producing more ingots in one heating and cooling cycle by adding silicon raw materials during the melting process. This innovation enables us to increase our yield of ingots, reduce electricity cost and enhance the utilization rate of furnaces and consumables, such as crucibles.

To produce multicrystalline wafers, multicrystalline ingots are first cut into pre-determined sizes. After a testing process, the multicrystalline ingots are cropped and the usable parts of the ingots are sliced into wafers by wire saws using high-precision cutting techniques. After a cleaning and drying process, the wafers are inspected, packed and shipped.

To produce monocrystalline wafers, monocrystalline ingots are squared by squaring machines after being inspected. Through high-precision cutting techniques, the squared ingots are then sliced into wafers by wire saws using steel wires and silicon carbon powder. After inserting into frames, the wafers are cleaned to remove debris from the previous processes and then dried. Finally, the wafers are inspected before they are packed in boxes and shipped to customers.

Cell Production

A solar cell is made from a silicon wafer that converts sunlight into electricity by a process known as the PV effect. Thus, the feedstock of solar cell manufacturing is solar wafers, which are used as the base substrate. The process starts with cleaning and texturing the surface of a wafer, followed by a diffusion process in which an emitter is formed. The front and back sides of the wafer are isolated using the plasma etching technique, and the oxide formed during the diffusion process is removed to form an electrical field. An anti-reflective coating is then applied to the surface of the cell using plasma enhanced chemical vapors to enhance the absorption of sunlight. The front and back sides of the cell are screen printed with metallic inks and the cell then undergoes a fire treatment in order to preserve its mechanical

and electrical properties. The cell is then tested and classified in accordance with its parameters.

Module Production

Solar modules are arrays of interconnected solar cells encased in a weatherproof frame. Solar modules are assembled from interconnected multiple solar cells by taping and stringing the cells into a desired electrical configuration. The interconnected cells are laid out, laminated in a vacuum, cured by heating and then packaged in a protective light-weight aluminum frame. Solar modules are then sealed and weatherproofed to withstand high levels of ultraviolet radiation and moisture.

Raw Materials

The key raw material for our wafer production is polysilicon. Currently, we use polysilicon as primary feedstock to produce solar wafers. In 2013, polysilicon accounted for approximately 44.0% of our wafer production cost. We procure our raw materials from diversified sources. In 2013, purchases from international suppliers, domestic suppliers and our subsidiary, Sichuan ReneSola, accounted for approximately 50.3%, 32% and 17.7%, respectively, of our total polysilicon purchases. Other raw materials include crucibles, slurry, wires, glass and ethyl vinyl acetate, or EVA, film, which we procure primarily from domestic and international suppliers.

Our top five suppliers of polysilicon, excluding those for processing services, collectively accounted for 82.8% of our total polysilicon purchases in 2013. Our top two suppliers of polysilicon, excluding those processing services, accounted for more than 52.7% of our total polysilicon purchases in 2013. We are required to purchase $106.7 million of polysilicon over the next two years. The price is subject to adjustment to reflect the prevailing market price at the transaction dates. We made advance payments to these suppliers under the polysilicon purchasing agreements. In 2012 and 2013, due to the worldwide oversupply of silicon raw materials, we were not required to make advance payments for our newly signed procurement agreements with suppliers. In 2012 and 2013, we did not sign any long term contracts. As of December 31, 2013, the outstanding advance payments in connection with our procurement agreements entered into before 2014 amounted to approximately $10.0 million.

We complement our existing long-term and short-term polysilicon purchase agreements with in-house manufacturing capacity provided by our polysilicon manufacturing facility in Meishan, Sichuan Province. Our polysilicon facility currently has an annual polysilicon manufacturing capacity of 6,000 metric tons.

Sales and Customers

We have established a number of long-term relationships with several key players in the solar power industry and will continue to both strengthen our existing customer relationships and cultivate new relationships. Our current customers include some of the leading global manufacturers of solar cells and solar modules. We have been expanding our customer base beyond China and, as of December 31, 2013, sold more than 66.2% of our products, in terms of sales revenue, in overseas markets (outside of China, Taiwan and Hong Kong) such as Europe, America, Japan and Australia. We have wide-spread sales channels across different continents including sales offices in Germany, United Kingdom, United States, Japan, India, Australia, South Africa, Panama and other countries or regions, which provide our customers with local and easily accessible support. In particular, we expanded into United States and Japan, two fast growing markets for PV products, in mid-2012. We have set up three sales offices and operate eight warehouses in the United States, which allow us to provide more localized and efficient product support and delivery services to our American customers. Our revenue derived from sales into the United States was $236.9 million for the year ended December 31, 2013. We also established subsidiaries and branch companies in Japan, and our revenue derived from sales into Japan was approximately $67.3 million for the year ended December 31, 2013. We have also entered into OEM agreements to provide major global solar companies in Poland, South Africa, India, Malaysia, South Korea, Turkey and most recently, Japan, with solar modules. We believe that our reputation for quality and reliability and our added capabilities in solar cells and solar modules will enable us to gain market share and capture new growth opportunities in the solar power industry. As of December 31, 2013, we have a two-year backlog of 118 contracts covering 494 MW and 210 MW for delivery in 2014 and 2015, respectively.

Wafer Sales

We increased wafer shipment in 2011 and 2012, due to strong demand for our products, increased production output and increased brand recognition. In 2013, our wafer shipment decreased from 2012, because we used more of our wafer output for our own module production to support our business strategy to become an integrated module provider.

We derived 61.4%, 60.5% and 86.5% of our wafer sales from customers in China (including Hong Kong) in 2011, 2012 and 2013, respectively. In 2011, our top five wafer customers accounted for approximately 41.6% of our wafer sales and 23.0% of our net revenues, and our largest customer accounted for approximately 10.8% of our wafer sales and 6.0% of our net revenues. In 2012, our top five wafer customers, one of which was our related party, accounted for approximately 49.5% of our wafer sales and 22.2% of our net revenues, and our largest customer accounted for approximately 13.7% of our wafer sales and 6.1% of our net revenues. In 2013, our top five wafer customers accounted for approximately 52% of our wafer sales and 10.8% of our net revenues, and our largest wafer customer accounted for approximately 24.8% of our wafer sales and 5.1% of our net revenues.

Most of our current wafer sales, particularly our sales to major customers, are made under purchase orders based on the spot market rates. While we are still subject to certain long-term sales contracts, the pricing terms and volumes can be subject to renegotiation in situations where there is substantial market volatility. We also have some short-term sales contracts with some of our customers and long-term framework contracts, which provide for variable pricing and volume terms.

We entered into several long-term sales contracts with our customers. In June 2008, we entered into an agreement with a global solar power company for the supply of approximately 1.5 GW of wafers over an eight-and-a-half-year period beginning in July 2008. In June 2010, we entered into an agreement with a leading solar cell manufacturer to provide approximately 293 MW of multicrystalline wafers from July 2010 to December 2013 and approximately 141 MW of monocrystalline wafers from October 2010 to December 2013. Our long-term wafer contracts accounted for approximately 184.0 MW of wafer shipments, or 13.0% of our total wafer shipments, in 2013.

In 2012 and 2013, due to the volatility of polysilicon prices and worldwide oversupply of solar power products, we did not enter into new long-term wafer contracts or wafer processing arrangements with customers.

Module Sales

Our module shipment increased in 2011, 2012 and 2013. In 2013, our module shipment exceeded our wafer shipment for the first time in our company history, due to our business strategy to switch from a wafer manufacturer to an integrated module manufacturer.

We sell our modules primarily to distributors and power plant developers. The type of customers we focus on depends largely on the demand in the specific markets. In 2013, our top five module customers accounted for 20.6% of our module sales and 15.1% of our total net revenues, and our largest module customer accounted for approximately 4.6% of our module sales and 3.4% of our total net revenues.

We sell our modules mostly through spot orders, short-term contracts with terms of less than one year and framework agreements. The prices for most orders, contracts, and framework agreements are based on the then market prices and trends.

A substantial portion of our sales contracts require our customers to make a prepayment set at a certain percentage of the total contract value to secure future delivery of our products. Many of these contracts require customers to provide bank guarantees or irrevocable letters of credit to support their purchase commitment in absence of prepayment.

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

Quality Control

We implement our quality control system at each stage of our manufacturing process, from raw materials procurement to production and delivery, in order to ensure consistent quality for our products. We conduct systematic inspections of incoming raw materials, ranging from silicon raw materials to various consumables, such as crucibles, steel wires and silicon carbon powder. We have formulated and adopted guidelines for recycling reclaimable silicon, ingot production and wafer slicing, and continue to o develop and improve our inspection measures and standards. Prior to packaging, we conduct a final quality check to ensure that our solar wafers and solar modules meet all our internal standards and customers' specifications. We received ISO 9001: 2008 certification, valid until March 2016, for our quality assurance system for production, which we believe demonstrates our technological capabilities and instills customer confidence.

We have also received certifications for the quality of our products from institutions in different countries, including these recent certifications:

- Since 2013, we have been listed by the Japan Photovoltaic Expansion Center as a qualified PV product manufacturer for the Japanese market and received certification from the Japan Electrical and Environment Technology Laboratories, both of which are significant accomplishments for a foreign company entering Japan's solar market;

- Since 2013, our Virtus I and Virtus II modules, which are high-efficiency polycrystalline PV Modules, have been listed by Underwriters Laboratories as meeting the applicable quality and safety standards of the Japanese market;

- Since 2013, our 77 newly launched LED models have obtained CE certifications from TÜV SÜD, a globally recognized and leading government-designated certification body responsible for product testing and the certification of electronic products;

- In the first half of 2013, our microinverter, Micro Replus™, which is most suitable for residential use, obtained certification in the United States, Canada, Australia, New Zealand, Germany, Denmark and the United Kingdom; and

- In July 2013, we were upgraded to "Tier 1" status on the BNEF PV Module Maker Tier System, which was developed to to differentiate the hundreds of manufacturers of solar modules in the market. A module manufacturer is qualified for the "Tier 1" status if it provides products to three different projects with non-recourse financing by three different banks in the past two years, respectively.. In the same month, we were also awarded one of the highest credit ratings by China Export & Credit Insurance Corporation, or Sinosure, the largest and only state-owned insurer in China that provides credit insurance for the export of high value-added goods. We benefit from the acknowledgement from BNEF and Sinosure's rating, as major PV project developers, engineering, procurement and construction contractors and financing credit providers rely on such BNEF report and Sinosure's rating.

As of December 31, 2013, we had a dedicated team of 684 employees overseeing our quality control processes that work collaboratively with our sales team to provide customer support and after-sale services. As an important part of the quality control process, we gather customer feedback for our products and address customer concerns in a timely manner.

Competition

The solar market is highly competitive and continually evolving. We expect to face increased competition, which may result in price reductions, reduced margins or loss of market share. We believe that the key competitive factors in the markets for solar wafers and modules include:

- product quality;
- price and cost competitiveness;
- manufacturing technologies and efficiency;
- power efficiency and performance;

- strength of supplier and customer relationships;
- aesthetic appearance of PV modules;
- economies of scale; and
- brand name and reputation.

The number of solar product manufacturers has rapidly increased due to the growth of actual and forecasted demand for solar power products and the relatively low barriers to entry. Lower demand for solar modules due to weak macroeconomic conditions and tightened credit for solar project financing combined with the increased supply of solar modules due to production capacity expansion by solar module manufacturers worldwide has caused the price of solar modules to decline beginning in the fourth quarter of 2008. Although the solar industry has seen an increase in demand for solar power products due in part to the improvement of global economic conditions since 2009, when the global economic downturn had a material impact on demand for solar power products, the prices of solar power products have been volatile in recent years due to the unstable supply of solar power products. Even though demand has gradually increased in the last two years and the average price has increased and stabilized since the beginning of 2013, the industry may still be oversupplied throughout the solar value chain in the near future. Moreover, the solar industry is expected to continue to be highly competitive. Increased production efficiencies and improved technologies may further reduce costs of polysilicon and other silicon raw materials, which have already declined significantly over the past few years. Potential further expansion of manufacturing capacity in the future by us or by our competitors and potential new entrants into the market, given the relatively low barriers to entry, may result in continued excess capacity in the industry.

We may also face competition from new entrants to the solar market, including those that offer more advanced technological solutions or that have greater financial resources, such as semiconductor manufacturers, several of which have announced their intention to start production of solar cells and modules. A significant number of our competitors are developing or currently producing products based on PV technologies which may be believed to be more advanced, including amorphous silicon, string ribbon and nano technology, which may eventually offer cost advantages over the crystalline polysilicon technologies currently used by us. A widespread adoption of any of these technologies could result in a rapid decline in demand for our products and a resulting decrease in our revenues if we fail to adopt such technologies. In addition, similar to us, some of our competitors have become, or are becoming, vertically integrated in the PV industry value chain by acquiring or developing capabilities ranging from silicon ingot manufacturing to PV system sales and installation. This could further erode our competitive advantage as a vertically integrated PV product manufacturer. In addition, our competitors may also enter into the polysilicon manufacturing business, which may provide them with cost advantages. The entire PV industry also faces competition from conventional energy and non-solar renewable energy providers.

With respect to wafers, we compete primarily in terms of price, technology (based on conversion efficiencies), and quality. With respect to PV modules, we compete primarily in terms of price, reliability of delivery, consistency in the average wattage of our PV modules, durability, appearance and the quality of after-sale services. With respect to large integrated PV system projects, we compete primarily in terms of price, experience, and conversion efficiency. We believe our highly profitable and cost-effective products, strong brand name, well-established reputation and integrated service model make our products competitive.

Our competitors include integrated polysilicon suppliers, such as GCL-Poly Energy Holdings Limited and Renewable Energy Corporation, specialized solar wafer manufacturers, such as GCL-Poly Energy Holdings Limited and Comtec Solar Systems Group Limited. Our competitors also include integrated solar module manufacturers, such as Trina Solar Limited and Yingli Green Energy Holding Company Limited. Many of our competitors have a longer operating history, stronger market position, greater resources, higher name recognition and better access to polysilicon than we do. Many of our competitors also have more established distribution networks and larger customer bases. In addition, many of our competitors are developing and are currently producing products based on alternative solar power technologies, such as thin-film technologies, that may reduce solar power products' dependence on solar wafers.

The standard specifications of monocrystalline wafers used by most solar cell manufacturers are wafers of 6.5 inches and 8 inches and the standard specifications of multicrystalline wafers of 156 mm by 156 mm. Most China-based wafer manufacturers, including us, offer wafers in these two sizes. Due to the lack of sufficient market information, it is difficult for us to ascertain our competitive position vis-à-vis our competitors. For example, conversion efficiency of solar power products is not only determined by the quality of solar wafers but is also dependent on the solar cell and module production processes and technology. Therefore, solar wafer manufacturers usually assume the conversion efficiency of their solar wafers based on the conversion efficiency of solar cells and modules manufactured by their customers, for which there is a lack of publicly available information. As a result, it is difficult for us to ascertain the competitive position of our competitors' solar wafers.

Environmental Matters

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 manufacturing processes generate noise, waste water, gaseous wastes and other industrial wastes. We have installed various types of anti-pollution equipment at our premises to reduce, treat, and, where feasible, recycle the waste generated in our manufacturing processes. We outsource the treatment of some of our waste to third-party contractors. Our operations are subject to regulation and periodic monitoring by local environmental protection authorities.

Our polysilicon manufacturing facility in Meishan, Sichuan Province is equipped with highly advanced technology and high-end equipment to achieve a fully closed-loop system which can recycle and convert certain waste into products through TCS that can be reused in the production process.

Insurance

We maintain property insurance policies with insurance companies covering our 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 maintain insurance to cover our assets in China, product liability insurance coverage for our products manufactured in China, equipment breakage insurance and performance guarantee insurance. We maintain transportation insurance to cover the transportation risk for our finished products. We do not maintain any insurance coverage for business interruption. We maintain key-man life insurance on our executive officers. We maintain director and officer liability insurance for our directors and executive officers. We consider our insurance coverage to be in line with other manufacturing companies of similar size in China. However, significant damage to any of our manufacturing facilities, whether as a result of fire or other causes, could have a material adverse effect on our results of operation. We paid an aggregate of approximately $4.4 million in insurance premiums in 2013.

Regulation

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, 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.

In March 2009, the PRC Ministry of Finance issued the Provisional Rules to the Administrative Regulations on Subsidy Capital for Application of Solar Photovoltaic Technology in Housing Construction, which are formulated to implement the Renewable Energy Law, realize the State Council's strategic plan on energy conservation and emission reduction, and promote the PV technology application in housing construction. The provisional rules set out the subsidy standard to be RMB20 per watt in 2009 and will be adjusted annually with the development of the industry. Certain criteria, which mainly relate to the minimum scale of the project, minimum conversion rate of the solar power products, and certain industries with preferential granting of the subsidy, shall be met in order to apply for the subsidy.

On April 16, 2009, the General Offices of the PRC Ministry of Finance 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 PRC Ministry of Finance 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. In July 2009 and November 2009, the PRC Ministry of Finance, the PRC Ministry of Science & Technology, and the National Energy Bureau jointly issued measures that provide for government subsidies to support the solar power industry.

On December 31, 2010, the MIIT, the NDRC and the PRC Ministry of Environmental Protection jointly promulgated Circular 137, aimed at establishing access standards to regulate and direct the development of the polysilicon industry and avoid production surplus and industry oversaturation. Circular 137 sets forth a series of requirements and standards for a polysilicon project covering aspects including construction and layout, production scale and technical equipment, resource recycling and energy consumption, environmental protection and product quality and safety. Companies are required to submit application documents for current operating polysilicon projects to the MIIT through local MIIT authorities. The MIIT will, together with other relevant authorities, review and examine the application documents. A project failing to meet relevant standards may be required to stop polysilicon production.

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 per kilowatt hour; (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 per kilowatt hour, except for Tibet, the pre-tax price shall be RMB1.15 per kilowatt hour. The NDRC may adjust such on-grid pricing scheme based on cost variations, technology development and other relevant factors.

On January 1, 2013, PRC State Council issued the 12th 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, PRC 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 PRC Ministry of Finance 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 feed-in-tariff 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 feed-in-tariff 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 September 23, 2013, the PRC Ministry of Finance and the PRC State Administration of Taxation jointly issued the "Notice on the Value-added Tax Policy for PV Power Generation", which provides 50% of the value-added tax paid by taxpayers in connection with sales of self-produced electrical products generated by solar energy will be immediately refunded to the taxpayers when the value-add tax is collected. This VAT refund will be effective from October 1, 2013 through December 31, 2015.

On November 26, 2013, the PRC National Energy Commission issued the "Interim Measures for the Supervision of Photovoltaic Power Generation", which clarify that the state department in charge of energy and its local counterparts are responsible for the supervision of PV projects. The interim measures are valid for three years starting from the date of promulgation.

On January 17, 2014, the PRC National Energy Commission announced the PV installation target for 2014 to be 14GW, which includes 8GW for distributed PV systems and 6GW for large scale PV power plants.

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.

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 GDP 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.

Restriction on Foreign Ownership

The principal regulation governing foreign ownership of solar power businesses in the PRC is the Foreign Investment Industrial Guidance Catalogue issued by NDRC and PRC Ministry of Commerce, effective as of January 30, 2012, or the Catalogue 2012. However, the Catalogue 2012 is a replacement of the Foreign Investment Industrial Guidance Catalogue effective as of December 1, 2007, or the Catalogue 2007. Both Catalogue 2007 and Catalogue 2012 classify the various industries into four categories: encouraged, permitted, restricted and prohibited. Foreign invested companies categorized as “encouraged” are entitled to preferential treatment by the PRC government authorities, including exemption from tariffs on equipment imported for its own use. ReneSola Zhejiang was categorized in the “encouraged” industry under Catalogue 2007 and Catalogue 2012.

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 royalties 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 August 29, 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or Circular 142, a notice regulating the conversion by a foreign-invested company of foreign currency into Renminbi that restricts how the converted Renminbi may be used. Pursuant to Circular 142, the RMB funds obtained from the settlement of foreign currency-denominated registered capital of a foreign-invested enterprise may only be used for purposes within the business scope as approved by the applicable governmental authority, and cannot be used for equity investments within PRC unless otherwise provided by laws and regulations. In addition, SAFE strengthened its oversight of the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company. The use of such RMB capital may not be altered from the original purposes for the conversion as reported to SAFE without SAFE's approval, and such RMB capital may not be used to repay RMB loans if the proceeds of such loans have not yet been used. Violations of Circular 142 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 regulations governing the distribution of dividends paid by Sino-Foreign equity joint venture enterprises and wholly foreign owned enterprises include:

- PRC Sino-Foreign Equity Joint Venture Enterprise Law (1979), as amended in 1990 and 2001;

- Implementation Rules of the PRC Sino-Foreign Equity Joint Venture Enterprise Law (1983), as amended in 1986, 1987 and 2001;

- PRC Wholly Foreign Owned Enterprise Law (1986), as amended in 2000; and

- Implementation Rules of the PRC Wholly Foreign Owned Enterprise Law (1990), as amended in 2001.

Under these laws and regulations, Sino-foreign equity joint venture enterprises and wholly foreign owned 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, the enterprise in China is required to set aside at least 10.0% of their after-tax profit based on PRC accounting standards each year to its statutory reserves until the accumulative amount of such reserves reach 50.0% of its registered capital. These reserves are not distributable as cash dividends. Foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to reserve fund, staff welfare, bonus funds and expansion funds, which may not be distributed to equity owners except in the event of liquidation.

Regulation of Certain Onshore and Offshore Transactions. On October 21, 2005, SAFE issued Notice 75, which became effective as of November 1, 2005. According to Notice 75, registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. An amendment to registration or filing with the local SAFE branch by such PRC resident is also required for the injection of equity interests or assets of an onshore enterprise in the offshore company or overseas funds raised by such offshore company, or any other material change involving a change in the capital of the offshore company.

Moreover, Notice 75 applies retroactively. As a result, PRC residents who have established or acquired control of offshore companies that have made onshore investments in the PRC in the past are required to complete the relevant registration procedures with the local SAFE branch by March 31, 2006. Under Notice 75 and the relevant rules, failure to comply with the registration procedures set forth in these regulations may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the increase of its registered capital, the payment of dividends and other distributions to its offshore parent or affiliate and capital inflow from the offshore entity, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration 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.

In order to promote and facilitate foreign investors to make direct investment in China, and to standardize the foreign exchange administration over direct investment made by foreign investors, the SAFE issued the Notice 21, which became effective on May 13, 2013. In Notice 21, “Direct Investment in China” refers to the activities whereby foreign investors (including overseas institutions and individuals) establish foreign-invested enterprises in China through new establishment, merger and acquisition and other means, and obtain rights and interests such as ownership, right of control, and operation and management rights. Notice 21 provides detailed disclosure requirements and examination standards for SAFE registration under the Notice 75.

On December 25, 2006, the People’s Bank of China promulgated the “Measures for Administration of Individual Foreign Exchange.” On January 5, 2007, the SAFE promulgated the Implementation Rules of Measures for Administration of Individual Foreign Exchange. On February 15, 2012, the SAFE promulgated 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 the SAFE or its local counterparts.

Intellectual Property Rights

Patent

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

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

Patents in the PRC are governed by the 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 State Intellectual Property Office 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 and 2013, with its implementation rules adopted in 2002, protects registered trademarks. The Trademark Office of SAIC handles trademark registrations and grants trademark registrations for a term of ten years, which is subject to rollover by application.

C. Organizational Structure

We currently conduct our business through the following key subsidiaries as of the date of this annual report:

- ReneSola Zhejiang, our principal operating company engaged in wafer production in China;

- ReneSola America, which was incorporated in the State of Delaware, the United States in November 2006 to facilitate our procurement of silicon raw materials in North America. Since 2010, there have been no operational activities at this subsidiary.

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ReneSola Singapore Pte. Ltd., which was incorporated in Singapore in March 2007 as an offshore vehicle to procure polysilicon in international markets;

- Sichuan ReneSola, which was incorporated in China in August 2007 to engage in the production of raw materials;

- ReneSola Jiangsu, which we acquired in May 2009 to engage in the production of solar cells and modules;

- Zhejiang ReneSola PV Materials, which was incorporated in China in April 2010 to engage in the production and sale of crucibles, steel wires and silicon carbon powder; and

- ReneSola Deutschland GmbH, which was incorporated in Germany in September, 2011, to engage in the sales of module, cell and wafer, as well as the operation of solar power projects.

In addition to the key subsidiaries above, we also have other subsidiaries incorporated in different jurisdictions. The following diagram illustrates our current corporate structure as of the date of this annual report:

D. Property, Plants and Equipment

We conduct our research, development and manufacturing of solar wafers at our facilities in Jiashan, Zhejiang Province, where we occupied a site area of approximately 401,060 square meters as of December 31, 2013. On this site, there are manufacturing facilities and office premises occupying an area of approximately 271,184 square meters.

We conduct our research, development and manufacturing of polysilicon at our facilities in Meishan, Sichuan Province, where we occupied a site area of approximately 1,011,155 square meters as of December 31, 2013.

Our cell and module manufacturing facilities are located at Yixing, Jiangsu Province, where our site occupied an area of 179,500 square meters as of December 31, 2013.

Except as noted otherwise, we own the facilities completed and under construction and the right to use the relevant land for the durations described below. We also include information relating to the capacity of and major equipment at our facilities below.

Products	Facility No.	Construction Area (square meters)	Duration of Land Use Right	Annual Manufacturing Capacity as of December 31, 2011	2012	2013	Expected Annual Manufacturing Capacity as of December 31, 2014	Major Equipment
Monocrystalline ingots and wafers	1	42,000	January 2007 to November 2053 (a plot of 22,000 square meters); May 2006 to November 2053 (a plot of 18,000 square meters); and October 2006 to October 2056 (a plot of 23,000 square meters)	400 MW[(1)]	200 MW	200 MW	200 MW	Monocrystalline furnaces, NTC wire saws
	3	46,000	July 2007 to July 2057					
Multicrystalline ingots and wafers	2	27,000	January 2007 to December 2056	1,600 MW	1,800 MW	1,800 MW	1,800 MW	ALD multicrystalline furnaces, TOKYO ROPE multicrystalline furnaces, Zhejiang Jinggong multicrystalline furnaces, HCT wire saws and Meyer Burger wire saws
	4	50,000	May 2008 to April 2058					
Polysilicon	5	75,000	August 2008 to August	4,000 metric tons	10,000 metric tons	6,000 metric tons	6,000 metric tons	Deposition reactors, rectifying

			2058					tower and hydrogenation reactor
Cells	6	42,958	February 2008 to December 2056	240 MW	240 MW	240 MW	240 MW	Cell printing, testing and sorting equipment
Modules				500 MW	1,200 MW	1,200 MW	1,200 MW	

(1) This does not include monocrystalline ingot manufacturing capacity of 200 MW through processing orders under arrangements with third-party manufacturers. Only 200 MW of the manufacturing capacity of was operational as we were in the process of moving the equipment that generates the other 200 MW of capacity to another facility, which was classified as asset held-for-sale and had since being written off. In 2013, we successfully sold 200 MW capacity to a third party.

We believe that our existing facilities, together with our facilities under construction, are adequate for our expansion plan in 2014.

As of December 31, 2013, short-term borrowings of $426.4 million and long-term borrowings of $56.3 million were secured by property, plant and equipment with carrying amounts of $904.0 million, prepaid land use right of $133.3 million and accounts receivable of $7.0 million. In addition, $202.4 million of borrowings were guaranteed by the personal assets of Mr. Xianshou Li, our chief executive officer, and his family, as of December 31, 2013, respectively.

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

We are a leading global brand and technology provider as well as manufacturer of solar power products based in China. Capitalizing on proprietary technologies, economies of scale, low cost production capabilities, technical innovations and know-how and leveraging our in-house polysilicon, wafer and module manufacturing capabilities, we provide our customers with high quality, cost competitive solar power products and processing services. We provide high quality solar power products to a global network of suppliers and customers, which includes leading global manufacturers of solar cells and modules and distributors, installers and end users of solar modules.

We have significantly expanded our business scope from primarily solar wafer manufacturing to manufacturing of polysilicon and solar modules, as well as ventured into the solar power plant business. We believe our vertically integrated model and integrated manufacturing capabilities allow us to ensure the quality of our solar power products and reduce our reliance on the quality assurances of third-party suppliers. Moreover, the vertical integration allows us to gain an early understanding of trends in PV products pricing, better anticipate market conditions, as well as take advantage of market opportunities more quickly and efficiently.

We have greatly expanded our manufacturing capacity since we began the production of solar wafers. We believe we possess one of the largest solar wafer manufacturing facilities in China based on production capacity as of December 31, 2013. See “Item 4. Information on the Company—B. Business Overview—Manufacturing” for more updates on our manufacturing capacities.

At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to the its prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate the Phase I facility without incurring a loss and to recognize the impairment charge in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013. As a result, we recognized a non-cash impairment charge of $194.7 million on long-lived assets associated with our Sichuan polysilicon factory. Our polysilicon facility currently has an annual polysilicon manufacturing capacity of 6,000 metric tons. After eliminating our Phase I facility, our remaining in-house polysilicon production is cost-efficient compared to the prevailing market price of polysilicon, which we believe will help our overall profitability. In addition, we believe the discontinuation will help reduce our power consumption and depreciation and therefore help to enhance our profitability going forward. While the solar sector remains highly competitive and subject to political uncertainties, we believe that our international approach to our module business and continuing investments in new technologies will support our longer-term goals.

Except during the global economic downturn from 2008 to 2009, our shipments have grown rapidly since we began manufacturing solar power products in 2005. In 2011, 2012 and 2013, we shipped 1,294.8 MW, 2,219.3 MW and 3,218.0 MW of solar power products.

Our net revenues decreased from $985.3 million in 2011 to $969.1 million in 2012 and increased to $1.519.6 million in 2013. We had an operating income of $11.5 million and a net income of $0.3 million in 2011. We had an operating loss of $179.0 million and a net loss of $242.5 million in 2012. We had an operating loss of $221.4 million and a net loss of $258.9 million in 2013.

Our shipment growth is driven by industry demand for solar power products and power, our ability to win market share from our competitors, our ability to manage our manufacturing capacity and production output, and our ability to improve operational efficiencies. The most significant factors that affect the financial performance and results of operations of our solar power products are:

- imposition of anti-dumping and countervailing orders;
- industry demand and product pricing;
- manufacturing capabilities;
- advancements in process technologies;
- availability and prices of raw materials; and
- government subsidies and incentives.

Imposition of Anti-dumping and Countervailing Orders

On December 31, 2013, a petition was filed with the USDOC to initiate an anti-dumping and countervailing duty investigation regarding certain Chinese solar products. This is the second investigation initiated since the first petition was filed at the end of 2011. In 2012, petitions against Chinese-made solar products were also filed in European Union.

Anti-dumping and countervailing duty investigations are commonly used to resolve international trade disputes. The 2011 investigation in the United States was settled by setting certain tariffs on solar modules with cell components produced in China. The 2012 investigation in the European Union was resolved by setting a price floor for Chinese-made solar products.

On March 25, 2014, we received a letter from the USDOC in which we were named as one of the mandatory respondents related to the anti-dumping investigation. According to the World Trade Organization rules, the USDOC has to guarantee that the export quantities of the sampled companies accounted for a certain percentage of the total export sales of China. It is common practice for the USDOC to select certain companies with relatively large market share in the United States to participate in the investigation. We intend to fully cooperate with the investigation proceedings and to pursue the best outcome for us, as well as the industry. It is estimated the USDOC will make a preliminary ruling in June 2014.

If the USDOC finds sharply increased Chinese shipments to the United States from March 2014 to the preliminary ruling date, this investigation may result in certain retroactive tariffs being applied on products shipped to the United States within the investigation scope, including modules with Chinese and Taiwanese cell elements. In the interests of our clients and investors, we are temporarily reducing our U.S. shipments for the products in question. However, we have overseas capacity through our network of OEM facilities that we can use to continue shipping to the United States without any potential tariff risk. While we oppose the petition raised against certain products from China, we are well prepared and well positioned to meet this challenge and will continue to support U.S. consumers with our top quality module products that are not the subject of the trade proceedings. We expect that we can continue to leverage our global OEM resources and capabilities, and optimize our geographic distribution to our advantage.

For more details, see “Item 3. Key Information—D. Risk Factors—Risks Related to Our Business—Imposition of anti-dumping and countervailing orders in one or more markets may result in additional costs to our customers and disruptions in such markets and could materially and adversely affect our business, results of operations, financial conditions and prospects.”

Industry Demand and Product Pricing

Our business and revenue growth largely depends on market demand for solar power products. The demand for solar power products 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.

Our product prices are based on a variety of factors, including polysilicon costs, supply and demand conditions globally, the quality of our products, our pricing strategy, and the terms of our customer contracts, including sales volumes, and the terms on which certain customers supply us with silicon raw materials under buy-and-sell arrangements, taking into account the strength and history of our relationship with said customer. The solar industry has seen an increase in demand for solar power products due in part to the improvement of global economic conditions since 2009, when the global economic downturn had a material impact on demand for solar power products. Despite a recovery in demand, the prices of solar power products have been volatile in recent years due to the unstable supply of solar power products. Even though demand has gradually increased in the last two years and the average price has increased and stabilized since the beginning of 2013, the industry may remain oversupplied throughout the solar value chain in the near future. Moreover, the solar industry is expected to continue to be highly competitive. Increased production efficiencies and improved technologies may further reduce costs of polysilicon and other silicon raw materials, which have already declined significantly over the past few years. In addition, Europe's challenging financing environment resulted in weaker demand in Europe for most of 2011 and 2012, traditionally the solar industry's most important market. In 2013, the global oversupply situation was mitigated due to industry restructuring and integration, resulting in a recovery in the solar industry reflected by an increase in the average selling prices throughout the solar value chain, including but not limited to polysilicon, wafers, cells, and module prices. We believe these positive trends, together with the lowering of costs throughout most of the solar power value chain, will maintain and will continue to improve end-user affordability and increase demand for solar generated electricity. However, we will need to continue to control and reduce our costs of revenues and operating costs in order to achieve positive margins.

Wafer Manufacturing Capability Complemented by Polysilicon, Cell and Module Manufacturing Capabilities

We continue to execute our strategy to enhance our competitive platform built on product quality, cost-effective manufacturing capabilities, technology and brand recognition in our wafer and module business supported by integrated manufacturing of in-house polysilicon and solar cells. Through reducing costs, better quality control and shortening of production cycle, we capitalize on increasing demand for our high quality products by leveraging and strengthening our core customer relationships to further drive revenue growth. We believe the economies of scale resulting from our increasing manufacturing capacity have enhanced, and will continue to enhance, our cost structure and manufacturing efficiency. See "Item 4. Information on the Company—B. Business Overview" for the updates on our annual solar wafer manufacturing capacity, our annual cell and module manufacturing capacities and our polysilicon facility.

Advancements in Process Technologies

Advancements in our process technologies are important to our financial performance as they improve production yield, reduce manufacturing costs and enhance the quality and performance of our products. We have developed proprietary technologies in our wafer manufacturing processes. For example, we are able to produce more monocrystalline ingots by adding silicon raw materials in the furnaces after each production cycle without waiting for the furnaces to cool. This innovation enables us to increase the yield of our ingots, reduce electricity costs and enhance the utilization rate of our furnaces and consumables, such as crucibles. We have also modified certain manufacturing equipment design in both ingot and wafer slicing production, developed equipment manufactured locally and developed advanced processes, which have resulted in improved production yield and higher quality of wafers. We plan to further reduce our wafer processing cost per watt in the future through, among other things, development of new equipment used to manufacture ingots, optimizing supply chain management, process improvements, improvements in polysilicon production and in house production of certain key consumables.

Availability and Prices of Raw Materials

Polysilicon is the primary raw material used to make crystalline silicon solar wafers, the market price of which may fluctuate as a result of the economic conditions and the relative supply and demand of polysilicon. The market price of polysilicon decreased from between $20 and $50 per kilogram in the fourth quarter of 2011 to between $15 and $30 per kilogram in 2012 and then further decreased to as low as $12 per kilogram by the end of 2012 and early 2013. Subsequently, such prices increased due to the market recovery to between $17 and $20 per kilogram in the fourth quarter of 2013.

We are able to partially mitigate the risk of volatility in the price of polysilicon and its effect on our profit margins through our internal polysilicon production, which, however, also exposes us to the possibility of impairments. We also mitigate the risk by sourcing polysilicon from various sources, including long-term supply contracts, which are often renegotiated, short term contracts, customers under processing services and spot purchases in China and internationally. Our short-term and spot purchase contracts and orders generally reflect the prevailing market prices.

In addition, we secure feedstock from some of our customers and sell solar wafers or ingots to them in return. We also provide some of our customers with wafer processing services. These transactions enhance the utilization rate of our manufacturing capacity, mitigate the risk of raw material price increases and strengthen our strategic partnerships with customers.

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 Germany, Spain, Italy, France, North America and Japan, among others, have provided subsidies and economic incentives in the form of feed-in tariffs, 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 have been in the form of capital cost rebates, feed-in tariffs, tax credits, net metering and other incentives to end users, distributors, system integrators and manufacturers of solar power products. The demand for our solar power products, particularly solar modules, in our current, targeted and potential markets is affected significantly by the availability of such government subsidies and economic incentives. However, government subsidies and economic incentives could be reduced or eliminated altogether. See “Item 4. Information on the Company—B. Business Overview—Industry Background.”

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 products and our revenue to decline, and have a material adverse effect on our business, financial condition, results of operations and prospects.

Overview of Financial Results

Net Revenues

Historically, we derived revenue primarily from sales of solar wafers. However, since 2012, our module sales have contributed the majority of our revenues. Set forth below is the breakdown of our net revenues by product in absolute amount and as a percentage of total net revenues for the periods indicated.

	Year Ended December 31,					
	2011		2012		2013	
	(in thousands, except percentages)					
Net revenues						
Solar wafers[1]	$603,697[3]	61.3 %[3]	$468,049[3]	48.3 %[3]	$366,161	24.1 %
Solar modules[2]	381,582	38.7	501,083	51.7	1,153,474[4]	75.9 [4]
Total	$985,279	100.0%	$969,132	100.0%	$1,519,635	100.0%

(1) Included approximately $59.6 million, $32.5 million and $51.1 million from sales of other materials in the years ended December 31, 2011, 2012 and 2013, respectively.

(2) Included approximately $0.6 million, $1.9 million and $23.9 million from sales of solar cells in the years ended December 31, 2011, 2012 and 2013, respectively. Included approximately $nil, $5.1 million and $11.5 million from sales of electricity generated by our power systems in China for the years ended December 31, 2011, 2012 and 2013, respectively.

(3) Included approximately $72.5 million and $0.7 million from service revenue from tolling arrangement with respect to the solar wafers in the years ended December 31, 2011 and 2012, respectively.

(4) Included approximately $1.2 million from service revenue from tolling arrangement with respect to solar modules in the year ended December 31, 2013.

Our net revenues derived from product sales are net of VAT, sales returns and exchanges. Factors affecting our net revenues derived from product sales include our unit sales volume and average selling price. We increased wafer shipments in 2011 and 2012, due to strong demand for our products, increased production output and increased brand recognition. In 2013, our wafer shipments decreased from 2012, because we used more of our wafer production output for our own module production to support our business strategy to become an integrated module provider. Average selling prices throughout the solar value chain decreased in 2011 due to the oversupply of solar power products and Europe's challenging financing environment that resulted in weak demand in Europe for most of 2011. Global oversupply continued into 2012, leading to continued declines in average selling prices throughout the solar value chain, including but not limited to polysilicon, wafers, cells, and module prices. After the market bottomed out in early 2013, the solar market recovered gradually due to industry restructuring and integration, which resulted in an increase in average selling prices throughout the solar value chain.

Sales of wafers to our major customers are typically made under long-term sales contracts and market spot sales. Most of our current wafer sales, particularly our sales to major wafer customers, are made under purchase orders based on the spot market rates. Long-term sales contracts typically provide for the sales volume and price of our solar wafers for each year of the contract term. Compared to spot sales contracts, we believe our sales contracts not only provide us with better visibility into future revenues, but also help us enhance relationships with our customers. However, the pricing terms are subject to renegotiation in situations where the market benchmark price for solar wafers changes more than a certain percentage from the contracted price. Our sales contracts typically require our customers to make a prepayment depending on their credit status, market demand and the term of the contracts, with the remaining price to be paid before shipment or within a short period after shipment, depending on the customer's credit worthiness and historical relationship with us. Our ability to require prepayment from our customers primarily depends on industry demand and supply.

Our module shipments increased in 2011, 2012 and 2013. In 2013, our module shipment exceeded our wafer shipment for the first time due to an efficient business strategy switch from a wafer manufacturer to an integrated module manufacturer. We sell our modules primarily to distributors and power plant developers. Our focus on which type of customers depends largely on the demand in the specific markets. In 2013, our top five module customers accounted for 20.6% of our module sales and 15.1% of our total net revenues, and our largest module customer accounted for approximately 4.6% of our module sales and 3.4% of our total net revenues. We sell our modules through spot orders,

short-term contracts with terms of less than one year and framework agreements. The prices for most orders, contracts, and framework agreements are based on the then market prices and trends.

Geographical Distribution

In 2011, 2012 and 2013, a significant portion of our wafer sales were made to companies based in Asia, primarily to leading solar cell and module companies in China, Singapore, South Korea and Taiwan.

A majority of our module sales in 2013 were made to distributors located in Europe. Solar power manufacturers like us have capitalized on government and regulatory policies for the promotion of solar power in many jurisdictions. In order to continue growing our sales and to reduce our exposure to any particular market segment, we intend to broaden our geographic presence and customer base. However, Europe remained our most important market in 2013.

The following table sets forth the breakdown of our net revenues by geographic market, in absolute amount and as a percentage of total net revenues, for the periods indicated.

	Year Ended December 31,								
	2011			2012			2013		
	(in thousands, except percentages)								
Mainland China	$384,613	39.0	%	$423,874	43.7	%	$417,469	27.5	%
Taiwan	115,391	11.7		79,458	8.2		85,619	5.6	
Australia	3,265	0.3		60,324	6.2		54,763	3.6	
Singapore	2,303	0.2		49,826	5.1		8,274	0.5	
Korea	89,187	9.1		18,036	1.9		51,908	3.4	
India	4,310	0.4		6,103	0.6		59,754	3.9	
Hong Kong	1,054	0.1		3,600	0.4		10,228	0.7	
Japan	227	—	*	28	—	*	67,284	4.4	
Asia Pacific Total	600,350	60.9		641,248	66.2		755,299	49.7	
Germany	110,504	11.2		133,067	13.7		155,371	10.2	
Greece	15,295	1.6		53,338	5.5		34,029	2.2	
Belgium	31,231	3.2		25,412	2.6		12,977	0.9	
America	64,694	6.6		16,462	1.7		236,935	15.6	
Italy	61,615	6.3		13,663	1.4		21,171	1.4	
France	37,127	3.8		11,894	1.2		49,441	3.3	
Spain	38,587	3.9		8,266	0.9		29,026	1.9	
Czech Republic	6,564	0.7		4,117	0.4		4,485	0.3	
England	—	—		5,266	0.5		73,191	4.8	
Netherlands	3,853	0.4		3,720	0.4		16,434	1.1	
South Africa	—	—		—	—		18,432	1.2	
Others	15,460	1.6		52,680	5.4		112,844	7.4	
Total	$985,279	100.0	%	$969,132	100.0	%	$1,519,635	100.0	%

* Less than 0.1%.

Cost of Revenues

Our cost of revenues consists primarily of costs for:

- polysilicon raw materials;
- consumables, including crucibles, steel sawing wires, slurry, glass and EVA film;

- direct labor costs, including salaries and benefits for our manufacturing personnel;
- overhead costs, including equipment maintenance and utilities such as electricity and water used in manufacturing;
- depreciation of manufacturing facilities and equipment; and
- inventory write-down.

All of our costs for the items above increased from 2011 to 2013 as we expanded our manufacturing capacity and increased our sales volume. The increase in our polysilicon feedstock costs was attributable to increases in the volume of raw materials purchased from 2011 to 2013. In the second half of 2011, the market prices for raw materials, in particular polysilicon raw materials, declined significantly. In the first quarter of 2012, such market prices recovered slightly before continuing to decline. During the same period, the average selling prices of our products and other inventory also declined significantly. As a result, we recorded inventory write-downs of $59.3 million in 2012 and inventory write-downs of $0.7 million in 2013 to reflect the decreased value of our feedstock, work in progress and finished goods. We began selling solar modules in June 2009 after our acquisition of ReneSola Jiangsu. Module sales typically carry a warranty for minimum power output of up to 25 years following the date of sale. We also provide warranties for our solar modules against defects in materials and workmanship for a period of ten years from the date of sale. We accrued warranty costs from solar module sales of approximately $3.9 million in 2011 $5.3 million in 2012 and $9.8 million in 2013. We recorded a $7.8 million reduction of our outstanding warranties during fiscal 2012. The reduction was based on a change in estimates, which was calculated based on 1.0% of the current average selling price of our solar modules.

Gross Margin

Our gross margin is affected by changes in our net revenues and cost of revenues. Our net revenues are determined by the average selling price of our products, as well as the volume of products that we are able to sell. Our cost of revenues is affected by our ability to manage raw material costs and our ability to manage our manufacturing processes efficiently. Our gross margin decreased from 9.7% in 2011 to negative 3.7% in 2012, primarily due to a continued oversupply of solar power products throughout the solar supply chain, significant margin pressure, and inventory write-downs to reflect the significant drop in prices of polysilicon, solar wafers, and solar modules. Our gross margin increased from negative 3.7% in 2012 to 6.8% in 2013, primarily due to an increase of our module shipments and an increase of our average selling prices as a result of general market recovery.

Operating Expenses

Our operating expenses include sales and marketing expenses, general and administrative expenses and research and development expenses.

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.

Our sales and marketing expenses increased in 2013 from 2012, primarily because we increased our sales efforts, hired additional sales personnel, improved workmanship, and established a minimum power output warranty for our module products consistent with the industry averages, targeted new markets and initiated additional marketing programs to build our brand. We expect our sales and marketing expenses to remain stable in the immediate future.

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 of our administrative and management personnel. In 2011, 2012 and 2013, we recognized share-based compensation expenses in connection

with options granted to certain members of our management team. In 2012, our general and administrative expenses increased significantly compared to 2011, primarily because we hired additional personnel and advisors and incurred expenses to expand our module business. In 2013, our general and administrative expenses increased compared to 2012, primarily due to general needs for business operation. We expect our general and administrative expenses to remain stable in the immediate future.

Research and Development Expenses

Research and development expenses primarily relate to equipment and raw materials used in our research and development activities, research and development personnel costs, and other costs related to the design, development, testing and enhancement of our products and processes. In 2011, 2012 and 2013, our research and development expenses were approximately $47.1 million, $44.1 million and $46.5 million, respectively.

We expect our research and development expenses to remain at approximately the same level in the future as we continue to expand and promote innovations in our processing technologies of manufacturing polysilicon, wafers, cells and modules, as well as ancillary products such as inverters. We plan to continue to focus on improving manufacturing efficiency and reducing our manufacturing costs by enhancing manufacturing yields, which will enable us to deliver higher efficiency products at a lower cost in each segment of our production. In wafer manufacturing, we will continue to focus on improving our Virtus wafers, including improving upon each generation of our Virtus manufacturing technology. In module manufacturing, we will extend our technical know-how in Virtus wafers into manufacturing Virtus modules by using our proprietary Virtus manufacturing technology. We are also exploring new technology in making other types of modules, including glass-glass modules and full-black modules to suit needs in different markets.

Other Operating Income and Expenses

We also recognized other operating income and expenses from the disposal of fixed assets and allowances received from the PRC government to support the solar power industry.

Impairment of Long-lived Assets

We recognized $202.8 million in non-cash impairment charges, including US$194.7 million associated with the long-lived assets of the Phase I Sichuan polysilicon factory. The impairment charge was recognized as the amount by which the carrying amount exceeds the fair value of the idled assets. We began a process of upgrading the Phase I factory and integrating the operations with those of Phase II In October 2012 and we conducted trial productions of the integrated production lines of Phase I and Phase II from July 2013 to September 2013. At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to its prevailing market price were not successful. After conducting a further internal assessment, we determined that it was no longer feasible to operate the Phase I facility without incurring a loss and to recognize the impairment charge in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013. The fair value of the idled assets used to determine the impairment charge was then determined with the assistance of an independent professional third party appraiser, which process was completed in November 2013.

We believe that the decrease of internal supply of polysilicon with the discontinuation can be offset through purchasing from external supplies at a market price lower than the production cost achieved at the discontinued Phase I facility. We also expect to operate the remaining production lines of the Phase II facility in full production. We expect to benefit from lower power consumption and depreciation going forward as a result of the discontinuation of the Phase I facility, which we believe will keep our production cost at or below our target level and result in making our in-house production more cost-efficient as compared with current market prices of polysilicon. Therefore, we expect to see improvement in results of our Sichuan polysilicon facility. Such improvement is expected to help enhance our gross margin in the future.

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 repurchase of convertible bonds, gains or losses on derivatives and other-than-temporary impairment loss on available-for-sale investment.

Our interest income represents interest on our cash balances. Our interest expenses relate primarily to our short-term borrowings from banks, 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. 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. In 2011, 2012 and 2013, we had foreign currency exchange gains of $6.6 million, exchange gains of $1.4 million, and exchange loss of $0.4 million, respectively.

We recorded losses of $15.3 million, losses of $0.1 million and gains of $0.6 million on derivative instruments from foreign currency forward exchange contracts, in the years ended December 31, 2011, 2012 and 2013, respectively.

We recorded gains of $28.3 million, $nil and $nil in 2011, 2012 and 2013, respectively, on the repurchase of our convertible bonds due to the repurchase price discount.

We recorded a fair value change of warrant liability of $nil, $nil and $3.2 million in 2011, 2012 and 2013, respectively.

We recorded an other-than-temporary impairment loss on available-for-sale investment of $6.2 million in 2011 in connection with our investment in a polysilicon manufacturer whose shares were traded on the TSX. The manufacturer filed for bankruptcy protection under the CCAA in January 2012. As a result of the commencement of proceedings under the CCAA, in February 2012, TSX decided to delist the manufacturer's shares due to its failure to meet the continued listing requirements of the TSX. The investment was fully written off in 2011.

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. 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 new 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. Further, when exporting goods, the exporter is entitled to a partial or full refund of VAT that it has already paid or borne. Accordingly, we are subject to a 17% VAT with respect to our sales of solar wafers in China. Our PRC subsidiaries, ReneSola Zhejiang and ReneSola Jiangsu, are eligible to VAT refund for their export sales. Historically, ReneSola Zhejiang was entitled to a 13% refund on VAT that it had already paid or borne with respect to the export of solar wafers. However, starting from July 1, 2007, such VAT refund is reduced to 5%, which materially affects our export of solar wafers. Since April 1, 2009, the VAT refund has reverted to 13%. The VAT refund applicable to ReneSola Jiangsu is 17%. Imported raw materials that are used for manufacturing export products and are deposited in bonded warehouses are exempt from import VAT.

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, 2013, we had net operating losses carry forwards of $336.4 million (before deferred tax assets valuation allowance), of which $24.8 million will expire in 2014, $32.0 million will expire in 2016, $218.0 million will expire in 2017 and $61.6 million will expire in 2018.

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 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 carryforwards.

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 have recognized a valuation allowance against tax loss carry forwards of $64.4 million and $70.8 million as of December 31, 2012 and 2013, respectively.

ReneSola Zhejiang obtained the approval of High-New Technology Enterprise status in 2009. With this approval, ReneSola Zhejiang is able to enjoy a reduced income tax rate of 15% for a period of three years, namely from 2009 to 2011. We elected to utilize the transition relief for ReneSola Zhejiang up to and including 2010, enjoying the residual tax holiday granted before the effectiveness of new Enterprise Income Tax Law, when calculating enterprise income tax. The blended income tax rate of ReneSola Zhejiang was 1.9%, 12.5%, 12.5% and 23% for 2007, 2008, 2009 and 2010, respectively. In 2011, ReneSola Zhejiang's income tax rate was 15% due to its High-New Technology Enterprise status. ReneSola Zhejiang’s High-New Technology Enterprise Certificate expired on December 31, 2011. In 2012, we successfully applied for the renewal of ReneSola Zhejiang’s High-New Technology Enterprise Certificate for a term of three years. With this renewal, ReneSola Zhejiang is able to enjoy a reduced income tax rate of 15% from January 1, 2012 to December 31, 2014. In 2012, we also successfully applied for High-New Technology Enterprise Certificates for ReneSola Jiangsu and Sichuan ReneSola for terms of three years. With these approvals, ReneSola Jiangsu is able to enjoy a reduced income tax rate of 15% for a period of three years from January 1, 2012 to December 31, 2014, and Sichuan ReneSola is able to enjoy the same reduced rate in 2013.

Zhejiang ReneSola PV Materials, Sichuan Ruiyu Photovoltaic Materials Co., Ltd., Sichuan Ruixin Photovoltaic Materials Co., Ltd., Sichuan SiLiDe Composite Materials Co., Ltd., Zhejiang ReneSola Zhejiang Solar New Energy Academe, Beijing Xuyuan Solar Energy Technology Co., Ltd. and ReneSola Shanghai Ltd. are subsidiaries of ours incorporated in the PRC. The corporate income tax rate for such subsidiaries is 35%.

We also have overseas operations in the the United States, Republic of Singapore, Federal Republic of Germany, Republic of Bulgaria, Commonwealth of Australia, Japan, Republic of India, Grand Duchy of Luxembourg and Republic of Romania. The corporate income tax rates in these jurisdictions range from 10% to 34%.

Critical Accounting Policies

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.

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

We recognize revenues when persuasive evidence of an arrangement exists, the products are delivered and title and risk of loss has passed to customers, the price to the buyer is fixed and determinable, and collectability is reasonably assured. Sales agreements typically contain customary product warranties but do not contain any post-shipment obligations nor any return or credit provisions.

A majority of our contracts provide that products are shipped under free on board, or FOB, terms or cost, insurance and freight, or CIF, terms or delivered duty unpaid, or DDU terms. Under FOB, we fulfill our obligation when the goods have passed over the ship's rail at the named port of shipment. The customer bears all costs and risks of loss of or damage to the goods from that point. Under CIF, we must pay the costs, insurance and freight necessary to bring the goods to the named port of destination, and bear the risk of loss of or damage to the goods during transit. Under DDU, we are responsible for making a safe delivery of goods to a named destination, paying all transportation expenses but not the duty. We bear the risks and costs associated with supplying the good to the delivery location. We recognize revenue when the title of goods and risk of loss or damage is transferred to the customers based on the terms of the sales contracts if other criteria are met. We grant extended credit terms to customers with overall creditworthiness, as determined by our credit assessment. For customers to whom credit terms are extended, we assessed a number of factors to determine whether collection from them is reasonably assured, including past transaction history with them and their credit-worthiness. For a limited number of sales transactions, we require cash payment before delivery of products, and record such receipts as advances from customers.

Starting from 2011, in response to market conditions, we began granting longer credit terms to customers determined to have sufficient creditworthiness, as determined by our credit assessment. For customers to whom longer credit terms are granted, we assessed a number of factors to determine whether collection from them is reasonably assured, including past transaction history with them and their creditworthiness. For a limited number of sales transactions, we require cash payment before delivery of products, and record such receipts as advances from customers. Contract terms are not amended once delivery of goods has occurred.

We have completed the development of a solar power project in China with the intention to hold and operate the power plant upon completion. Revenue from the operation of the solar power project is recognized after the solar power plant is connected to the grid and begins to generate electricity.

In 2012, we also began developing solar power projects, or project assets, with the intention to sell the project assets upon completion. We account for these project assets following the provisions of real estate accounting. Under the provisions of real estate accounting, we recognize revenue and the corresponding costs once the sale is consummated, the buyer's initial and any continuing investments are adequate, the resulting receivables are not subject to subordination and we have transferred the customary risk and rewards of ownership to the buyer. We have not recognized any revenue from sales of project assets which we developed for sale in 2012.

Impairment of Long-lived Assets

We evaluate our long-lived assets 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. We assess 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. We recognize 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. In 2012, as a result of the effects of weakening market conditions and a sustained, significant decline in our market capitalization to a level lower than our net book value, we concluded that circumstances existed and performed recoverability tests. Based on the recoverability tests performed, we determined that the carrying value of certain assets of mono-crystal furnaces would not be recoverable and recorded an impairment loss on long-lived assets of $6.4 million. At the end of September 2013, we concluded that our efforts to sufficiently reduce the cost of polysilicon production as compared to its prevailing market price were not successful. After conducting a further internal assessment we determined that it was no longer feasible to operate the Phase I facility without incurring a loss and to recognize the impairment charge of $202.8 million, including $194.7 million associated with the long-lived assets of the Phase I facility in our wafer segment accordingly. Production at the Phase I facility was permanently discontinued in October 2013.

Valuation of Deferred Tax Assets

We periodically evaluate the likelihood of the realization of deferred tax assets, and reduce the carrying amount of these deferred tax assets by a valuation allowance to the extent we believe it is more likely than not that 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 current and cumulative losses, forecasts of future profitability, the duration of statutory carry forward periods, our experience with operating losses in the China solar power industry, tax planning strategies implemented and other tax planning alternatives. If our operating results are less than currently projected and there is no objectively verifiable evidence to support the realization of our deferred tax asset, additional valuation allowance may be required to further reduce our deferred tax asset. Based on the results of the analysis, we determined that it was more likely than not that certain deferred tax assets would not be realized before the expiration of the carryforward period. A valuation allowance of $70.8 million was established for the year ended December 31, 2013. We still believe that it is more likely than not that the remaining $18.9 million of deferred tax assets will be realized before the carryforward period expires.

Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. We recognize 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.

Inventory

Our inventories are stated at the lower of cost or market value. The valuation of inventory requires us to estimate excess and slow moving inventory. The determination of the value of excess and slow moving inventory is based upon assumptions of future demands and market conditions. If actual market conditions are less favorable than those projected by management, inventory write-downs may be required. We routinely evaluate quantities and value of our inventories in light of current market conditions and market trends, and record write-down against the cost of inventories for a decline in market value below cost. Inventory write-downs establish a new cost basis for inventory. In estimating obsolescence, we utilize our backlog information and project future demand. Market conditions are subject to change and actual consumption of inventories could differ from forecasted demand. Furthermore, the price of polysilicon, our primary raw material, is subject to fluctuations based on global supply and demand. If actual market conditions are less favorable or other factors arise that are significantly different than those anticipated by management, additional inventory write-downs or increases in obsolescence reserves may be required.

On occasion, we enter into firm purchase commitments to acquire materials from our suppliers, which may require us to pay for committed volumes regardless of whether we actually take possession of the materials. We evaluate these agreements whenever market prices decrease such that the commitment price is significantly higher than market. In these instances, we evaluate the need to record a loss, if any, on firm purchase commitments using a lower of cost or market approach consistent with that used to value inventory. We renegotiated with these suppliers during the year ended December 31, 2013 and successfully changed the terms to reference market rates. As of December 31, 2013, all of our purchase commitments include contractual provisions pursuant to which the purchase price is subject to adjustment to reflect the prevailing market price at the purchase date.

Allowance for Doubtful Receivables and Advances to Suppliers

We maintain allowances for doubtful accounts and advances to suppliers primarily based on the age of receivables or advances and factors surrounding the credit risk of specific customers or suppliers. If there is a deterioration of a major customer or supplier’s creditworthiness or actual defaults are higher than our historical experience, we may need to maintain additional allowances.

In order to secure a stable supply of silicon raw materials, we make advance payments to suppliers for raw material supplies. Advances to suppliers for purchases expected within twelve months as of each balance sheet date are

recorded as advances to suppliers in current assets. Future balances are recorded in long-term advances to suppliers. As of December 31, 2011, 2012 and 2013, advances to suppliers in current assets were $16.2 million, $23.6 million and $14.2 million, respectively, and long-term advances to suppliers for silicon raw material supplies were $17.6 million, $5.9 million and $5.6 million, respectively. We do not require collateral or other security against our advances to suppliers. We perform ongoing credit evaluations on the financial condition of our suppliers as our claims for such prepayments are unsecured, which expose us to the suppliers' credit risk. As of December 31, 2013, $4.4 million of allowance was provided against the advances to suppliers.

We establish an allowance for doubtful receivables mainly based on the age of receivables and factors surrounding the credit risk of specific customers. Allowances for doubtful receivables are comprised of allowances for account receivables, allowances for other receivables and allowances for advances to suppliers.

For the year ended December 31, 2012, we made provisions for doubtful receivables and other receivables in the aggregate amount of $0.9 million. For the year ended December 31, 2013, we made provisions for doubtful receivables and other receivables in an aggregate amount of $3.7 million.

Segment Operations

We grouped our business into two reportable segments:

- wafer sales segment, which involves the manufacture and sales of monocrystalline and multicrystalline solar wafers; and
- module sales segment, which involves the manufacture and sales of solar cells and modules.

The two segments are evaluated regularly by our chief executive officer to decide how to allocate resources and to assess performance. We do not allocate operating expenses by segment.

We began selling solar modules in June 2009 after our acquisition of ReneSola Jiangsu. ReneSola Jiangsu began its cell production in October 2008 and module production in November 2005 and as of December 31, 2013 had an annual cell manufacturing capacity of 240 MW and an annual module manufacturing capacity of 1,200 MW. Although sales from our wafer segment have been our dominant business since the end of 2011, we have been shifting the focus to the module segment and are expected to transform our business into a primarily module producer by the end of 2013. See "—Results of Operations" for a discussion of period-to-period comparison among the segments.

Selected Quarterly Results of Operations

The following table sets forth our selected unaudited interim consolidated quarterly results of operations for the quarters ended September 30, 2013 and December 31, 2013. You should read the following table in conjunction with our consolidated financial statements and the related notes included elsewhere in this prospectus. We have prepared the unaudited interim consolidated quarterly financial information on the same basis as our audited consolidated financial statements. The unaudited interim consolidated financial information includes all normal recurring adjustments, which we consider necessary for a fair presentation of our financial position and operating results for the quarters presented. Our operating results for any particular quarter are not necessarily indicative of our future results.

	Three Months Ended	
	December 31, 2013	September 30, 2013
Net revenues	438,837	419,271

Cost of revenues	(391,478	)	(385,203	)
Gross profit (loss)	47,359		34,068	
Gross margin	10.8	%	8.1	%
Operating (expenses) income:				
Sales and marketing	(16,917	)	(18,817	)
General and administrative	(13,332	)	(15,900	)
Research and development	(11,265	)	(14,197	)
Other operating income, net	2,960		37,350	
Impairment of long-lived assets	—		(202,757	)
Total operating expenses	(38,554	)	(214,321	)
Income (loss) from operations	8,805		(180,253	)
Non-operating (expenses) income:				
Interest income	2,735		2,212	
Interest expense	(13,105	)	(11,910	)
Foreign exchange gains (losses)	1,187		2,532	
(Losses) gains on derivatives, net	(741	)	(3,651	)
Fair value change of warrant liability	5,852		(2,650	)
Total Non-operating (expenses) income	(4,072	)	(13,467	)
Income (loss) before income tax, noncontrolling interests	4,733		(193,720	)
Income tax (expense) benefit	(3,321	)	(6,535	)
Net income (loss)	1,412		(200,255	)
Less: Net income (loss) attributed to noncontrolling interests	10		(2	)
Net income (loss) attributed to holders of ordinary shares	1,402		(200,253	)

Results of Operations

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

	For the Year Ended December 31,					
	2011		2012		2013	
	(in thousands, except percentages)					
Net revenues						
Solar wafers[1][2]	$603,697	61.3 %	$468,049	48.3 %	$366,161	24.1 %
Solar modules[3][4]	381,582	38.7	501,083	51.7	1,153,474	75.9
Total	985,279	100.0	969,132	100.0	1,519,635	100.0
Cost of revenues						
Solar wafers[5]	(563,616)	(93.4)	(532,233)	(113.7)	(350,905)	(95.8)
Solar modules[6]	(325,610)	(85.3)	(472,593)	(94.3)	(1,065,467)	(92.4)
Total	(889,226)	(90.3)	(1,004,826)	(103.7)	(1,416,372)	(93.2
Gross profit (loss)						
Solar wafers	40,081	6.6	(64,184)	(13.7)	15,256	4.2
Solar modules	55,972	14.7	28,490	5.7	88,007	7.6
Total	96,053	9.7	(35,694)	(3.7)	103,263	6.8
Operating (expenses) income:						
Sales and marketing	(17,233)	(1.7)	(33,646)	(3.5)	(65,753)	(4.3)
General and administrative	(38,550)	(3.9)	(50,882)	(5.3)	(55,633)	(3.7)
Research and development	(47,055)	(4.8)	(44,102)	(4.6)	(46,452)	(3.1)
Other operating (expenses) income	18,327	1.9	1,656	0.2	45,886	3.0
Impairment of long-lived assets	—	—	(6,438)	(0.7)	(202,757)	(13.3)
Goodwill impairment	—	—	(6,161)	(0.6)	—	—
Intangible asset impairment	—	—	(3,764)	(0.4)	—	—
Total operating expenses	(84,511)	(8.6)	(143,337)	(14.8)	(324,709)	(21.4)
Income (loss) from operations	11,542	1.2	(179,031)	(18.5)	(221,446)	(14.6)
Non-operating income (expenses):						
Interest income	7,862	0.8	7,118	0.7	8,443	0.6
Interest expense	(37,190)	(3.8)	(50,629)	(5.2)	(52,109)	(3.4)
Foreign exchange (losses) gains	6,612	0.7	1,386	0.1	(368)	(—)*
Gains on repurchase of convertible notes	28,350	2.9	—	—	—	—

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	For the Year Ended December 31,					
	2011		2012		2013	
	(in thousands, except percentages)					
Gains (losses) on derivatives, net	(15,297)	(1.6)	(54)	—*	634	—*
Fair value change of warrant liability	—	—	—	—	3,203	0.2
Investment income (loss)	(193)	(—)*	—	—	—	—
Other-than-temporary impairment loss on available-for-sale investment	(6,207)	(0.6)	—	—	—	—
Total non-operating (expenses)	(16,063)	(1.6)	(42,179)	(4.4)	(40,197)	(2.6)
Loss before income tax, non-controlling interests	(4,520)	(0.5)	(221,210)	(22.8)	(261,643)	(17.2)
Income tax benefit (expenses)	4,851	0.5	(21,352)	(2.2)	2,723	0.2
Net income (loss)	331	—*	(242,562)	(25.0)	(258,920)	(17.0)
Net loss attributable to non-controlling interests	(2)	(—)*	(47)	(—)*	(4)	(—)*
Net income (loss) attributable to holders of ordinary shares	$333	—*%	$(242,515)	(25.0)%	$(258,916)	(17.0)%

* Less than 0.1%.

(1) Included $59.6 million, $32.5 million and $51.1 million from sales of other materials in the years ended December 31, 2011 and 2012 and 2013, respectively. For the years ended December 31, 2011 and 2012, the net revenues from solar wafers also included approximately $72.5 million and $0.7 million from service revenue from tolling arrangement with respect to the solar wafers.

(2) Included approximately $6.8 million, $59.2 million and $2.9 million of net revenues in our solar wafer segment from products sold to related parties in 2011, 2012 and 2013, respectively. Net revenues in our solar wafer segment from products sold to related parties accounted for 0.7%, 6.1% and 0.2% of the total net revenues in 2011, 2012 and 2013, respectively.

(3) Included approximately $0.6 million, $1.9 million and $23.9 million from sales of solar cells in the years ended December 31, 2011, 2012 and 2013, respectively. For the year ended December 31, 2013, the net revenues from solar modules also included approximately $1.2 million from service revenue from tolling arrangement with respect to solar modules.

(4) Included $nil, approximately $4.5 million and $0.3 million of net revenues in our solar module segment from products sold to related parties in 2011, 2012 and 2013, respectively. Net revenues in our solar module segment from products sold to related parties accounted for nil%, 0.5% and less than 0.1% of the total net revenues in 2011, 2012 and 2013, respectively.

(5)

Included approximately $6.7 million, $64.1 million and $3.3 million of cost of revenues in our solar wafer segment from product sold to related parties in 2011, 2012 and 2013, respectively. The cost of revenues of our solar wafer segment from product sold to related parties accounted for 0.7%, 6.6% and 0.2% of the total net revenues in 2011, 2012 and 2013, respectively.

(6) Included $nil, approximately $4.2 million and $0.2 million of cost of revenues in our solar module segment from product sold to related parties in 2011, 2012 and 2013, respectively. The cost of revenues of our solar module segment from product sold to related parties accounted for nil%, 0.5% and less than 0.1% of the total net revenues in 2011, 2012 and 2013, respectively.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Net Revenues. Our net revenues increased from $969.1 million in 2012 to $1,519.6 million in 2013 primarily due to an increase in solar module shipments, which was offset, in part, by a decrease in solar module average selling prices for the year.

Net revenues were $366.1 million for our wafer sales segment and $1,153.5 million for our modules sales segment in 2013, compared to $468.0 million for our wafer sales segment and $501.1 million for our modules sales segment in 2012. The net revenue for wafers decreased primarily because we used more of our self-produced wafers for our own module production. The increase in net revenue for module sales was primarily due to a stronger demand for our modules and a general recovery of the industry.

Cost of Revenues. Our cost of revenues increased from $1,004.8 million in 2012 to $1,416.4 million in 2013. Specifically, cost of revenues for our wafer sales segment decreased from $532.2 million in 2012 to $350.9 million in 2013 and cost of revenues for our module sales segment increased from $472.6 million in 2012 to $1,065.5 million in 2013, in each case primarily due to an increased shipment of modules and a decreased shipment of wafers.

Gross Profit (Loss). Gross profit for 2013 was $103.3 million compared to a gross loss of $35.7 million in 2012. Gross margin for 2013 was 6.8%, compared to negative 3.7% in 2012. The increase in gross margin was primarily due to increased shipments of our modules and a general recovery of the industry.

Gross profit from our wafer sales segment for 2013 was $15.3 million compared to a gross loss of $64.2 million in 2012. Gross margin from our wafer sales segment for 2013 was 4.2% compared to negative 13.7% for 2012. Gross profit from our module sales segment increased from $28.5 million in 2012 to $88.3 million in 2013. Gross margin from our module sales segment for 2013 was 7.6% compared to 5.7% for 2012.

Sales and Marketing Expenses. Sales and marketing expenses increased from $33.6 million in 2012 to $65.8 million in 2013 primarily due to our international business development. Sales and marketing expenses as a percentage of net revenues increased from 3.5% in 2012 to 4.3% in 2013 due to our growing efforts in exploring international business development opportunities.

General and Administrative Expenses. General and administrative expenses increased from $50.9 million in 2012 to $55.6 million in 2013. However, our general and administrative expenses as a percentage of net revenues decreased from 5.3% in 2012 to 3.7% in 2013 as a result of a more effective internal cost control.

Research and Development Expenses. Research and development expenses slightly increased from $44.1 million in 2012 to $46.5 million in 2013. However, our research and development expenses as a percentage of net revenues decreased from 4.6% in 2012 to 3.1% in 2013.

Other Operating Income. We had other operating income of $45.9 million for 2013 compared to other operating income of $1.7 million for 2012. Our operating income in 2013 consisted primarily of a gain attributable to the forfeiture of an advance from a customer in the amount of $34.7 million, gains on disposal of fixed assets and subsidies received from the government of $4.3 million.

Impairment of Long-lived Assets. We recognized impairment of long-lived assets of $202.8 million as of December 31, 2013 compared to $6.4 million in 2012. The impairment in 2013 consisted primarily of an impairment charge of $194.7 million on long-lived assets associated with our Sichuan polysilicon factory. See“—Critical Accounting Policies—Impairment of Long-lived Assets” for more information.

Interest Income and Expenses. Our interest income increased from $7.1 million in 2012 to $8.4 million in 2013. Our interest expense increased from $50.6 million in 2012 to $52.1 million in 2013. We had an interest expense, net, in 2013 as a result of $43.7 million.

Foreign Exchange Gains or Losses. Our foreign exchange loss for 2013 was $0.4 million compared to a foreign exchange gain of $1.4 million for 2012. The change was primarily due to depreciation of Australian dollars.

Gains (losses) on Derivatives, Net. We recorded a gain on derivatives, net, of $0.6 million for 2013 compared to a loss of approximately $53,945 for 2012.

Fair Value Change of Warrant Liability. We recognized a gain from a fair value change of warrant liability of $3.2 million for 2013.

Income Tax Expense (Benefit). Our income tax benefit for 2013 was $2.7 million compared to an income tax expense of $21.4 million for 2012. Our effective tax rates in 2012 and 2013 were negative 9.7% and 1.0%, respectively. The fluctuation was due to an effect of timing difference reversed in the year with different tax rates for subsidiaries that obtained “High-New Technology Enterprise” certificates effective from year 2012 to 2014.

Net Income (Loss) Attributable to Holders of Ordinary Shares. As a result of the foregoing, we had a net loss attributable to holders of ordinary shares of $258.9 million in 2013, compared to a net loss of $242.5 million in 2012.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Net Revenues. Our net revenues decreased from $985.3 million in 2011 to $969.1 million in 2012 primarily due to a steep decline in average selling prices, which was offset by higher sales volumes. Sales to related parties increased from $6.8 million in 2011 to $63.7 million in 2012 primarily due to increased sales of wafers to one of our related parties.

Net revenues were $468.0 million for our wafer sales segment and $501.1 million for our modules sales segment in 2012 compared to $603.7 million for our wafer sales segment and $381.6 million for our modules sales segment in 2011. The decrease in net revenue for wafers was primarily due to lower average selling prices caused by the continued oversupply in the solar wafer market, which was partially offset by higher sales volumes. The increase in net revenue from module sales was primarily due to increased sales from intensified sales and marketing efforts, which was supported by higher module production capacity. The increase in net revenue for from module sales was partially offset by lower average selling prices caused by the continued oversupply in the solar module market.

Cost of Revenues. Our cost of revenues increased from $889.2 million in 2011 to $1,004.8 million in 2012. Specifically, cost of revenues for our wafer sales segment decreased from $563.6 million in 2011 to $532.2 million in 2012 and cost of revenues for our module sales segment increased from $325.6 million in 2011 to $472.6 million in 2012, in each case primarily due to higher shipments as well as inventory write-downs, which were partially offset by lower costs of raw materials.

Gross Profit (Loss). Gross loss for 2012 was $35.7 million compared to a gross profit of $96.1 million in 2011. Gross margin for 2012 was negative 3.7% compared to 9.7% for 2011. The decrease in gross margin was primarily due to lower average selling prices as well as inventory write-downs, which were partially offset by lower costs of raw materials.

Gross loss from our wafer sales segment in 2012 was $64.2 million compared to a gross profit of $40.1 million in 2011. Gross margin from our wafer sales segment for 2012 was negative 13.7% compared to 6.6% for 2011. Gross profit from our module sales segment decreased from $56.0 million in 2011 to $28.5 million in 2012. Gross margin from our module sales segment for 2012 was 5.7% compared to 14.7% for 2011.

Sales and Marketing Expenses. Sales and marketing expenses increased from $17.2 million in 2011 to $33.6 million primarily due to the expansion of our business outside of China and the increase in the number of our sales staff to support our expanded module business. Sales and marketing expenses as a percentage of net revenues increased from 1.7% to 3.5% due to an increase in the number of our sales staff and costs primarily related to our module business.

General and Administrative Expenses. General and administrative expenses increased from $38.5 million in 2011 to $50.9 million in 2012 primarily due to increases in administrative costs associated with building our module business. General and administrative expenses as a percentage of net revenues increased from 3.9% to 5.3% as we hired additional personnel and advisors and incurred expenses to expand our module business.

Research and Development Expenses. Research and development expenses decreased to $44.1 million in 2012, as compared to $47.1 million in 2011. Research and development expenses as a percentage of net revenues slightly decreased from 4.8% in 2011 to 4.6% in 2012.

Other Operating (expenses) Income. We had other operating expenses of $14.7 million for 2012, compared to other operating income of $18.3 million for 2011. Other operating expenses in 2012 consisted primarily of an impairment charge of long-lived assets of $6.4 million, a goodwill impairment charge of $6.2 million and an intangible asset impairment charge of $3.8 million. See "—Critical Accounting Policies—Impairment of Goodwill and Indefinite-life Intangible Assets" and "—Critical Accounting Policies—Impairment of long-lived assets" for more information.

Interest Income and Expenses. Our interest income decreased from $7.9 million in 2011 to $7.1 million in 2012, primarily due to lower cash balances. Our interest expense increased from $37.2 million in 2011 to $50.6 million in 2012, primarily due to that we have more short-term borrowings.

Foreign Exchange Gain or Loss, Net. Our foreign exchange gain for 2012 was $1.4 million compared to a foreign exchange gain of $6.6 million in 2011. The change was primarily due to the impact of the appreciation of the RMB against the US dollar on our reporting of monetary assets and liabilities denominated in foreign currencies.

Income Tax Expense (Benefit). Our income tax expense for 2012 was $21.4 million compared to an income tax benefit of $4.9 million in 2011. Our effective tax rates in 2011 and 2012 were 107.3% and negative 9.7%, respectively. The fluctuation was due to a valuation allowance of $64.4 million that we provided against our deferred tax assets as of December 31, 2012.

Net Income (Loss) Attributable to Holders of Ordinary Shares. As a result of the foregoing, we had a net loss attributable to holders of ordinary shares of $242.5 million in 2012 compared to a net income attributable to holders of ordinary shares of $0.3 million in 2011.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

As of December 31, 2013, although we had negative working capital and experienced a net loss for the year, we believe that our cash, cash equivalents, cash flows from operating activities, including project assets and continued support from financial institutions located in the PRC, in the form of renewed and additional short-term loan facilities (including trade financing), will be sufficient to meet our working capital and capital expenditure needs that will arise in 2014 and beyond. 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.

The following significant developments in 2013 have impacted our liquidity or are expected to impact our liquidity:

- The solar industry is being negatively impacted by a number of factors including excess capacity, reduction of government incentives in key solar markets, higher import tariffs and the European debt crisis. These factors have contributed to declining average selling prices for our products. Since December 31, 2010, our selling price of wafers and modules has fallen from $0.88/W and $1.85/W, respectively, to $0.22/W and $0.65/W, respectively, as of December 31, 2013.

- For the year ended December 31, 2013, we incurred an operating loss of $221.4 million. However, during the same period, we generated positive cash flows from operations of $118.6 million.

- As of December 31, 2013, our current liabilities exceeded our current assets by $506.2 million. Significant components of our working capital as of December 31, 2013, are as follows:

  - Our current assets included cash and cash equivalents of $86.8 million.

- We have completed project assets in Europe, but have not yet sold these assets. If we are unable to sell these project assets at reasonable prices in the near term, our liquidity may be negatively impacted.

- The amount of accounts receivable increased from $216.8 million in 2012 to $236.6 million in 2013. The inability to collect on the existing accounts receivable may negatively impact our liquidity.

- Our advances to suppliers, current portion, which are unsecured, decreased from $23.6 million in 2012 to $14.2 million in 2013.

- The balance of finished goods inventory increased from $168.1 million in 2012 to $236.2 million in 2013. The inability to sell the finished goods at reasonable prices may negatively impact our liquidity.

- Our current liabilities included short-term bank borrowings of $629.2 million all due within one year and the current portion of long-term bank borrowings amounting to $43.9 million which may not be renewed.

- We plan to maintain our existing polysilicon, solar wafer, cell and module manufacturing capacities in 2014. Therefore, we do not currently plan to build new facilities, but do plan to incur capital expenditures of up to $80 million to maintain or enhance our existing manufacturing facilities.

Cash generated from operations and short-term financing is our primary source 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. The following plans and actions are being taken to effectively manage our liquidity:

- We have been in the process of taking a number of cost reduction initiatives. For example, Phase II of in-house polysilicon facility began production on its own in November 2013. We expect the in-house polysilicon cost to be lower than the market average selling price, which should facilitate our ability to generate positive cash flows from operations in 2014.

- We have performed a review of our cash flow forecast for the twelve months ending December 31, 2014. We believe that our operating cash flow in 2014 will be positive. Management believes the forecast is based on reasonable assumptions, including, the average selling price of wafers and modules is estimated to be approximately $0.22/W and $0.65/W, respectively, for the year ending December 31, 2014, and the cost to produce wafers and modules is estimated to be approximately $0.22/W and 0.61/W, respectively, for the year ending December 31, 2014, as a result of certain technology improvements.

- While there can be no assurance that we will be able to refinance our short-term bank borrowings as they become due, historically, we have renewed or rolled over most of our short-term bank loans upon the maturity date of the loans and have assumed we will continue to be able to do so. As of March 31, 2014, we successfully rolled-over $200 million of loans which were outstanding as of December 31, 2013.

- As of March 31, 2014, we had unused lines of credit of $117 million, of which $92 million was related to trade financing. Based on our historical experience, trade facilities funding requests will be approved in the normal course provided that we submit the required supporting documentation and the amount is within the credit limit granted.

- Subsequent to December 31, 2013, we obtained new financings totaling $34.6 million, which are comprised of $26.9 million in short-term borrowings, for our working capital needs. We also obtained additional long term loans of $7.7 million as of the date of this annual report, which are collateralized by certain project assets and will be utilized for project development purposes.

- In March 2014, we received non-binding letters of commitment from three banks to support our financing in the amount of $376.8 million, of which $159.2 million is related to short term loans and $217.6 million is related to trade financing. Letters of commitment from banks are not legally enforceable.

- In December 2013, we signed a memorandum of intent to sell three of our power station projects in Western China, with a total capacity of 60 MW, to a third party which is not related to us. The share transfer agreement was entered into in January 2014 and will generate positive cash inflow for us in 2014.

Based on the above factors, we believe that adequate sources of liquidity will exist to fund our working capital and capital expenditure requirements, and to meet our short term debt obligations, other liabilities and commitments as they become due.

Short-term Borrowings

As of December 31, 2011, 2012 and 2013, we had outstanding short-term borrowings of $570.9 million, $733.6 million and $673.1 million, respectively. These short-term borrowings will expire at various times throughout 2014. Our short-term borrowings outstanding as of December 31, 2011, 2012 and 2013 were denominated primarily in the RMB and also in the U.S. dollar and the Euro and bore a weighted average interest rate of 5.38%, 6.63% and 5.46%, respectively. As of March 31, 2014, we successfully rolled-over $200 million short-term borrowings which were outstanding as of December 31, 2013, and obtained additional short-term borrowings of $26.9 million. Some of our short-term borrowings are secured by our inventories and property, plant and equipment. We have other short-term borrowings guaranteed by Mr. Li, our chief executive officer and director, and his wife. Furthermore, according to certain loan agreements, our operating subsidiary Sichuan ReneSola is not permitted to pay dividends in any year when any principal or interest on such loans is due. Although we have increased our level of short-term bank borrowings to meet our working capital requirements for capital expenditures or other corporate uses, we have not experienced any financial difficulty with respect to any repayment of our borrowings.

As of December 31, 2013, $343.0 million of our outstanding short-term borrowings were trade financings which, consistent with all of our other short-term credit facilities, were historically rolled over. The majority of our short-term borrowings are provided by some of the largest banks in China. Historically, most of these banks extended the terms of their credit facilities when requested by us before their maturity dates. We believe our ability to extend our short-term credit facilities prior to their maturity remains strong in the current credit environment.

Long-term Borrowings

From time to time, we enter into long-term borrowing arrangement with various banks in China or overseas. As of December 31, 2011, 2012 and 2013, we had outstanding long-term borrowings with remaining terms of more than one year of $144.7 million, $56.6 million and $69.5 million, respectively. The long-term loan arrangements set forth below are the arrangements that we believe are important to our operation and business.

We obtained a long-term loan from Industrial and Commercial Bank of China of RMB50 million ($8.3 million) in May 2011, which was repaid in May 2013.

Since 2009, we have obtained several loans from China Construction Bank as follows. Pursuant to a RMB800 million ($132.2 million) five year term loan agreement entered into in January 2009 with China Construction Bank, we obtained four long-term loans in the amount of RMB450 million ($74.3 million) in January 2009, RMB150 million ($24.8 million) in June 2009, RMB190 million ($31.4 million) in June 2009 and RMB10 million ($1.7 million) in June 2009. We repaid the loans based on the agreed repayment schedule and repaid the final amount in December 2013. These loans were used to finance the construction of our polysilicon production facility in Meishan, Sichuan Province. In October 2011, we obtained a long-term loan of RMB150 million ($24.8 million), which was repaid in October 2013. In November 2011, we obtained a long-term loan of RMB10 million ($1.7 million), which was repaid in October 2013. In November 2011, we obtained another long-term loan of RMB50 million ($8.3 million), which was repaid in November 2013. In April 2012, we obtained a long-term loan of RMB30 million ($5.0 million), which was repaid in April 2014.

In February 2011, we obtained a two-year loan of RMB40 million ($6.6 million) from Agricultural Bank of China, which was repaid in February 2013. We obtained another long-term loan from Agricultural Bank of China of RMB13 million ($2.1 million) in December 2010, which was repaid in November 2012.

In April 2011, we obtained a long-term loan from Bank of China of RMB170 million ($28.1 million). We repaid RMB5 million ($0.8 million) in June 2012 and RMB15 million ($2.5 million) in December 2012. With respect to the remaining balance, RMB40 million ($6.6 million) was repaid in December 2013, RMB10 million ($1.7 million) is to be repaid in June 2014, RMB40 million ($6.6 million) is to be repaid by December 2014, RMB20 million ($3.3 million) is to be repaid by June 2015 and RMB40 million ($6.6 million) is to be repaid in December 2015.

In August 2011, we obtained a long-term loan from Standard Chartered Bank of $35 million, which was repaid in July 2013. The purpose of the loan is to purchase polysilicon supplies.

In July 2012, we obtained a 15-year long-term loan from China Development Bank of RMB220 million ($36.3 million), RMB5 million ($0.8 million) to be repaid in each of 2013, 2014 and 2015, RMB18 million ($3.0 million) to be repaid in each year from 2016 to 2026 and RMB4.5 million ($0.7 million) to be repaid in 2027. The proceeds from this loan are to be used to finance Zhejiang Ruixu's PV power generation project in Qinghai. In March 2013, we obtained another two 15-year long-term loans from China Development Bank of RMB110 million ($18.2 million) and RMB120 million ($19.8 million), respectively, and in April 2013, we obtained another RMB50 million ($8.3 million) and RMB40 million ($6.6 million), respectively, under the same loan arrangements. For each of these two 15-year loan arrangements, RMB4 million ($0.7 million) is to be repaid in each year from 2014 to 2018, RMB10 million ($1.7 million) is to be repaid in each year from 2019 to 2023, RMB20 million ($3.3 million) is to be repaid in each year from 2024 to 2027 and RMB10 million ($1.7 million) is to be repaid in March 2018. The proceeds from the loans are to be used to finance Zhejiang Ruixu's two PV power generation projects in Xinjiang and Qinghai, China. As of January 2014, we repaid RMB7.5 million ($1.2 million) of the loans totaling RMB540 million ($90.9 million) above, and we will continue to provide guarantee to such loans after we sold equity interests in Zhejiang Ruixu in January 2014. For the details of the sale of Zhejiang Ruixu, please see "Item 4. Information on the Company—A. History and Development of the Company."

In March 2013, we obtained two four-year term loans from a lender in Korea totaling Korean Won 35.7 billion ($33.8 million). These loans are to be repaid in March 2017. The proceeds from these loans are to be used to finance our PV plant projects in Romania.

In May 2013, we obtained a $13 million loan from Industrial and Commercial Bank of China due in July 2014. The proceeds are to be used for general business operation purposes.

The weighted average interest rate for our long-term loans was approximately 6.82% in 2013. Interest rates are variable for certain portions of the long-term loans, and are updated every three months, once a year or according to a predetermined schedule based on the applicable benchmark interest rate set by the People's Bank of China. $113.4 million of our outstanding long-term loans are expected to mature between 2014 to 2023.

Some of our long-term loans are secured by collateral such as shares of or other equity interests in our subsidiaries, pledges and security interests over our accounts receivable, inventories, project sites or land use rights, property, plant and equipment or project facilities, and/or guaranteed by our subsidiaries and/or Mr. Li, our director and chief executive officer, and his wife. See "Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions."

Some of our long-term loan agreements contain financial covenants, including maintaining certain minimum levels of net assets, debt to asset ratio, the ratio of net cash flow to due interest, principle and commission and fee of loan, and the ratio of drawn down loan amount to collateral market value, and restrictive covenants that limit our ability to, among other things, (1) dispose of or provide guarantees, pledges or mortgages on our operating assets in any manner that will increase risk to the lenders, (2) repay shareholders loans or loans from our related parties, (3) distribute dividends to shareholders, (4) enter into other financial obligations to third parties, and (5) take part in any mergers or acquisitions. Certain of our subsidiaries are required to pledge the shares or ownership interests in the operating subsidiaries such subsidiaries own in favor of the lenders in some of our long-term loan arrangements. As of December 31, 2013, Sichuan ReneSola, ReneSola Jiangsu and ReneSola Zhejiang were in compliance with all debt covenants. See “Item 3. Key Information—D. Risk Factors—Risks Related To Our Business—Restrictive covenants and undertakings under our bank loans may limit the manner in which we operate and an event of default under the loan may adversely affect our operations.”

Issuance of Securities

In March 2011, we issued $175 million convertible senior notes due 2018, with an additional sale of $25 million principal amount of the notes in April 2011 pursuant to the initial purchasers' over-allotment option. The net proceeds of the offering was approximately $192.8 million, a portion of which we used to pay the cost of the capped call transactions that we entered into with an affiliate of one of the initial purchasers, to which we refer to as the hedge counterparty, and the remainder for expansion of polysilicon production capacity. The convertible senior notes will be convertible to our ADSs, each representing two shares, with no par value, at a conversion rate of 94.8114 ADSs per $1,000 principal amount of the notes (equivalent to an initial conversion price of approximately $10.55 per ADS), subject to adjustment under certain circumstances. The convertible senior notes will mature on March 15, 2018. We may not redeem the convertible senior notes prior to the maturity date. The convertible senior note holders will have the right to require us to repurchase for cash all or any portion of their convertible senior notes on March 15, 2016 at a repurchase price equal to 100% of the principal amount of the convertible senior notes to be repurchased, plus accrued and unpaid interest to, but excluding, the repurchase date. In addition, if we undergo a fundamental change, as defined in the offering memorandum, convertible senior note holders may, subject to certain conditions, require us to repurchase all or any portion of their convertible senior notes for cash at a price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The convertible senior notes constitute our senior unsecured obligations, rank senior in right of payment to our existing and future indebtedness that is expressly subordinated in right of payment to the notes, rank equal in right of payment to our existing and future unsecured indebtedness that is not so subordinated, are effectively junior to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness and structurally junior to all existing and future indebtedness and other obligations (including trade payables and lease obligations) incurred by our subsidiaries. The convertible senior notes and our ADSs issuable upon conversion of the notes, and the shares represented thereby, were issued to qualified institutional buyers pursuant to Rule 144A under the Securities Act. We do not intend to file a shelf registration statement covering the resale of the convertible senior notes or ADSs issuable upon conversion of the convertible senior notes or the shares represented thereby. During 2011, we repurchased $88.4 million aggregate principal amount of our convertible senior notes using $57.1 million in cash. As of December 31, 2013, the carrying value of our convertible senior notes was $111.6 million.

In connection with the pricing of the notes, we entered into a capped call transaction and an additional capped call transaction, which covers, subject to customary anti-dilution adjustments, the number of ADSs underlying the option notes, with the hedge counterparty. The capped call transactions are expected generally to reduce potential dilution to the shares and ADSs upon conversion of the convertible senior notes. The cap price under the additional capped call transaction was subject to customary anti-dilution adjustments. The capped call transactions are separate transactions entered into by us with the hedge counterparty and not part of the terms of the notes and did not change the noteholders' rights under the notes. Holders of the convertible senior notes do not have any rights with respect to the capped call transactions.

In September 2013, we completed a registered direct offering of 15,000,000 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 net proceeds from the offering was approximately $65.9 million (excluding proceeds from the exercise of warrants) based on the public offering price of

$4.67 per ADS and warrants for 35% of an ADS. The warrants have an initial exercise price of $3.02 per share (or $6.04 per ADS). The warrants are exercisable immediately and will expire four years from the date of issuance. We expect to use the net proceeds from the offering for general corporate purposes, including working capital and polysilicon plant optimization.

Cash Flows and Working Capital

We have significant working capital commitments because many of our silicon raw materials suppliers require us to make payments immediately upon shipping and, historically, prepayments in advance of shipment. Due to the volatility of the price of polysilicon, sufficient working capital and access to financing to allow for the purchase of silicon raw materials are critical to growing our business. Our short-term borrowings decreased from $733.6 million in 2012 to $673.1 million in 2013. Our advances to suppliers decreased from $29.5 million as of December 31, 2012 to $19.8 million as of December 31, 2013. Under the current market conditions, prepayment to suppliers in advance of shipment has become less common. We perform credit evaluations of the financial condition of our suppliers to which we make prepayments.

Our accounts receivable increased from $129.6 million as of December 31, 2011 to $216.8 million as of December 31, 2012 and further increased to $236.6 million as of December 31, 2013. Our allowance for doubtful accounts increased from $1.1 million as of December 31, 2011 to $1.8 million as of December 31, 2012 and further increased to $4.9 million as of December 31, 2013. The increase in our accounts receivable balance from 2011 to 2012 is primarily the result of providing longer credit terms to certain of our customers in line with prevailing market conditions. The increase in accounts receivable from 2012 to 2013 is primarily attributable to the increase in sales, with credit terms provided to customers in 2013 remaining largely consistent with those in 2012. For all customers, including those to whom longer credit terms are negotiated and granted, we assess a number of factors to determine whether collection is reasonably assured, including past transaction history with the customer and their overall creditworthiness. However, despite these efforts, we have experienced year on year increases in the aging of our accounts receivable since 2011. As a result, we have increased our allowance for doubtful accounts accordingly, to reflect the negative trend of longer aged receivables, which we believe is symptomatic of difficult market conditions and constrained liquidity conditions for the solar industry overall. To date, we have not experienced material write-offs of accounts receivable or advances to suppliers, but we continue to actively monitor the credit we extend to both our customers and suppliers. While the business environment improved in 2013, to the extent that the overall negative environment which impacted the solar industry returns, or deteriorates, this negative trend could be exacerbated and write-offs could occur. In 2014, we plan to closely manage our accounts receivable balances by strengthening our collection efforts as well as managing our inventory in order to preserve cash, and effectively manage our working capital requirements.

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

	Year Ended December 31,		
	2011	2012	2013
	(in thousands)		
Net cash provided by (used in) operating activities	$(22,058)	$(94,731)	$118,561
Net cash used in investing activities	(177,467)	(249,219)	(189,602)
Net cash (used in) provided by financing activities	273,914	59,908	67,620
Effect of exchange rate changes	13,949	(1,714)	(3,089)
Net increase (decrease) in cash and cash equivalents	88,337	(285,756)	(6,510)
Cash and cash equivalents at the beginning of the year	290,702	379,039	93,283
Cash and cash equivalents at the end of the year	$379,039	$93,283	$86,773

Operating Activities

Net cash provided by operating activities in 2013 was $118.6 million, primarily due to the increase in net revenues as a result of the gradual recovery of the industry, an increase in accounts payable as we negotiated longer payment terms from suppliers, an increase in advances from customers and increases in inventory and accounts receivable levels arising from the expansion of our module business. The increases were offset by a net loss of $258.9 million less the impact of depreciation and impairment of long-lived assets of $112.9 million and $202.8 million, respectively.

Net cash used in operating activities in 2012 was $94.7 million, primarily due to (i) a net loss of $242.6 million arising from the continuing oversupply conditions in the solar power products market, and (ii) increases in inventory and accounts receivable levels arising from the expansion of our module business, which were offset by increases in accounts payable as we imposed longer payment terms upon our suppliers, depreciation, non-cash write-downs for inventory and asset impairments.

Net cash used in operating activities in 2011 was $22.1 million, primarily due to (i) an increase in accounts receivables of $79.5 million due to longer credit terms being granted to customers in light of market conditions in 2011, which were characterized by oversupply of solar power products, (ii) an increase in inventories of $24.3 million as our business and capacity expanded, and (iii) a decrease in advances from customers of $27.0 million as we delivered finished goods to our customers and ceased to request prepayments from our customers in 2011 in order to promote sales, partially offset by an inventory write-down of $49.0 million and higher depreciation in 2011 as our silicon wafer manufacturing capacity expanded.

Investing Activities

Net cash used in investing activities in 2013 was $189.6 million, primarily due to increases in property, plant and equipment expenditures in connection with our solar power projects in Qinghai and Xinjiang, and restricted cash, which was partially offset by the cash received from government subsidies.

Net cash used in investing activities in 2012 was $249.2 million, primarily due to property, plant and equipment expenditures in connection with the expansion of our module business, the development of phase II of our polysilicon production facility in Meishan, Sichuan Province, the development of our power plant business and changes in restricted cash.

Net cash used in investing activities in 2011 was $177.5 million, primarily due to property, plant and equipment expenditures comprising mainly the upgrade and expansion of our wafer manufacturing facilities, development of phase II of our polysilicon production facility in Meishan, Sichuan Province, our new diamond steel wire production facility in Zhejiang Province and our 20 MW power plant project in Qinghai Province.

Financing Activities

Net cash provided by financing activities in 2013 was $67.6 million, primarily due to proceeds from bank borrowing and the issuance of common shares, which was partially offset by the repayment of bank borrowings.

Net cash provided by financing activities was $59.9 million in 2012, primarily due to proceeds from bank borrowings of $1,115.8 million which was partially offset by repayments of bank borrowings of $1,056.4 million.

Net cash provided by financing activities was $273.9 million in 2011, primarily due to (i) proceeds from bank borrowings of $898.8 million, (ii) proceeds from the issuance of convertible senior notes due 2018 of $200.0 million, partially offset by the repayment of bank borrowings of $735.2 million.

As of December 31, 2012 and 2013, our current liabilities exceeded our current assets by $568.4 million and $506.2 million, respectively.

We have taken, and are continuing to take, the following measures to manage our liquidity difficulties: (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 inventory 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. Subsequent to December 31, 2013 and as of the date of this annual report, we obtained new financings totaling $34.6 million, which are comprised of $26.9 million in short-term borrowings for our working capital needs and $7.7 million in long-term borrowings for our project development.

We believe that our current cash and cash equivalents, anticipated cash flows from our operations and bank borrowings will be sufficient to meet our anticipated cash needs in 2014 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 ReneSola Zhejiang” 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.”

Capital Expenditures

We had capital expenditures of $152.7 million, $136.4 million and $126.2 million in 2011, 2012 and 2013, respectively. We had outstanding advances for purchases of property, plant and equipment of $25.9 million, $8.3 million and $2.2 million as of December 31, 2011, 2012 and 2013, respectively. As of December 31, 2011, 2012 and 2013, our commitments outstanding for purchases of property, plant and equipment were $139.0 million, $80.6 million and $16.5 million, respectively. Our capital expenditures were used primarily to optimize our Sichuan polysilicon factory, to maintain 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 horizontal and project businesses.

We plan to maintain our existing polysilicon, solar wafer, cell and module manufacturing capacities in 2014. Therefore, we do not currently plan to build new facilities, but do plan to incur capital expenditures of up to $80 million to maintain or enhance our existing manufacturing facilities.

Recent Accounting Pronouncements

In February 2013, the Financial Accounting Standard Board, or FASB, issued Accounting Standards Update, or ASU, No. 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. ASU 2013-02 requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated comprehensive income by the respective line items of net income but only if the amount reclassified is required under U.S. GAAP to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. ASU 2013-02 is effective for fiscal years, and interim periods within those years, beginning on or after December 15, 2012. We adopted the new guidance in the first quarter of 2013. The adoption did not have a material impact on our consolidated financial statements and related disclosure.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. ASU 2013-11 requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. ASU 2013-11 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. The new standard is to be applied prospectively but retrospective application is permitted. The implementation will not have a material impact on our consolidated financial statements or related disclosure.

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

Research and Development

We focus our research and development efforts on improving our manufacturing efficiency, the quality of our products and new product development. As of December 31, 2013, our research and development team consisted of 145 experienced researchers and engineers. In addition, some of our manufacturing employees regularly participate in our research and development programs. A part of our research and development is conducted at our solar power technology development center, which is outfitted with advanced equipment for the research of solar power. Our recent technological achievements include:

- We have further developed a new technology to recycle products at the polysilicon manufacturing stage in order to reduce costs. We also continued to research the use of carbon composite materials, which we believe will help lower costs and expose us to new markets.

- Our innovations enable us to increase the yield of our ingots, reduce our electricity costs and enhance the utilization rate of our furnaces and consumables, such as graphite, carbon fiber, steel wire and slurry

- We have developed a variety of proprietary methods for producing wafers, including a special chemical doping formula for wafers to produce high-efficiency, low-degradation solar cells, a new casting process for multicrystalline solar wafers to increase solar cell conversion efficiency, and a customized monocrystalline hot-zone using simulation technology to reduce oxygen content and power consumption for high efficiency and low degradation.

- We have invested in the research and development of solar wafer technology. For example, our Virtus Wafer, a new multicrystalline wafer, improves solar cell efficiency. We have developed our own in-house diamond steel wires, which can improve solar wafer manufacturing processes through the use of resin-plated diamond steel wires. We started the production of the Virtus Wafer in the first half of 2011 and substantially converted all our multicrystalline wafer capacity to manufacturing Virtus Wafers.

- We have invested in the research and development of solar cell technology. The average conversion efficiency rates of our monocrystalline and multicrystalline solar cells manufactured reached 19.0% and 17.8%, respectively, as of December 31, 2013, compared to the industry average of 18.9% and 17.6%, respectively, based on our estimates.

- We have invested in the research and development of solar module technology. For example, our new Virtus A++ manufacturing technology used to create the Virtus II® products has been streamlined such that products can be manufactured with less energy input, meaning that they are both environmentally friendly and cheaper to manufacture.

- Our Micro Replus™ can be used specifically with our solar modules in solar systems for power conversion and can be made available as a standalone microinverter or integrated with our panel for a turnkey AC module.

- We have also begun research small-scale storage systems and the development of our own AC-OC optimizer and low-oxygen concentration solar wafers and carbon composite materials, which we believe will help improve conversion efficiencies

Through our continuous technological innovation and improvements in manufacturing efficiency, we were able to reduce our silicon consumption rate to 5.3 grams per watt as of December 31, 2013, and wafer processing cost to $0.11 per watt during the same period, compared to $0.15 per watt as of December 31, 2012.

We plan to continue to devote substantial resources to research and development in order to further improve our manufacturing processes, reduce manufacturing costs and increase product performance. We plan to focus our research and development in the following areas:

- *Solar Wafer Manufacturing*. We will continue to reduce the cost of manufacturing solar wafers by, among other, improving the ingot-pulling speed for manufacturing of monocrystalline wafers, optimizing our manufacturing equipment and process routine, upgrading from manual programs to semi-automatic or automatic programs, increasing the purity of the ingots we produce, slicing thinner wafers, reducing wafer breakage rates, and enhancing the processes to reduce quality control cost.

- *Polysilicon Production*. We are seeking to continue to fine-tune the closed-loop modified Siemens process system at our Meishan polysilicon manufacturing facility and ramp up its production in full. We aim to further reduce production costs by shortening the overall processing time, revising the TCS production process, reducing the power consumption and improving the recycling conversion ratio for converting by-products into TCS.

- *Solar Cell Manufacturing*. We will continue to develop technologies to manufacture high-conversion efficiency solar cells with improved performance. As of December 31, 2013, we were able to achieve conversion efficiency rates of 19.0% for monocrystalline cells and 17.8% for multicrystalline cells manufactured using our solar wafers.

- *Solar Module Manufacturing*. We will continue to improve the process of module manufacturing by shortening the lamination time to reduce time and power consumption. We will also improve the structure of the module frame to reduce the adhesive sealant on the front side of the module and reduce the time for cleaning the module. We will consider using tempered glass with anti-reflecting film on the module to increase the module efficiency. We will continue to reduce our module manufacturing costs through a reduction in material costs and improvements in our manufacturing methods, and capitalize on the business's higher margins relative to wafer production.

- *Inverter technology*. We will continue to reduce the thickness, volume and weight of micro inverter to fit the frame of PV module. We will also improve the efficiency of micro inverse by changing the connection method of micro inverse output terminal. We will continue to reduce the production cost by simplifying the circuit, reducing volume and weight of the inverter, and improve product efficiency by improving the device parameters, and reducing power consumption.

We have spent considerable resources on improving our equipment by collaborating with a domestic equipment maker in China for the first time to develop a customized multicrystalline furnace.

In each of the three years ended December 31, 2011, 2012 and 2013, our research and development expenses were approximately $47.1 million, $44.1 million and $46.5 million, respectively.

Intellectual Property

As of December 31, 2013, we had 173 patents and 93 pending patent applications in China and and 4 pending international patent applications. These patents and patent applications relate to the technologies in our products and the technologies utilized in our manufacturing processes. We intend to continue to assess appropriate opportunities for patent protection of critical aspects of our technologies. Our patents and our pending patent applications relate to improvements in product conversion efficiencies, improvements of the recycling, sorting and purification of silicon raw materials, ingot casting and wafer slicing processes.

We also rely on a combination of trade secrets and employee contractual protections to establish and protect our proprietary rights. We believe that many elements of our solar power products and manufacturing processes involve proprietary know-how, technology or data that are not covered by patents or patent applications, including technical processes, equipment designs, algorithms and procedures. We take security measures to protect these elements. All of our research and development 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.

The trademark of “ReneSola” has been separately registered with the European Union office of Harmonization for the Internal Market on January 10, 2007 for a period of ten years, with the Japan Patent Office on June 22, 2007 for a period of 10 years, with the Korean Intellectual Property Office on October 8, 2008 and December 13, 2008 for two applications of different commodity category, respectively, both for a period of 10 years, with the U.S. Patent and Trademark Office on October 28, 2008 for a period of 10 years, with the PRC Trademark office on May 7, 2009 and May 21, 2009 for two applications of different commodity category, respectively, both for a period of 10 years, with Taiwan Trademark Office on February 1, 2011 for a period of 10 years, with intellectual property office of Singapore on July 30, 2010 for a period of 20 years, with Canadian intellectual property office on September 13, 2011 for a period of 15 years, and with Israel intellectual property office on February 2, 2012 for two applications of different commodity category, respectively, for a period to July 27, 2020, with Australian Intellectual Property Office on November 21,2012 for a period of 10 years, with Dominican Industrial Property Office on April 16,2013 for a period of 10 years, and with Mexican Intellectual Property Office on January 11,2013 for a period of 10 years. We also filed trademark registration applications for “ReneSola” and relevant designs in Indian, Malaysia, Thailand, Mexico, Chile, Brazil, Argentina, the Dominican Republic, Australia and South Africa in 2012, and also filed trademark registration applications of different commodity category for “ReneSola” in Australia, Canada, U.S., Mexico, EU, Japan, Turkey,

New Zealand, Sri Lanka and China in 2013.

The trademark of “Replus by ReneSola” was separately registered with the European Union office of Harmonization for the Internal Market on April 4, 2013 for a period of 10 years, with Mexican Intellectual Property Office on April 2, 2013 for a period of 10 years, with Australian Intellectual Property Office on April 2, 2013 for a period of 10 years, with the Japan Patent Office on January 10, 2014 for a period of 10 years, and with Taiwan Trademark Office on January 1, 2014 for a period of 10 years. We also filed trademark registration for “Replus by ReneSola” in U.S. and China in 2013.

D. Trend Information

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2013 to December 31, 2013 that are reasonably likely to have a material adverse effect on our net revenues, income, 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, 2013, 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.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2013:

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Long-term borrowings[1]	$128,684	$50,480	$37,750	$36,459	$ 3,995
Purchase obligations for equipment and others[2]	16,513	16,292	133	88	—
Purchase obligations for raw materials[3]	106,651	106,651	—	—	—
Convertible senior notes	121,784	4,604	117,180		—
Total	$373,632	$178,027	$155,063	$36,547	$ 3,995

(1) Included estimated interest payable under contract terms.

(2) Included commitments to purchase production equipment and payment obligations under construction contracts.

(3) Included committees to purchase silicon raw materials under certain long-term supply agreements with overseas suppliers. Payment due by period can't be calculated because we are committee to pay $106.7 million over the next two years.

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

We are required to purchase $106.7 million of polysilicon over the next two years. The purchase price is subject to adjustment to reflect the prevailing market price on the transaction dates and we expect that all purchases will be used

in our production in the normal course of business.

G. Safe Harbor

We make “forward-looking statements” throughout this annual report, such as our expected manufacturing capacity in 2014 and our estimated average selling prices of our wafer products in 2014. 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
Martin Bloom	62	Chairman, Independent Director
Xianshou Li	45	Director and Chief Executive Officer
Yuncai Wu	46	Director
Jing Wang	66	Independent Director
Tan Wee Seng	58	Independent Director
Henry Wang	40	Chief Financial Officer
Stephen Huang	47	President of the Asia-Pacific Region (excluding China)
Jijun Shi	52	President of the European Region
Kevin Chen	40	President of the North America Region
Jason Wu	46	Vice President of Middle East, South America and Africa Region
Shelley Xu	28	Vice President of Greater China Region
Jiabing Chen	38	Vice President of Oversea OEM Business
Nick Li	37	Vice President of Manufacturing of China Module Division
John Ding	42	Vice President of Global Resourcing and Logistics
Wei Fang	35	Vice President of Financial Management, China
Meisie Jiang	32	Vice President of Financial Management, Overseas
Maggie Ma	39	Vice President of Financial Control
Xiahe Lian	43	Vice President of Administration of Human Resource

Directors

Mr. Martin Bloom has been an independent director since July 2006 and has served as the chairman of the board since September 2006. Mr. Bloom is also the chairman of the audit committee and a member of the compensation committee and corporate governance and nominating committee of our board of directors. In addition, he has been on the board of Intelligent Energy, a British fuel cell company, since June 2012. Mr. Bloom has almost 40 years of experience in strategic partnering, technology commercialization and business strategy. He has built businesses in the U.S., Europe and China. 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. Xianshou Li is our founder and has been a director and our chief executive officer since March 2005. Prior to founding our solar power business in 2005, Mr. Li founded Yuhuan Solar Energy Source Co., Ltd., a manufacturer of solar cell and module products for both commercial and residential applications, and served as its chairman since its inception. Mr. Li also served as the general manager of Yuhuan County Solar Energy Co., Ltd., a manufacturer of mini solar panels and solar cell modules from 2002 to 2006. Prior to that, he worked as an official in the Yuhuan County Culture Bureau in Zhejiang Province