

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F

(Mark One)

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

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2020.

OR

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

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report

Commission file number: 001-33911

RENESOLA LTD

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

British Virgin Islands

(Jurisdiction of incorporation or organization)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing 10 shares, no par value per share	SOL	New York Stock Exchange

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

None

(Title of Class)

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

None

(Title of Class)

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

572,484,072 shares, no par value per share, as of December 31, 2020.

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
Emerging growth company

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

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

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

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

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in). Yes No

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

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

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

TABLE OF CONTENTS

	Page
<u>INTRODUCTION</u>	<u>1</u>
<u>PART I</u>	<u>1</u>
<u>ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	<u>1</u>
<u>ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE</u>	<u>2</u>
<u>ITEM 3. KEY INFORMATION</u>	<u>2</u>
<u>ITEM 4. INFORMATION ON THE COMPANY</u>	<u>40</u>
<u>ITEM 4A. UNRESOLVED STAFF COMMENTS</u>	<u>72</u>
<u>ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	<u>72</u>
<u>ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	<u>94</u>
<u>ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	<u>103</u>
<u>ITEM 8. FINANCIAL INFORMATION</u>	<u>104</u>
<u>ITEM 9. THE OFFER AND LISTING</u>	<u>105</u>
<u>ITEM 10. ADDITIONAL INFORMATION</u>	<u>107</u>
<u>ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>118</u>
<u>ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	<u>119</u>
<u>PART II</u>	<u>120</u>
<u>ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	<u>120</u>
<u>ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	<u>121</u>
<u>ITEM 15. CONTROLS AND PROCEDURES</u>	<u>121</u>
<u>ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT</u>	<u>122</u>
<u>ITEM 16B. CODE OF ETHICS</u>	<u>122</u>
<u>ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	<u>122</u>
<u>ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	<u>122</u>
<u>ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	<u>122</u>
<u>ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT</u>	<u>122</u>
<u>ITEM 16G. CORPORATE GOVERNANCE</u>	<u>123</u>
<u>ITEM 16H. MINE SAFETY DISCLOSURE</u>	<u>123</u>
<u>PART III</u>	<u>123</u>
<u>ITEM 17. FINANCIAL STATEMENTS</u>	<u>123</u>
<u>ITEM 18. FINANCIAL STATEMENTS</u>	<u>123</u>
<u>ITEM 19. EXHIBITS</u>	<u>124</u>

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

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

This annual report on Form 20-F includes our audited consolidated balance sheets as of December 31, 2019 and 2020 and our audited consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2018, 2019, and 2020.

This annual report contains translations of certain Renminbi amounts into U.S. dollars at the rate of RMB 6.5250 to \$1.00, the noon buying rate in effect on December 31, 2020 as set forth in the H.10 Statistical Release of the Federal Reserve Board. We make no representation that the Renminbi or dollar amounts referred to in this annual report on Form 20-F could have been or could be converted into dollars or Renminbi, as the case may be, at any particular rate or at all. See “Item 3. Key Information—D. Risk Factors—Risks Related to Doing Business in China—Fluctuations in exchange rates may have a material adverse effect on your investment.” On April 19, 2021, the noon buying rate was RMB 6.5160 to \$1.00.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our Selected Consolidated Financial Data

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

The following table presents the selected consolidated financial information of our company. The selected consolidated statement of operations data for the years ended December 31, 2018, 2019 and 2020 and the selected consolidated balance sheet data as of December 31, 2019 and 2020 are derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statement of operations data for the years ended December 31, 2016 and 2017 and the consolidated balance sheets data as of December 31, 2016, 2017 and 2018 have been revised from our previously audited consolidated financial statements, which are not included in this annual report on Form 20-F to give effect to the discontinued operations presentation resulting from our non-cash restructuring in September 2017. The selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, our audited consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. The historical results are not necessarily indicative of results to be expected in any future period.

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

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

On January 1, 2020, we adopted new credit losses guidance ASU Topic 326, “Financial Instruments – Credit Losses” which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. Upon the adoption of the guidance, the Company has identified the relevant risk characteristics of its customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company’s receivables.

For the Year Ended December 31,

	2016	2017	2018	2019	2020
Consolidated Statement of Operations Data Continuing operations:					
Net revenue	\$ 80,504,734	\$ 102,973,999	\$ 96,906,335	\$ 119,117,024	\$ 73,502,883
Income/(loss) from operations	2,348,663	6,555,610	15,531,888	(964,304)	6,780,197
Income/(loss) from continuing operations, net of tax	94,482	3,199,831	5,096,480	(11,680,155)	2,155,987
(Loss)/income from discontinued operations, net of tax ⁽¹⁾	(34,792,733)	31,257,707	-	-	-
Net (loss)/income	(34,698,251)	34,457,538	5,096,480	(11,680,155)	2,155,987
Less: Net income/(loss) attributed to noncontrolling interests	-	-	3,336,769	(2,848,932)	(622,668)
Net (loss)/income attributed to ReneSola Ltd	(34,698,251)	34,457,538	1,759,711	(8,831,223)	2,788,655
Income/(loss) attributed to ReneSola Ltd per ADS from continuing operations					
Basic	0.00	0.13	0.05	(0.22)	0.06
Diluted	0.00	0.13	0.05	(0.22)	0.06
(Loss)/income attributed to ReneSola Ltd per ADS from discontinued operations					
Basic	(1.72)	1.27	-	-	-
Diluted	(1.72)	1.27	-	-	-
Weighted average number of ADS used in computing income/(loss) per ADS*:					
Basic	20,222,977	24,689,929	38,075,293	40,595,551	49,166,354
Diluted	20,240,390	24,690,529	38,075,293	40,595,551	49,788,422

*Each ADS represents 10 ordinary shares.

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

	As of December 31,				
	2016	2017	2018	2019	2020
Consolidated Balance Sheet Data					
Cash and cash equivalents	\$ 3,964,896	\$ 13,429,301	\$ 6,750,178	\$ 24,292,113	\$ 40,593,094
Total assets	1,088,405,688	335,698,792	377,712,342	319,944,193	336,941,949
Total non-current liabilities	117,827,787	100,019,369	119,309,869	72,991,550	65,373,230
Total liabilities	1,022,259,908	245,216,322	253,046,937	182,397,018	153,681,868
Total shareholders' equity	66,145,780	90,482,470	124,665,405	137,547,175	183,260,081
Common share capital	-	-	-	-	-
Number of common shares issued	202,478,702	381,027,002	381,027,002	481,027,002	582,258,622

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Risks Related to Our Business

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

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

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

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

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

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

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

- securing investment or development rights;
- securing suitable project sites, necessary rights of way, satisfactory land/rooftop use or access rights in the appropriate locations with capacity on the transmission grid and related permits, including completing environmental assessments and implementing any required mitigation measures;
- rezoning land, as necessary, to support a solar power project;
- negotiating satisfactory EPC agreements;

- negotiating and receiving required permits and approvals for project development from government authorities on schedule;
- completing all required regulatory and administrative procedures needed to obtain permits and agreements;
- procuring rights to interconnect the solar power project to the electric grid or to transmit energy;
- paying interconnection and other deposits, some of which are non-refundable;
- signing grid connection and dispatch agreements, power purchase agreements, or PPAs, or other arrangements that are commercially acceptable, including adequate for providing financing;
- obtaining project financing, including debt financing and own equity contribution; and
- negotiating favorable payment terms with suppliers;
- completing construction on schedule in a satisfactory manner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our current business strategy includes plans to further grow the solar power project portfolio for our project rights sale business, or NTP portfolio, and own and operate some of the solar power projects we develop. To develop a solar power project, we are required to enter into investment agreements, development agreements, interconnection agreements and/or other contractual agreements with the local authorities and obtain relevant permits, licenses and approvals. Whether or not we can secure an investment agreement is subject to the discretion of government bodies and may be influenced by factors beyond our control, such as market conditions and the allocated solar power project quota in some countries, based on which the agreement can be entered into government incentive programs. Our competitors may have greater financial resources, more effective or established localized business presence or greater willingness or ability to operate with little or no operating margins for sustained periods of time. It is difficult to predict whether and when we will be awarded a new solar power project. Any increase in competition or reduction in our competitive capabilities could have a significant adverse impact on our market share and on the margins we generate from our solar power projects.

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

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

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

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

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

We have relied on working capital, short-term and long-term financing, including development loan financings, construction loan financings and project financings, and capital market financings to fund our capital requirements and expect to continue to do so in the future. These financings, which consist of short-term borrowings, long-term borrowings, bond and other long-term liabilities, are primarily from financial institutions and fund investors globally, as well as financing lease companies in China. As of December 31, 2020, we had short-term borrowings of \$32.0 million, bond payable of \$9.0 million and failed sale-lease back and finance lease liabilities of \$52.1 million, and a debt-to-asset ratio of 45.6%.

We had a working capital of \$48.4 million as of December 31, 2020 and the amount of our borrowings and financing liabilities could constrain our operational flexibility, including requiring a substantial portion of our cash flows to be set aside to service our debt obligations, increasing our exposure to interest rate fluctuations and limiting our ability to obtain additional financing. Furthermore, governments may pass measures to tighten credit. All the above may impair our ability to obtain financing on favorable terms, or at all. In addition, we may not be able to raise necessary funding on favorable terms, or at all, to refinance our debt obligations. If our cash flows and capital resources are insufficient to service our debt obligations, our business, prospects and financial conditions may be materially and adversely affected. If we fail to obtain additional sources of financing, we may not be able to continue to fund our operations or business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We sell electricity generated from our operated solar power projects, mainly in China. Before developing a solar power project for our IPP business, we have to obtain the relevant local governmental grid company's preliminary consent on our grid connection application and the final approval on the grid connection plan in order to connect our solar power projects to their power grids.

In China, we can sell the electricity in gross metering or net metering. Under gross metering, electricity is sold to The State Grid Corporation of China, or the State Grid, an enterprise which constructs and operates power grids and is a pilot state holding company approved by the State Council of China to carry out state-authorized investment. Under the net metering, we first sell the electricity to non-State Grid power purchasers and the remaining unpurchased electricity to the State Grid. Before we can supply the electricity to our power purchasers, we are required to enter into the grid connection and dispatch agreements with the grid providers and energy management contracts, or EMCs, including PPAs with the power purchasers. Grid connection and dispatch agreements generally have terms of 1 to 5 years and are, in practice, subject to renewal by the parties when original terms expire. The EMCs, which provide the terms and pricing of the sales and include the PPAs, are in 20 years and are subject to renewal by the parties when original terms expire. If we are unable to renew the agreements upon expiration, we may not be able to replace them with agreements with equivalent terms and conditions, or at all, or we may experience significant delays or costs related to securing replacements. If we are unable to agree with the grid providers on a new grid connection and dispatch agreements, the affected solar power project may temporarily or permanently cease operations, and we may not be able to operate the project beyond the initial term of the EMCs and PPAs. See also “—We face a number of risks involving PPAs and project-level financing arrangements, including failure or delay in entering into PPAs, defaults by counterparties and contingent contractual terms such as price adjustment, termination, buy-out, acceleration or other clauses, all of which could materially and adversely affect our business, financial condition, results of operations and cash flows.” In addition, if, for any reason, the grid providers are unable or unwilling to fulfill their related contractual obligations or if they refuse to accept delivery of electricity delivered thereunder or otherwise terminate such agreements prior to the expiration thereof, our business, financial condition, results of operations and cash flow could be materially adversely affected.

If we cannot produce agreed electricity for reasons solely attributed to us, the agreed PPA/FIT prices may be reduced, results of operations could be materially adversely affected.

In China, all solar projects approved by the National Development and Reform Commission, or the NDRC, are eligible to receive an attractive FIT for 20 years in principle and we expect our solar power projects to be long-term contracted assets. Under gross metering, we receive a total FIT amount, which comprise an agreed electricity sales price from the State Grid and the government subsidies, for 20 years. Under net metering, we receive subsidies from the government and an agreed negotiated electricity sales price from the power purchasers. However, if we cannot produce electricity normally for a number of days for reasons solely attributed to us, the agreed PPA/FIT prices may be reduced and results of operations and cash flow could be materially adversely affected.

If the power grid to which one or more of our solar power projects is connected becomes partially or fully inoperable due to maintenance or unexpected interruptions, the transmission of electricity may be affected, and results of operations and cash flow could be materially adversely affected.

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

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

We require a significant amount of cash to fund the development, installation and construction of our projects and the operation of our solar power projects. We may also require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue in order to remain competitive. Historically, we primarily obtained development loans, construction loans, project financing and capital market financing from financial institutions, fund investors globally, as well as financing lease companies in China. We cannot guarantee that we will be successful in locating additional suitable sources of financing in the time periods required or at all, or on terms or at costs that we find attractive or acceptable. Failure to manage discretionary spending and raise additional capital or debt financing as required may adversely impact our ability to achieve our intended business objectives.

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

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

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

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

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

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

Revenues generated from our IPP business are primarily from China. Under gross metering, the revenues we can receive are fixed at the FIT price which is set by the government. Under net metering, the prices we sell the electricity to the non-State Grid power purchasers are mainly at a market discount to the public utility rate. The market price of electricity can be subject to significant fluctuations and can be affected by drivers such as the cost of traditional fossil fuels used for electricity generation, the discovery of new fossil fuel sources, additional electricity generation capacity, additional electric transmission and distribution lines, technological or regulatory changes, increased energy conservation or for a number of other reasons. However, given that China largely runs a state-led economy, the FIT price may be readily lowered by the relevant Chinese authorities with little, if any, regard to market conditions. While we may resort to domestic courts and other available forums for remedies, such actions may bear no fruit and are bound to generate extra legal costs and fees. Regardless of the rationales underlying the price adjustments, any decrease in the FIT price, market discount rate or the public utility rate may negatively affect our results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- cost-effectiveness, performance and reliability of solar power projects compared to conventional and other renewable energy sources and products; and the availability of grid capacity to dispatch power generated from solar power projects;
- success of other alternative energy generation technologies, such as wind power, hydroelectric power and biomass;

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

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

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

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

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

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

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

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

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

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

Although in some jurisdictions, the local governmental grid companies are obliged to purchase all the electricity generated by us, they may adjust the amount of electricity they purchase from us as result of constraints on grid connection capacity, or curtailment. If this happens, our revenues will be negatively impacted.

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

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

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

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

- fluctuations in currency exchange rates, such as exchange rate volatility between the Euro and the U.S. dollar and the Renminbi against the U.S. dollar;
- increased costs associated with maintaining marketing efforts in various countries;
- the increased cost of understanding local markets and trends and developing and maintaining an effective marketing and distribution presence in various countries;
- difficulty and costs relating to compliance with the different commercial, environmental and legal requirements of the overseas markets in which we offer our products;
- difficulty in engaging and retaining sales personnel who are knowledgeable about, and can function effectively in, overseas markets and manage the overseas operations;
- the difficulty of managing the development, construction and sale of our solar power projects on a timely and profitable basis as a result of technical difficulties, commercial disputes with our customers and changes in regulations, among other factors;
- the difficulty of providing customer service and support in various countries;

- any failure to develop appropriate risk management and internal control structures tailored to overseas operations;
- differing regulatory and tax regimes across different markets;
- trade barriers, such as export requirements, tariffs, taxes and other restrictions and expenses, which could increase the prices of solar modules and therefore raise the costs for our solar power projects and make us less competitive in some countries;
- protectionism on the rise, as evidenced by the decision of Great Britain to leave the European Union and the continuation of the hawkish U.S. trade policies towards China, including imposed tariffs on goods imported from China;
- failure to comply with international sanction laws, including the rules and regulations promulgated by the office of Foreign Assets Control of the U.S. Department of the Treasury;
- failure to control the increase of our operating expenses without a commensurate increase in our revenues as we hire additional sales and marketing personnel in connection with the expansion of our sales business; and
- any unanticipated changes in prevailing economic conditions and regulatory requirements.

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

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

We conduct our IPP business and/or project development business in a number of countries, such as United States, Canada, China, Poland, Hungary, Spain, France, UK and Romania. Within the United States, our business footprints spread over many states and the idiosyncrasies of those states in terms of regulatory environment and legal framework may have a material impact on our local operations. Our business is therefore subject to diverse and constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate.

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

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

- local corporate governance and other legal requirements;
- difficulties with local operating and market conditions, particularly regarding customs, taxation and labor; and
- failure of our contractual parties to honor their obligations to us, and potential disputes with clients, contractors, suppliers or local residents or communities.

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

We face risks related to health epidemics and other outbreaks.

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

The public health crisis caused by the COVID-19 pandemic and the measures that have been taken or that may be taken in the future by governments, businesses, including us, and the public at large to limit the spread of COVID-19 have had, and could continue to have, an adverse impact on our business, financial condition, and results of operations in the future. If the COVID-19 pandemic continues for a prolonged period of time or is exacerbated, it could result in the imposition of more restrictive measures in the territories in which we operate, further quarantines or closures, supply-chain disruptions, travel and transportation restrictions and import and export restrictions, which could adversely affect our business. Although we have adopted a number of initiatives to reduce costs in the territories where we operate, including a review of our capital expenditures, the further imposition of social distancing measures and lockdowns could continue to have a negative impact on our financial and operating results.

The COVID-19 pandemic has also caused significant volatility in the financial markets, undermining investors' confidence in the growth of countries and businesses. Currencies in many of the countries where we operate suffered a significant depreciation against the U.S. dollar as compared to December 31, 2019, which increased the cost of some of our development supplies and therefore negatively affected our financial results. In addition, the long-term economic effects of the COVID-19 pandemic may include lower or negative growth rates in the markets where we operate and shift to lower margin for our products.

We cannot predict how long the COVID-19 pandemic will last, whether it will worsen or whether there will be further outbreaks in the future in any of the markets where we operate. The full extent to which the COVID-19 pandemic will negatively affect our results of operations, financial condition and cash flows will depend on future developments that are highly uncertain and cannot be predicted, including the scope and duration of the pandemic, the duration of the various shelter-in-place orders and reopening plans, the speed and effectiveness of vaccines and treatment developments and deployment in the countries where we operate, potential mutations of COVID-19, and actions taken, or that may be taken in the future, by governmental authorities and other third parties in response to the pandemic.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Seasonal variations may influence our results of operations.

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

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

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

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

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

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

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

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

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

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

We may fail to comply with laws and regulations in the countries where we develop, construct and operate solar power projects and government approval process may change from time to time, which could severely disrupt our business operations.

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

In order to develop solar power projects we must obtain a variety of approvals, permits and licenses from various authorities. The procedures for obtaining such approvals, permits and licenses vary from country to country, making it onerous and costly to track the requirements of individual localities and comply with the varying standards. Moreover, sovereign states retain the power to adjust their energy policies and alter approval procedures applicable to us. If the regulatory requirements become more stringent or the approval process becomes less efficient, the key steps in our business operations including project development, facility upgrading and product sales, could be severely disrupted or delayed. Failure to obtain the required approvals, permits or licenses or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations.

Any new government regulations pertaining to our business or solar power projects may result in significant additional expenses. We cannot assure you that we will be able to promptly and adequately respond to changes of laws and regulations in various jurisdictions, or that our employees and contractors will act in accordance with such laws. Failure to comply with laws and regulations where we develop, construct and operate solar power projects may materially and adversely affect our business, results of operations and financial condition.

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

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

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

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

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

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

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

We are subject to credit risks of our customers and our trade receivables are relatively large.

Our customers may default in their payments to us from time to time. We conduct regular reviews of our credit exposure to our customers. Credit risk arises from events and circumstances beyond our control, and many are difficult to anticipate or detect, such as an overall economic downturn or deterioration in the financial position of our customers. If our customers fail to timely pay us, require us to extend credit to them beyond our customary payment periods or otherwise default on their payments in an amount in excess of any previously paid deposit, we may be unable to generate sufficient cash flow to meet our cash flow requirements, and we would need to make provisions for doubtful debts or incur bad debt write-offs, which may adversely affect our financial performance. Disputes which arise due to default in payment by customers may also incur time and substantial costs in claiming for such payments and thus affect our liquidity, business, financial condition, results of operations and business prospects.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Although our management didn't identify any material weaknesses and deficiencies in our internal control over financial reporting for the fiscal year ended December 31, 2020, we may identify such material weakness and deficiencies in the future during the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404. In addition, our independent registered public accounting firm has not undertaken a comprehensive assessment of our internal control for purposes of identifying and reporting material weaknesses and other control deficiencies in our internal control over financial reporting.

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

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

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

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

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

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

We rely primarily on trade secrets, employee contractual protections and other contractual restrictions to establish and protect our intellectual properties and proprietary rights. Nevertheless, these afford only limited protection and the actions we take to protect our intellectual property rights may not be adequate to provide us with meaningful protection or commercial advantage. As a result, third parties may be able to use the technologies that we have developed and compete with us, which could have a material adverse effect on our business, financial condition or operating results. In addition, contractual arrangements, such as the confidentiality and non-competition agreements and terms between us and our personnel, afford only limited protection and the actions we may take to protect our trade secrets and other intellectual property may not be adequate. Our failure to protect our intellectual property and proprietary rights may undermine our competitive position. Third parties may infringe or misappropriate our proprietary technologies or other intellectual property and proprietary rights. Policing the unauthorized use of proprietary technology can be difficult and expensive. In particular, the laws and enforcement procedures of the PRC and certain other countries are uncertain or do not protect intellectual property rights to the same extent as do the laws and enforcement procedures of the United States. We cannot assure you that we will not be involved in other intellectual property litigations that might adversely affect our results of operations and financial condition in the future. Litigation relating to our intellectual property might result in substantial costs and diversion of resources and management attention away from our business. An adverse determination in any such litigation will impair our intellectual property and proprietary rights and may harm our business, prospects and reputation.

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

Our success depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to solar power technology patents involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defense and assertion of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings against us could subject us to significant liabilities to third parties, including requiring us to seek licenses from third parties, to pay ongoing royalties or to pay monetary and punitive damages or subjecting us to injunctions that prohibit the manufacture and sale of our products or the use of our equipment. Protracted litigation could also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation, which could result in losses and adversely affect our results of operations and reputation.

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

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

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

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

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

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

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

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

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

We are exposed to risks associated with product liability claims if the use of our solar power projects results in injury. We cannot predict whether product liability claims will be brought against us in the future or the effect of any resulting negative publicity on our business. The successful assertion of product liability claims against us could result in potentially significant monetary damages and require us to make significant payments.

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

Auditors of companies whose shares are registered with the SEC and traded publicly in the United States, including our independent registered public accounting firm, must be registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards applicable to auditors. Our independent registered public accounting firm is located in and organized under the laws of the PRC, which is a jurisdiction where the PCAOB, notwithstanding the requirements of U.S. law, is currently unable to conduct inspections without the approval of the Chinese authorities. In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission (the “CSRC”) and the Ministry of Finance of the People’s Republic of China (the “MOF”), which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the MOF in the United States and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC and the MOF to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. On April 21, 2020, the SEC and the PCAOB issued another joint statement reiterating the greater risk that disclosures will be insufficient in many emerging markets, including China, compared to those made by U.S. domestic companies. In discussing the specific issues related to the greater risk, the statement again highlights the PCAOB’s inability to inspect audit work paper and practices of accounting firms in China, with respect of their audit work of U.S. reporting companies.

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

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, in December 2020, the United States enacted the Holding Foreign Companies Accountable Act, or the HFCA Act, which includes requirements for the SEC to identify issuers whose audit reports are prepared by auditors that the PCAOB is unable to inspect or investigate because of restrictions imposed by non-U.S. authorities in the auditor's local jurisdiction. The HFCA Act also requires public companies on this SEC list to certify that they are not owned or controlled by a foreign government and make certain additional disclosures on foreign ownership and control of such issuers in their SEC filings. Furthermore, the HFCA Act amends the Sarbanes-Oxley Act of 2002 to require the SEC to prohibit securities of any U.S. listed companies from being traded on any of the U.S. national securities exchanges, such as NYSE and Nasdaq Stock Market, or in the U.S. "over-the-counter" markets, if the auditor of the U.S. listed companies' financial statements is not subject to PCAOB inspections for three consecutive "non-inspection" years after the law becomes effective. On March 24, 2021, the SEC adopted interim final amendments to implement the submission and disclosure requirements of the HFCA Act. We will not be required to comply with the interim final amendments until the SEC has identified us as having a "non-inspection" year under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCA Act including the identification process and the trading prohibition requirements described above. While the SEC has not yet identified a list of issuers whose auditors are not subject to PCAOB inspections, the first such list could be released in early 2022. Enactment of the HFCA Act, adoption of corresponding SEC rules and other efforts to increase the U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected. We cannot assure you that we will not be identified by the SEC as an issuer whose audit report is prepared by auditors that the PCAOB is unable to inspect or investigate. We cannot assure you that, once we have a "non-inspection" year, we will be able to take remedial measures in a timely manner, and as a result, and we cannot assure you that we will always be able to maintain the listing of our ADSs on a national stock exchange in the U.S., such as the NYSE or the Nasdaq Stock Market, or that you will always be allowed to trade our shares or ADSs.

Risks Related to Do Business in China

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

The development, construction and operation of solar power projects and the generation and sale of solar power are highly regulated activities. The activities in China are governed by different laws and regulations, including national and local regulations relating to renewable energy, urban and rural planning, building codes, safety, environmental protection, fire control, utility transmission, engineering and metering and related matters. We are required to obtain approvals, permits and licenses and we are subject to filings with the provincial and/or regional regulatory authorities, such as the NDRC. See "Item 4. Information on the Company—B. Business Overview—Regulation—China—Renewable Energy Law and Other Government Directives." Any failure to obtain any required approvals, permits, licenses, filings or to comply with the conditions associated therewith could result in fines, sanctions, suspension, revocation or non-renewal of approvals, permits or licenses, or even criminal penalties, which could have a material adverse effect on our business, financial condition and results of operations. Any new government regulations pertaining to solar power projects may result in significant additional expenses to the development, construction and operation of solar power projects and, as a result, could cause a significant reduction in demand for our solar power projects and services.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Greater restrictions on global trade, particularly those related to China-U.S. trade relations, and recent human rights claims against China could have a material adverse effect on our business.

Our business operations are exposed to the risk of increased trade protectionism, particularly with regard to China, as a significant portion of our business originates from China. China’s import and export of goods and services may be affected by trade protectionism, specifically the ongoing trade war characterized by perpetual trade tensions between the United States and China as well as trade relations among other countries. The former U.S. administration had advocated greater restrictions on trade generally and significant increases on tariffs on certain goods imported into the United States, particularly from China and had taken steps toward restricting trade in certain goods. The United States has imposed significant amounts of tariffs on Chinese imports since 2018. China and other countries have retaliated in response to new trade policies, treaties and tariffs implemented by the United States. China has imposed significant tariffs on U.S. imports since 2018. While the Biden administration is regarded by many as more supportive of free trade than its predecessor, there have been no signs that U.S. tariffs imposed on China will be eliminated any time soon. The continuing trade war between the United States and China may have a material adverse effect on our business as we have a significant presence in both countries. Our development and production efforts may be severely disrupted and the costs of our products and services may climb up, which could in turn lead to a dramatic decrease in our operating incomes and profits.

The stumbling relationship between western countries and China is not only featured by trade tensions but also more broadly defined geopolitical competition. The two sides have fiercely exchanged their conflicting understandings of human rights protection and rebuked each other for falling behind internationally recognized standards in that regard. Despite that both those western countries and China have expressed their willingness to manage conflicts and/or seek re-engagement, the direction along which the interstate relationship will head towards is subject to great uncertainty. If western countries and China slide into a vicious circle of political boycott and economic disengagement, the global economy is likely to take a hit and the transboundary supply chain that anchors the modern economy may lapse into disarray. As a multinational company, our business development and operating performance are largely dependent on the maintenance of world peace and stability which is, however, well beyond our control.

Risks Related to Doing Business in International Markets Outside of China

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

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

Risks Related to Our ADSs, Warrants and Shares

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

The market price for our ADSs has been highly volatile and subject to wide fluctuations that are not related to the operating performance of particular companies. During the period from January 29, 2008, the first day on which our ADSs were listed on the NYSE, until April 13, 2021, the market price of our ADSs ranged from \$0.85 to \$147.4 per ADS, after giving effect to the ADS Ratio Change. In more recent years, the market price of our ADSs went up at a relatively rapid rate, rising from \$1.415 (closing price) as of December 31, 2019 to \$11.43 (closing price) as of December 31, 2020. We cannot assure you that our share prices will not suffer from a dramatic drop in the future. If that happens, both our business operations and your interests may be adversely and materially affected. In addition, the market price of our ADSs may continue to be volatile and subject to wide fluctuations in response to a wide variety of factors including the following:

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

- release of lock-up or other transfer restrictions on our outstanding ADSs or shares or sales of additional ADSs;
- the operating and stock price performance of other comparable companies;
- general market conditions, fluctuations or other developments affecting us or our industry; and
- general economic conditions and conditions in the credit markets.

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

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. Such fluctuations have occurred since 2008 and have affected the trading price of our ADSs. Continued market fluctuations may materially and adversely affect the market price of our ADSs.

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

Mr. Xianshou Li, our previous chairman and previous chief executive officer, beneficially owned 26.0% of our shares as of March 31, 2021. Meanwhile, Mr. Zhengmin Lian holds 29.3% of the voting power in our company via the 180,000,000 shares held by ReneSola Singapore Pte Ltd. which is in turn beneficially owned by Mr. Xianshou Li. As such, Mr. Li and Mr. Lian 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, equity-linked or debt securities or incur indebtedness, which could result in additional dilution to our shareholders or increase our debt service obligations.

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

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

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

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

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

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

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

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

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

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

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

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

Your ADSs represented by the ADRs are transferable on the books of the depository. However, the depository 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 depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository deem it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

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

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

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

We will be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year if, applying applicable look-through rules, either (i) at least 75% of our gross income for such year is passive income or (ii) at least 50% of the value of our assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Based on the market price of our ADSs, the value of our assets, and the composition of our income and assets, we do not believe that we were a PFIC for our taxable year ended December 31, 2020, but there can be no assurances in this regard. The determination of PFIC status involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Accordingly, we cannot guarantee that the U.S. Internal Revenue Service, or IRS, will agree with any positions that we take or that we will not be treated as a PFIC for our taxable year ended December 31, 2020, the current taxable year or any future taxable year.

Changes in the composition of our income or composition of our assets may cause us to be or become a PFIC. The determination of whether we will be a PFIC for any taxable year may depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may depend upon the market price of our ADSs or shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2020, the current taxable year or one or more future taxable years.

If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation”) holds an ADS or a share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. See “Item 10. Additional Information—E. Taxation—U.S. Federal Income Taxation—Passive foreign investment company.”

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

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

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

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

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

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

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

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

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

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company.

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

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

As of December 31, 2020, we conduct our business primarily through the following subsidiaries:

- ***Renesola (Zhejiang) PV Power Co., Ltd.***: our wholly owned subsidiary incorporated in China in August 2017 to hold our Chinese subsidiaries.

- **Zhejiang ReneSola Investment Ltd.:** our subsidiary incorporated in China in February 2015 to engage in trading and investments in solar industry, as well as holding our project companies in China.
- **ReneSola New Energy S.à r.l.:** our wholly owned subsidiary incorporated in Luxembourg in March 2012 to engage in trading and investments in solar industry, as well as holding our solar power projects in Europe and Canada;
- **ReneSola Investment Management Ltd.:** our wholly owned subsidiary incorporated in the British Virgin Islands in December 2014 to engage in investments in solar industry, as well as holding our solar power projects;
- **Sichuan Bobo Electric Power Engineering Ltd.:** our wholly owned subsidiary incorporated in China in January 2017 to conduct EPC business;
- **ReneSola Consulting (Shanghai) Co., Ltd:** our wholly owned subsidiary incorporated in China in August 2017 to engage in project management and technology support;
- **ReneSola Power Holdings LLC.:** our wholly owned subsidiary incorporated in the United States to engage in trading and investments in solar industry, as well as holding our solar power projects in the United States;
- **ReneSola Power Canada:** our wholly owned subsidiary incorporated in Canada in October 2017 to conduct solar power project development business;
- **Renosola Poksla sp. z o.o.:** our wholly owned subsidiary incorporated in Poland in July 2015 to conduct EPC business; and
- **Renosola Szolgáltató és Kivitelező Kft.:** our wholly owned subsidiary incorporated in Hungary in December 2017 to conduct EPC business;
- **Renosolapower France:**our wholly owned subsidiary incorporated in France in October 2017 to conduct solar power project development business;
- **RENESOLA SPAIN S.L.:** our wholly owned subsidiary incorporated in Spain in June 2017 to conduct solar power project development business;
- **Renosola Power UK LTD:** our wholly owned subsidiary incorporated in the UK in August 2015 to conduct solar power project development business;

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

In January 2008, we and certain selling shareholders completed our initial public offering of 2,000,000 ADSs, representing 20,000,000 of our shares, on the NYSE.

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

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

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

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

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

During 2020, we raised \$45 million from the public market. The capital was and will be used to expand our solar project pipeline and penetrate the solar-plus-storage market, as well as for working capital and potential strategic M&A opportunities. We believe that these capital infusions will enable us to execute our long-term strategic growth plan as we continue our transformation into an asset-light solar project developer.

B. Business Overview

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

In 2020, we continued our multi-year transformation from money-losing equipment maker to money-making and asset-light solar project developer. We switched our long-term growth strategy from focusing on our traditional market in China to a global expansion roadmap. We now primarily focus on the promising markets in the United States and Europe. We already obtained a leading market share in Poland and Hungary, as well as some states in the United States such as Minnesota and New York. We moved our headquarters to Connecticut, the United States where our senior management team will be based going forward.

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

During 2020, we raised \$45 million from the public market. The capital was and will be used to expand our solar project pipeline and penetrate the solar-plus-storage market, as well as for working capital and potential strategic M&A opportunities. We believe that these capital infusions will enable us to execute our long-term strategic growth plan as we continue our transformation into an asset-light solar project developer.

As of December 31, 2020, we completed 828 megawatts (“MW”) of solar power projects and have successfully sold a total of 86.1MW of solar projects in the year. The sales included 15.0 MW of DG projects in Hungary, 11.0 MW of DG projects in Poland, 10.6 MW of community solar projects in the U.S., 7.0 MW in Canada, 15.4 MW in Romania, 4.3 MW of rooftop projects in the U.K. and 22.8 MW in China. We were operating approximately 173 MW solar power projects globally as of December 31, 2020, including 149 MW in China, and recorded electricity generation revenue from these projects. As of December 31, 2020, we had 1GW within the late-stage pipeline, of which 6 MW of the solar power projects were under construction.

Our net revenue from continuing operations increased from \$96.9 million in 2018 to \$119.1 million in 2019 and decreased to \$73.5 million in 2020. We recorded operating income of \$6.8 million and net income of \$2.2 million in 2020, compared to operating loss of \$1.0 million and net loss of \$11.7 million in 2019, and operating income of \$15.5 million and net income of \$5.1 million in 2018. Net income attributed to ReneSola Ltd was \$2.8 million in the full year 2020, compared to net loss attributed to ReneSola Ltd of \$8.8 million in 2019 and net income attributed to ReneSola Ltd of \$1.8 million in 2018. Net income attributed to ReneSola Ltd per ADS was \$0.06 in 2020, compared to net loss attributed to ReneSola Ltd per ADS of \$0.22 in 2019 and net income attributed to ReneSola Ltd per ADS of \$0.05 in 2018. Non-GAAP net income attributed to ReneSola Ltd was \$3.7 million in the full year 2020, compared to \$14.1 million in 2019. Non-GAAP net income attributed to ReneSola Ltd per ADS was \$0.08 in 2020, compared to \$0.35 in 2019. Additionally, in the fourth quarter of 2020, we sold 15.4 MW of operating assets in Romania and 4.3 MW in the U.K. for a combined price of more than \$30 million and resulting in meaningful operating income. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Overview of Financial Results—Net Revenue”.

Our Business

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

Project Development Business

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

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

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

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

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

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

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

IPP Business

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

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

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

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

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

On January 20, 2020, the MOF, NDRC and NEA promulgated Notice on the issuance of Measures for the Administration of Additional Subsidy Funds for Renewable Energy Power Prices, to be effective as from January 20, 2020, which specifies: (i) The renewable energy power generation projects entitled to the subsidy funds shall be determined according to the following methods: (1) For the new renewable energy power generation projects needing subsidies after the promulgation of the Measures (hereinafter referred to as new projects), the MOF shall reasonably determine the total subsidies for the new renewable energy power generation projects supported by the subsidy funds in the current year according to the annual increase level of the subsidy funds, technological progress, industry development and other situations. The NDRC and the NEA shall, according to the renewable energy development plan, technological progress and other situations, reasonably determine the newly-installed capacity of renewable energy power generation projects that are subject to subsidy and within the total annual new subsidies determined by the MOF; (2) The existing renewable energy power generation projects which need subsidies before the promulgation of the Measures (hereinafter referred to as the “existing projects”) shall meet the requirements of the national competent energy authority. Those projects under scale management shall be included in the scope of annual construction scale management, and be included in the list of subsidy projects upon examination and approval by power grid enterprises in accordance with the procedures. (ii) The NDRC and the NEA shall, under the principle of determining expenditure based on revenue, formulate administrative measures for different types of renewable energy power generation projects, specifying project scale management and specific regulatory measures which shall be released to the public as early as possible. The projects that have administrative measures and that are included in the scope of national subsidy scale management for power generation by renewable energy resources shall be given subsidies accordingly. (iii) Power grid enterprises shall, as required by these Measures, regularly release and timely adjust the list of projects subject to subsidy for power generated by renewable energy resources that meet the subsidy conditions, and regularly submit the release information to the MOF, the NDRC and the NEA. The specific conditions for inclusion in the list of subsidy projects include: (1) New projects shall be included in the scope of the total subsidies for renewable energy power generation in the current year; existing projects shall comply with the requirements of the national competent energy authority and shall be included in the scope of annual construction scale management if under scale management. (2) The examination, approval and archival filing have been completed according to the relevant provisions of the state; and the state policies on the price of renewable energy sources are complied, and the on-grid price has been examined and approved by the competent price authority. (3) The grid connection time of all power generation units meets the subsidy requirements. (4) The relevant approval, ratification, filing and grid connection documents have been examined and approved by the national renewable energy information management platform. The State Grid Corporation of China and China Southern Power Grid Co., Ltd. shall be respectively responsible for releasing the list of subsidy projects within their respective business scope; local independent power grid enterprises shall be responsible for releasing the list of subsidy projects within their respective business scope upon submission to local provincial competent authorities of finance, price and energy for examination and approval.

On January 20, 2020, the MOF, NDRC and NEA promulgated Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources to be effective as from January 20, 2020, which specifies: (i) Determining expenditure by revenue so as to reasonably determine the scale of new subsidy projects. The MOF shall, in consultation with relevant authorities, release the total amount of the annual new subsidy. The NDRC and the NEA shall, within the scope of total annual subsidy, reasonably determine the scale of newly-installed power generation projects of various types of renewable energy requiring subsidy, which shall be released to the public as soon as possible so as to guide the steady development of the industry. any existing offshore wind power generation project or solar photo-thermal power generation project for which the approval (record-filing) has been completed as required and all power units have been connected to the grid by December 31, 2021 shall be subsidized by the central finance according to the relevant price policies. (ii) Continuously driving down the prices of onshore wind power, PV power plants, and industrial and commercial distributed PV. We should continue to implement the mechanism for lowering guiding on-grid prices of onshore wind power, PV power plants, and distributed PV for industry and commerce, set a reasonable downgrading range, and guide onshore wind power, PV power plants, and distributed PV for industry and commerce to achieve on-grid parity as soon as possible. (iii) Simplifying the catalogue system management. The State shall not issue the catalogue of surcharges on renewable energy power prices. The information on application for power price surcharges of all renewable energy projects shall be filled in through the national renewable energy information management platform. Power grid enterprises shall, under principles determined by the MOF and other authorities and in light of conditions such as project types, grid connection time and technical levels, determine and regularly disclose to the whole society the list of renewable energy power generation projects meeting subsidy conditions, and report examination and verification results of the list to the MOF, NDRC and NEA. The projects in the 1-7 batches of catalogues that have been previously released by the three authorities shall be directly included in the subsidy list of renewable energy power generation projects of power grid enterprises.

On September 29 2020, the MOF, NDRC and NEA promulgated Supplementary Notice on Matters Relating to Several Opinions on Promoting the Sound Development of Non-Hydro-Renewable Energy Power Generation, which specifies: (i) the quota of subsidy funds from the central budget for renewable energy power generation projects shall be approved based on the reasonable utilization hours, the whole-life-cycle reasonable utilization hours of PV power generation projects in the resource areas of Category I, II and III of PV are 32,000 hours, 26,000 hours and 22,000 hours respectively, while the whole-life-cycle reasonable utilization hours of projects in PV pioneer bases determined by the State and the bidding projects in 2019 and 2020 will increase by 10% on the basis of the hours in the resource areas where such projects are located; (ii) Subsidized electric quantity in the whole life cycle of a project = project capacity × whole-life-cycle reasonable utilization hours of a project. To be specific, the project capacity shall be subject to the capacity determined at the time of approval (filing). If the actual capacity of a project is less than the approved (filed) capacity, the actual capacity shall prevail; (iii) For the projects that are included in the scope of subsidy list for renewable energy power generation in accordance with the Measures for the Administration of Additional Subsidy Funds for Renewable Energy Power Prices (Cai Jian [2020] No.5, hereinafter referred to as Document No.5), subsidies will be granted based on the on-grid price for the electric quantity generated within the whole-life-cycle subsidized electric quantity. Subsidy standards = (renewable energy benchmark on-grid price (including on-grid price determined through bidding and other competitive methods) – local benchmark on-grid price for coal-fired power)/(1 + applicable value-added tax rate). If the whole-life-cycle reasonable utilization hours of a project are not exceeded, subsidies will be granted based on the actual electric quantity generated in the current year by a renewable energy power generation project. For a project that is included in the scope of subsidy list for renewable energy power generation according to Document No.5, the part of electricity generated in excess of the subsidized electric quantity in the whole life-cycle shall not be entitled to the subsidy funds from the central finance, for which a green certificate will be issued for trading in such certificates. For the projects that are included in the scope of subsidy list for renewable energy power generation according to Document No.5, after 20 years of grid connection for wind power and PV power generation projects, regardless of whether the projects reach the subsidized electric quantity in the whole life-cycle, they will not be entitled to the subsidy funds from the central finance and will be issued green certificates for trading in such certificates.

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

As of December 31, 2020, we had more than 100 solar power projects in operation globally with an aggregate capacity of approximately 173 MW. See “—Our Solar Power Projects.”

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

Operations and Maintenance Business

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

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

Engineering, Procurement and Construction Business

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

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

Engineering

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

Procurement

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

Construction

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

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

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

Commissioning and Warranties

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

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

Our Solar Power Projects

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

Projects for Sale

As of December 31, 2020, we completed 828 MW of solar power projects, and have successfully sold a total of 86.1MW of solar projects in the year. The sales included 15.0 MW of DG projects in Hungary, 11.0 MW of DG projects in Poland, 10.6 MW of community solar projects in the U.S., 7.0 MW in Canada, 15.4 MW in Romania, 4.3 MW of rooftop projects in the U.K. and 22.8 MW in China.. We were operating approximately 173 MW solar power projects globally as of December 31, 2020, from which we recorded electricity generation revenue. In addition, we had a late-stage project pipeline with an aggregate capacity of approximately 1GW in total and all these projects have a commercial operation date (“COD”) within 2021 and 2023.

As of December 31, 2020, we had 12.3 MW of completed projects in Hungary, which were sold in the first quarter of 2021.

Completed Projects for Sale	MW (DC)	Project Type	Status	Business Model
Hungary	12.3	Ground Mounted	Ready for sale	Build-Transfer
Total	12.3			

Operating Assets

As of December 31, 2020, we owned 173 MW of solar power projects globally in operation, including 149 MW of solar power projects in China, and generated 127.1 million kilowatt-hours, or kWh, of electricity from this IPP portfolio in China in 2020.

Operating Assets	Capacity (MW)
China DG	
- Zhejiang	36.1
- Henan	46.1
- Anhui	30.9
- Hebei	16.9
- Jiangsu	12.8
- Shandong	2.0
- Fujian	4.4
Total in China	149.2
United States	24.1
Total	173.3

Project Pipeline

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

As of December 31, 2020, we had late-stage project pipeline in the United States, Poland, Hungary, France, Spain, Germany and UK with an aggregate capacity of approximately 1GW with estimated COD within 2021 and 2023, of which 6.0 MW are under construction.

The following table sets forth the information of our late-stage pipeline as of December 31, 2020 (excluding sold, ready for sale and delivered projects):

Project Location	Project Pipeline (Late Stage) (MW)	Under Construction (MW)
USA	350.1	
Poland	206.0	6.0
Hungary	49.2	
France	100.0	
Spain	95.0	
Germany	50.0	
UK	150.0	
Total	1000.3	6.0

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

United States

Our late-stage projects total 350.1 MW, of which approximately 122MW are community solar projects in Minnesota, Maine, Pennsylvania, and New York. Additionally, we have projects under development in Utah, Florida, Maine and California. Meanwhile, we operate 24.1 MW of utility projects in North Carolina.

Project Pipeline	Location	MW (DC)	Project Type	Status	COD / Sale	Business Model
Utah	UT	10.5	DG	Development	2021/2022	Project Development
MN-VOS	MN	1.4	Community Solar	Development	2021	Project Development
MN-VOS-2	MN	8.4	Community Solar	Development	2021/2022	Project Development
New York	NY	22.4	Community Solar	Development	2021/2022	Project Development
Florida	FL	104	Utility Scaler	Development	2022	Project Development
Main	ME	19.9	DG & Community Solar	Development	2022/2023	Project Development
Pennsylvania	PA	70.0	DG & Community Solar	Development	2022/2023	Project Development
California	CA	26.5	DG & Small-scale Utility Projects with Battery Storage	Development	2022/2023	Project Development
Acquisition of Selected Assets	US	87.0	DG & small-scale utility projects with battery storage	Development	2021/2022	Project Development
Total		350.1				

Poland

Business momentum accelerated in recent months. As of December 31, 2020, we had 206 MW of projects in our development pipeline.

Project Pipeline	Project Info	MW (DC)	Project Type	Status	Expected COD / Sale	Business Model
Auction 2019 Dec	8 individual projects, 1MW each	8.0	Ground-mounted	Under Development	Under Development	Build-Transfer
Auction 2020 Q4	38 individual projects, 1MW each	38.0	Ground-mounted	Under Development	Under Development	Build-Transfer
Auction 2021 Q4	40 individual projects, 1MW each	40.0	Ground-mounted	Under Development	Under Development	Build-Transfer
Auction 2021 Q4	4 individual projects	120.0	Ground-mounted	Under Development	Under Development	Build-Transfer
Total		206.0				

Hungary

In Hungary, we invest in small-scale DG projects. Our late-stage pipeline has multiple “micro projects,” with an average size of 0.5 MW per project, bringing total capacity to 49.2 MW. These projects are under development.

Project Pipeline	Location	MW (DC)	Project Type	Status	Expected COD / Sale	Business Model
Portfolio of “Micro PPs”	Hungary	15.0	Ground-mounted	Under construction	2021	Build-Transfer
Project Portfolio	Hungary	34.2	Ground-mounted	Under Development	2021/2022	Build-Transfer
Total		49.2				

France

In France, we have a project pipeline of 100 MW, all of which are ground-mounted projects.

Project Pipeline	Location	MW (DC)	Project Type	Status	Expected COD / Sale	Business Model
Project Portfolios	France	70.0	Ground-mounted	Under development	2021/2022	Project Development
AMI Aups / Tenergie	France	30.0	Ground-mounted	Under development	2021/2022	Project Development
Total		100.0				

Spain

We have a late-stage pipeline of 95 MW of ground-mounted projects located in the Murcia and Alicante regions.

Project Pipeline	Location	MW (DC)	Project Type	Status	Expected COD / Sale	Business Model
Caravaca	Murcia	6.0	Ground-mounted	Under Development	2021	Build-Transfer
Altajero	Murcia	6.0	Ground-mounted	Under Development	2021	Build-Transfer
Abanilla	Alicante	4.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
Pedrera	Alicante	10.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
Serrata	Alicante	10.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
Elda	Alicante	5.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
San Carlos	Alicante	5.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
Renedo	Alicante	29.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
Barcial	Alicante	20.0	Ground-mounted	Under Development	2022/2023	Build-Transfer
Total		95.0				

Germany

We have secured a late-stage pipeline of 50 MW of ground-mounted projects now under development.

Project Pipeline	Location	MW (DC)	Project Type	Status	Expected COD / Sale	Business Model
Project Portfolios -Vodasun	Germany	50.0	Ground Mounted	Under development	2021/2022	Project Development
	Total	50.0				

U.K.

We have a late-stage pipeline of 150 MW of ground-mounted projects under development.

Project Pipeline	Location	MW (DC)	Project Type	Status	Expected COD / Sale	Business Model
UK- Novergy	UK	100.0	Ground Mounted	Under development	2021/2022	Project Development
UK- Innova	UK	50.0	Ground Mounted	Under development	2021/2022	Project Development
	Total	150.0				

Community Solar Gardens

As of December 31, 2020, we had community solar projects in Minnesota, Maine, Pennsylvania, and New York with the capacity of approximately 122 MW. In 2020, we sold 10.6 MW of our Minnesota community solar gardens.

Utility Scale and Solar-plus-storage Projects

We acquired an energy storage business, including solar-plus-storage projects, from Nova Development Management. This transaction increased our development pipeline by approximately 200 MW and added an experienced solar project development team. The new team brings expertise in the development of U.S. utility scale projects, provides immediate access to battery storage, and enables us to deliver a more complete set of solution packages to our customers. Additionally, the acquisition gives us access to utility projects and development activities in several states, including Pennsylvania, California, New York, Maine, Illinois, and Arizona.

Our Sales and Customers

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

Our project development business is primarily focused in the United States, Poland, Hungary, Spain, France and UK. We sell our developed projects or project SPVs to purchasers, who primarily include large utility companies, other IPPs that desire to sell the electricity from the projects to local power suppliers or users, and global investors such as asset management funds, pension funds and tax equity investors. Our community solar gardens are the solutions for businesses, government entities, municipalities, schools, hospitals, residential customers, and people looking for saving money on their electricity costs. As of December 31, 2020, we had community solar gardens in development in the United States.

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

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

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

Engineering, Procurement and Construction

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

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

Operations and Maintenance

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

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

Intellectual Properties

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

Quality Control

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

Environmental, Social and Governance (ESG) Initiatives

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

As of December 31, 2020, we completed around 828 MW projects. Our portfolio generated clean electricity about 1000 GWh/year, which reduced 700 thousand metric tons of CO₂ emissions or was equal to removing 140 thousand passenger vehicles from the road.

As of December 31, 2020, we had 147 employees worldwide. We currently have two female directors on our board and two female VPs on our senior management team.

Competition

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

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

Seasonality

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

Environmental Matters

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

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

Insurance

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

Regulation

Regulations in China

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

Renewable Energy Law and Other Government Directives

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

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

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

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

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

On December 16, 2011, the MOF and Ministry of Housing and Urban-Rural Development jointly released a notice regarding the application of PV technology in building structures, pursuant to which the PRC government offer subsidies ranging from RMB7.5 to RMB9.0 per watt for BIPV projects. The construction of such BIPV projects must be completed in 2012.

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

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

In March 2011, the National People's Congress approved the Outline of the Twelfth Five-Year Plan for National Economic and Social Development of the PRC, which includes a national commitment to promoting the development of renewable energy and enhancing the competitiveness of the renewable energy industry.

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

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

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

On February 24, 2012, the MIIT released the Twelfth Five-Year Plan for the Solar Photovoltaic Industry. According to the industry plan, the PRC will reduce the cost of solar power to RMB0.8/kWh by 2015 and RMB0.6/kWh by 2020 and increase production of solar panels.

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

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

On January 1, 2013, the State Council issued the Twelfth Five-Year Plan for the Development of Energy. The plan supports the promotion and development of renewable energy, including the solar energy. The plan also encourages the development of solar PV power stations in the areas with abundant solar power resource.

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

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

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

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

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

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

On June 7, 2014, the General Office of the State Council of the PRC government set a target of 100 GW of solar capacity by 2020. In March 2015, the NEA revised China's 2015 solar electricity installation target upwards by 20% to 17.8 GW of capacity for ground mounted projects and indicated that rooftop DG projects would no longer be subject to a quota. On April 2, 2015, the State Grid announced that 10 GW of solar power projects would be connected to grid every year until 2020. On September 24, 2015, the NEA increased the capacity scale by additional 5,300 MW in total for PV power stations in certain regions and the PV power stations that fall within such increased capacity shall generally be connected to the grid no later than June 30, 2016. In March 2016, the NEA set a target of 150 GW of solar capacity by 2020. Pursuant to the relevant regulations, rooftop DG projects generally receive a national subsidy of RMB0.42/kWh plus the local desulphurized coal benchmark electricity price for the electricity sold to the State Grid or a negotiated electricity purchase price for electricity sold directly to consumers. Ground mounted projects, as well as rooftop DG projects that sell all electricity generated to the local grid companies, are entitled to FIT of RMB0.80/kWh, RMB0.88/kWh or RMB0.98/kWh, depending on where the project is located (excluding on grid solar power projects located in Tibet), provided that these projects are filed after January 1, 2016 and fall within the regional scale index of the year, or these projects are filed prior to January 1, 2016 and fall within regional scale index of the year, but do not commence operations prior to June 30, 2016. Moreover, a solar power project that has obtained government approval on or after January 1, 2008 is fully exempted from PRC corporate income tax for three years starting from the year in which such project generates revenue from the sale of electricity, and is 50% exempted from PRC corporate income tax for another three years. Besides, certain solar power project entities enjoy the preferential tax policies in connection with the development of the western region of China and are subject to a preferential tax rate of 15%. The enterprises which are eligible for such preferential tax policy must engage in the business falling in the scope of the Catalogue of Encouraged Industries in Western Region, or Western Catalogue, promulgated by the NDRC. Enterprises that are eligible for the preferential tax rate of 15% may be able to enjoy such preferential tax rate and tax holiday simultaneously where certain criteria are met.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On January 20, 2020, the MOF, NDRC and NEA promulgated Notice on the issuance of Measures for the Administration of Additional Subsidy Funds for Renewable Energy Power Prices, to be effective as from January 20, 2020, which specifies: (i) The renewable energy power generation projects entitled to the subsidy funds shall be determined according to the following methods: (1) For the new renewable energy power generation projects needing subsidies after the promulgation of the Measures (hereinafter referred to as new projects), the MOF shall reasonably determine the total subsidies for the new renewable energy power generation projects supported by the subsidy funds in the current year according to the annual increase level of the subsidy funds, technological progress, industry development and other situations. The NDRC and the NEA shall, according to the renewable energy development plan, technological progress and other situations, reasonably determine the newly-installed capacity of renewable energy power generation projects that are subject to subsidy and within the total annual new subsidies determined by the MOF; (2) The existing renewable energy power generation projects which need subsidies before the promulgation of the Measures (hereinafter referred to as the “existing projects”) shall meet the requirements of the national competent energy authority. Those projects under scale management shall be included in the scope of annual construction scale management and be included in the list of subsidy projects upon examination and approval by power grid enterprises in accordance with the procedures. (ii) The NDRC and the NEA shall, under the principle of determining expenditure based on revenue, formulate administrative measures for different types of renewable energy power generation projects, specifying project scale management and specific regulatory measures which shall be released to the public as early as possible. The projects that have administrative measures and that are included in the scope of national subsidy scale management for power generation by renewable energy resources shall be given subsidies accordingly. (iii) Power grid enterprises shall, as required by these Measures, regularly release and timely adjust the list of projects subject to subsidy for power generated by renewable energy resources that meet the subsidy conditions, and regularly submit the release information to the MOF, the NDRC and the NEA. The specific conditions for inclusion in the list of subsidy projects include: (1) New projects shall be included in the scope of the total subsidies for renewable energy power generation in the current year; existing projects shall comply with the requirements of the national competent energy authority and shall be included in the scope of annual construction scale management if under scale management. (2) The examination, approval and archival filing have been completed according to the relevant provisions of the state; and the state policies on the price of renewable energy sources are complied, and the on-grid price has been examined and approved by the competent price authority. (3) The grid connection time of all power generation units meets the subsidy requirements. (4) The relevant approval, ratification, filing and grid connection documents have been examined and approved by the national renewable energy information management platform. The State Grid Corporation of China and China Southern Power Grid Co., Ltd. shall be respectively responsible for releasing the list of subsidy projects within their respective business scope; local independent power grid enterprises shall be responsible for releasing the list of subsidy projects within their respective business scope upon submission to local provincial competent authorities of finance, price and energy for examination and approval.

On January 20, 2020, the MOF, NDRC and NEA promulgated Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources to be effective as from January 20, 2020, which specifies: (i) Determining expenditure by revenue so as to reasonably determine the scale of new subsidy projects. The MOF shall, in consultation with relevant authorities, release the total amount of the annual new subsidy. The NDRC and the NEA shall, within the scope of total annual subsidy, reasonably determine the scale of newly-installed power generation projects of various types of renewable energy requiring subsidy, which shall be released to the public as soon as possible so as to guide the steady development of the industry. any existing offshore wind power generation project or solar photo-thermal power generation project for which the approval (record-filing) has been completed as required and all power units have been connected to the grid by December 31, 2021 shall be subsidized by the central finance according to the relevant price policies. (ii) Continuously driving down the prices of onshore wind power, PV power plants, and industrial and commercial distributed PV. We should continue to implement the mechanism for lowering guiding on-grid prices of onshore wind power, PV power plants, and distributed PV for industry and commerce, set a reasonable downgrading range, and guide onshore wind power, PV power plants, and distributed PV for industry and commerce to achieve on-grid parity as soon as possible. (iii) Simplifying the catalogue system management. The State shall not issue the catalogue of surcharges on renewable energy power prices. The information on application for power price surcharges of all renewable energy projects shall be filled in through the national renewable energy information management platform. Power grid enterprises shall, under principles determined by the MOF and other authorities and in light of conditions such as project types, grid connection time and technical levels, determine and regularly disclose to the whole society the list of renewable energy power generation projects meeting subsidy conditions, and report examination and verification results of the list to the MOF, NDRC and NEA. The projects in the 1-7 batches of catalogues that have been previously released by the three authorities shall be directly included in the subsidy list of renewable energy power generation projects of power grid enterprises.

On March 5, 2020, the NEA issued the Notice on the Relevant Matters Concerning Construction of Wind Power and PV Generation Projects in 2020, requiring provincial energy authorities to increase coordination with land, environmental protection and other departments to promote the reduction of non-technical costs, to create a good environment for construction and investment in wind power, photovoltaic power generation.

On March 31, 2020, the NDRC issued the Notice on Relevant Matters Concerning the Feed-in Tariff Policy for Photovoltaic Power Generation in 2020, in which, among other things, the NDRC adopted the following measures: (i) Continue to develop guide prices for centralized photovoltaic power generation. In consideration of market-based bidding in 2019, technological progress and other factors, the guide prices of new centralized photovoltaic power plant included in the scope of state financial subsidies I ~ III resource area shall respectively be RMB0.35/kWh (including tax, the same below), RMB0.4/kWh and RMB0.49/kWh. If the guide price is lower than the project location coal-fired power generation benchmark price (including desulfurization, denitrification, dust removal electricity prices), the guide price shall be subject to the local coal-fired power generation benchmark price. The feed-in tariff of new centralized photovoltaic power plant shall be determined through a competitive market approach, which shall not exceed the guide price of the resource area located; (ii) Reduce the subsidy standard for commercial and industrial distributed photovoltaic power generation. For the commercial and industrial distributed photovoltaic power generation projects included in the 2020 financial subsidy scale that using the “self-generation, surplus online” model, the full power generation subsidy standard is adjusted to RMB0.05/kWh; for the commercial and industrial distributed Photovoltaic power generation projects using the “full online” model, the subsidy shall be subject to the guide price of the resource area where the centralized photovoltaic power plant located. For all commercial and industrial distributed projects allocated by the energy authorities according to a unified market competition approach, the price formed by market competition shall not exceed the guide price of the resource area and the subsidy standard shall not exceed RMB0.05/kWh; (iii) Reduce the subsidy standard for household distributed photovoltaic power generation. The full power generation subsidy standard of household distributed photovoltaic power generation included in the 2020 financial subsidy scale shall be adjusted to RMB0.08/kWh. The Notice was implemented as from June 1, 2020.

On September 22, 2020, Chinese President Xi Jinping made a bombshell environmental declaration to the United Nations General Assembly. China, the world’s largest producer of green-house gases, would begin reducing its overall emissions after peaking in 2030—and by 2060, Xi said, the nation would achieve carbon neutrality.

On September 29, 2020, the MOF, NDRC and NEA promulgated Supplementary Notice on Matters Relating to Several Opinions on Promoting the Sound Development of Non-Hydro-Renewable Energy Power Generation, which specifies: (i) the quota of subsidy funds from the central budget for renewable energy power generation projects shall be approved based on the reasonable utilization hours, the whole-life-cycle reasonable utilization hours of PV power generation projects in the resource areas of Category I, II and III of PV are 32,000 hours, 26,000 hours and 22,000 hours respectively, while the whole-life-cycle reasonable utilization hours of projects in PV pioneer bases determined by the State and the bidding projects in 2019 and 2020 will increase by 10% on the basis of the hours in the resource areas where such projects are located; (ii) Subsidized electric quantity in the whole life cycle of a project = project capacity × whole-life-cycle reasonable utilization hours of a project. To be specific, the project capacity shall be subject to the capacity determined at the time of approval (filing). If the actual capacity of a project is less than the approved (filed) capacity, the actual capacity shall prevail; (iii) For the projects that are included in the scope of subsidy list for renewable energy power generation in accordance with the Measures for the Administration of Additional Subsidy Funds for Renewable Energy Power Prices (Cai Jian [2020] No.5, hereinafter referred to as Document No.5), subsidies will be granted based on the on-grid price for the electric quantity generated within the whole-life-cycle subsidized electric quantity. Subsidy standards = (renewable energy benchmark on-grid price (including on-grid price determined through bidding and other competitive methods) – local benchmark on-grid price for coal-fired power)/(1 + applicable value-added tax rate). If the whole-life-cycle reasonable utilization hours of a project are not exceeded, subsidies will be granted based on the actual electric quantity generated in the current year by a renewable energy power generation project. For a project that is included in the scope of subsidy list for renewable energy power generation according to Document No.5, the part of electricity generated in excess of the subsidized electric quantity in the whole life-cycle shall not be entitled to the subsidy funds from the central finance, for which a green certificate will be issued for trading in such certificates. For the projects that are included in the scope of subsidy list for renewable energy power generation according to Document No.5, after 20 years of grid connection for wind power and PV power generation projects, regardless of whether the projects reach the subsidized electric quantity in the whole life-cycle, they will not be entitled to the subsidy funds from the central finance and will be issued green certificates for trading in such certificates.

On March 11, 2021, the Fourth Session of the 13th National People's Congress reviewed the "Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and Vision 2035 (Draft)" proposed by the State Council, which agreed with the report on the results of the review by the Committee on Finance and Economy of the National People's Congress and decided to approve this outline of the plan. This Outline of the 14th Five-Year Plan declared to implement the 2030 national autonomous contribution target to address climate change and develop an action plan to reach the peak of carbon emissions by 2030 and to adopt stronger policies and measures to achieve carbon neutrality by 2060.

Laws and Regulations Concerning the Electric Power Industry

The regulatory framework of the PRC power industry consists primarily of the Electric Power Law of the PRC, which became effective on April 1, 1996 (lately revised effective on April 24, 2015 and on December 29, 2018) and the Electric Power Regulatory Ordinance, which became effective on May 1, 2005. One of the stated purposes of the Electric Power Law is to protect the legitimate interests of investors, operators and users and to ensure the safety of power operations. According to the Electric Power Law, the PRC government encourages PRC and foreign investment in the power industry. The Electric Power Regulatory Ordinance sets forth regulatory requirements for many aspects of the power industry, including, among others, the issuance of electric power business permits, the regulatory inspections of power generators and grid companies and the legal liabilities for violations of the regulatory requirements.

Obtaining the Electric Power Business Permit

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

Pursuant to the Provisions on the Administration of the Electric Power Business Permit, which were issued by the SERC and became effective on December 1, 2005 (subsequently revised on May 30, 2015), unless otherwise provided by the SERC, no company or individual in the PRC may engage in any aspect of electric power business (including power generation, transmission, dispatch and sales) without first obtaining an electric power business permit from the SERC. These provisions also require that if an applicant seeks an electric power business permit to engage in power generation, it must also obtain in advance all relevant government approvals for the project including construction, generation capacity and environmental compliance.

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

Obtaining the Construction Engineering Qualifications and Permit

Pursuant to the Construction Law which was promulgated by the Ministry of Construction on November 11, 1997 (effective on March 1, 1998) and amended on April 22, 2011, and April 23, 2019 and the Regulation on Administration on Qualifications of Construction Engineering which became effective on March 1, 2015 and amended on September 13, 2016 and December 13, 2018, an enterprise engaged in the design and engineering work for an electric power project must obtain a qualification certificate and must conduct its work within the strict design scope set forth in its certificate. An enterprise conducting design or engineering work without first obtaining the qualification certificate or an enterprise that has obtained the qualification certificate but exceeds the permitted design scope may be subject to action by the relevant authorities, including monetary penalties, rescission of its certification or confiscation of all illicit gains.

Pursuant to the Provisions on the Administration of Permits of Installation, Repair, and Test of Electric Power Facilities, which were promulgated by the NDRC on September 11, 2020 and became effective on October 11, 2020, any entity or individual engaged in installing, repairing or testing of electric power facilities in the PRC must obtain a permit unless otherwise exempted by the NEA. There are three categories of permits and each category is further subdivided into five levels. Each category represents a specific range of activity i.e., installation, repair and testing. Each level denotes the maximum voltage level of an electric facility that a permit holder may work with. To apply for a permit, an applicant must submit the application to the local branch of NEA. A permit holder may also apply to change either the permitted matter, which is the category or level of the permit, or the registered matter, which is the name, legal address, legal representative and other pertinent matters. A permit is valid for six years and can be renewed.

Grid Connection and Dispatchment

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

FIT and Subsidies

FIT Payments

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

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

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

In addition, the 2013 Circular sets forth special rules that entitle DG projects (excluding the projects that have received an investment subsidy from the central budget) to a national subsidy of RMB0.4/kWh. According to the Circular on Further Implementing Policies Relating to Distributed Generation issued by the NEA on September 2, 2014 and the Circular on Implementation Plans of PV Generation Construction for 2015 issued by the NEA on March 16, 2015, rooftop DG projects that sell electricity directly to consumers or to both consumers and grid enterprises will receive a national subsidy of RMB0.42/kWh plus the local desulphurized coal benchmark electricity price for the electricity sold to the State Grid or a negotiated electricity purchase price for electricity sold directly to consumers. Ground-mounted projects and rooftop DG projects which sell all electricity to grid enterprises are entitled to the FIT of RMB0.90/kWh, RMB0.95/kWh or RMB1.00/kWh, depending on where the project is located (excluding on-grid solar power projects located in Tibet).

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

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

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

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

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

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

On March 31, 2020, the NDRC issued the Notice on Relevant Matters Concerning the Feed-in Tariff Policy for Photovoltaic Power Generation in 2020, in which, among other things, the NDRC adopted the following measures: (i) the guide prices of new centralized photovoltaic power plant included in the scope of state financial subsidies I ~ III resource area shall respectively be RMB0.35/kWh (including tax, the same below), RMB0.4/kWh and RMB0.49/kWh. If the guide price is lower than the project location coal-fired power generation benchmark price (including desulfurization, denitrification, dust removal electricity prices), the guide price shall be subject to the local coal-fired power generation benchmark price. The feed-in tariff of new centralized photovoltaic power plant shall be determined through a competitive market approach, which shall not exceed the guide price of the resource area located; (ii) for the commercial and industrial distributed photovoltaic power generation projects included in the 2020 financial subsidy scale that using the “self-generation, surplus online” model, the full power generation subsidy standard is adjusted to RMB0.05/kWh; for the commercial and industrial distributed photovoltaic power generation projects using the “full online” model, the subsidy shall be subject to the guide price of the resource area where the centralized photovoltaic power plant located. For all commercial and industrial distributed projects allocated by the energy authorities according to a unified market competition approach, the price formed by market competition shall not exceed the guide price of the resource area and the subsidy standard shall not exceed RMB0.05/kWh; (iii) The full power generation subsidy standard of household distributed photovoltaic power generation included in the 2020 financial subsidy scale shall be adjusted to RMB0.08/kWh. The Notice was implemented as from June 1, 2020.

Subsidy List

On November 29, 2011, the MOF, the NDRC and the NEA jointly issued the Interim Measures for the Administration of Levy and Use of Renewable Energy Development Fund, which provides that development funds for renewable energy include designated funds arranged by the public budget of national finance, and renewable energy tariff surcharge collected from electricity consumers. Solar power projects can only receive central government subsidies after completing certain administrative and perfunctory procedures with the relevant authorities of finance, price and energy to be listed in the Subsidy Catalog issued by the MOF, the NDRC and the NEA. These subsidies represent the difference between the FIT for solar power projects and the desulfurized coal benchmark electricity price. In January 2016, the NEA announced that there would be a nation-wide inspection on all the solar power projects that are in operation and under construction, and the solar power projects that fall within the regional scale index of the year would be included in and managed via the Platform for Renewable Energy Power Generation Projects for the purpose of government subsidies application and payment.

On January 20, 2020, the MOF, NDRC and NEA promulgated Notice on the issuance of Measures for the Administration of Additional Subsidy Funds for Renewable Energy Power Prices, to be effective as from January 20, 2020, which specifies: (i) The renewable energy power generation projects entitled to the subsidy funds shall be determined according to the following methods: (1) For the new renewable energy power generation projects needing subsidies after the promulgation of the Measures (hereinafter referred to as new projects), the MOF shall reasonably determine the total subsidies for the new renewable energy power generation projects supported by the subsidy funds in the current year according to the annual increase level of the subsidy funds, technological progress, industry development and other situations. The NDRC and the NEA shall, according to the renewable energy development plan, technological progress and other situations, reasonably determine the newly-installed capacity of renewable energy power generation projects that are subject to subsidy and within the total annual new subsidies determined by the MOF; (2) The existing renewable energy power generation projects which need subsidies before the promulgation of the Measures (hereinafter referred to as the “existing projects”) shall meet the requirements of the national competent energy authority. Those projects under scale management shall be included in the scope of annual construction scale management, and be included in the list of subsidy projects upon examination and approval by power grid enterprises in accordance with the procedures. (ii) The NDRC and the NEA shall, under the principle of determining expenditure based on revenue, formulate administrative measures for different types of renewable energy power generation projects, specifying project scale management and specific regulatory measures which shall be released to the public as early as possible. The projects that have administrative measures and that are included in the scope of national subsidy scale management for power generation by renewable energy resources shall be given subsidies accordingly. (iii) Power grid enterprises shall, as required by these Measures, regularly release and timely adjust the list of projects subject to subsidy for power generated by renewable energy resources that meet the subsidy conditions, and regularly submit the release information to the MOF, the NDRC and the NEA. The specific conditions for inclusion in the list of subsidy projects include: (1) New projects shall be included in the scope of the total subsidies for renewable energy power generation in the current year; existing projects shall comply with the requirements of the national competent energy authority and shall be included in the scope of annual construction scale management if under scale management. (2) The examination, approval and archival filing have been completed according to the relevant provisions of the state; and the state policies on the price of renewable energy sources are complied, and the on-grid price has been examined and approved by the competent price authority. (3) The grid connection time of all power generation units meets the subsidy requirements. (4) The relevant approval, ratification, filing and grid connection documents have been examined and approved by the national renewable energy information management platform. The State Grid Corporation of China and China Southern Power Grid Co., Ltd. shall be respectively responsible for releasing the list of subsidy projects within their respective business scope; local independent power grid enterprises shall be responsible for releasing the list of subsidy projects within their respective business scope upon submission to local provincial competent authorities of finance, price and energy for examination and approval.

On the same date, the MOF, NDRC and NEA promulgated Several Opinions on Promotion of the Sound Development of Power Generation with Non-hydropower Renewable Energy Resources to be effective as from January 20, 2020, which specifies: (i) Determining expenditure by revenue so as to reasonably determine the scale of new subsidy projects. The MOF shall, in consultation with relevant authorities, release the total amount of the annual new subsidy. The NDRC and the NEA shall, within the scope of total annual subsidy, reasonably determine the scale of newly-installed power generation projects of various types of renewable energy requiring subsidy, which shall be released to the public as soon as possible so as to guide the steady development of the industry. any existing offshore wind power generation project or solar photo-thermal power generation project for which the approval (record-filing) has been completed as required and all power units have been connected to the grid by December 31, 2021 shall be subsidized by the central finance according to the relevant price policies. (ii) Continuously driving down the prices of onshore wind power, PV power plants, and industrial and commercial distributed PV. We should continue to implement the mechanism for lowering guiding on-grid prices of onshore wind power, PV power plants, and distributed PV for industry and commerce, set a reasonable downgrading range, and guide onshore wind power, PV power plants, and distributed PV for industry and commerce to achieve on-grid parity as soon as possible. (iii) Simplifying the catalogue system management. The State shall not issue the catalogue of surcharges on renewable energy power prices. The information on application for power price surcharges of all renewable energy projects shall be filled in through the national renewable energy information management platform. Power grid enterprises shall, under principles determined by the MOF and other authorities and in light of conditions such as project types, grid connection time and technical levels, determine and regularly disclose to the whole society the list of renewable energy power generation projects meeting subsidy conditions, and report examination and verification results of the list to the MOF, NDRC and NEA. The projects in the 1-7 batches of catalogues that have been previously released by the three authorities shall be directly included in the subsidy list of renewable energy power generation projects of power grid enterprises.

On September 29 2020, the MOF, NDRC and NEA promulgated Supplementary Notice on Matters Relating to Several Opinions on Promoting the Sound Development of Non-Hydro-Renewable Energy Power Generation, which specifies: (i) the quota of subsidy funds from the central budget for renewable energy power generation projects shall be approved based on the reasonable utilization hours, the whole-life-cycle reasonable utilization hours of PV power generation projects in the resource areas of Category I, II and III of PV are 32,000 hours, 26,000 hours and 22,000 hours respectively, while the whole-life-cycle reasonable utilization hours of projects in PV pioneer bases determined by the State and the bidding projects in 2019 and 2020 will increase by 10% on the basis of the hours in the resource areas where such projects are located; (ii) Subsidized electric quantity in the whole life cycle of a project = project capacity × whole-life-cycle reasonable utilization hours of a project. To be specific, the project capacity shall be subject to the capacity determined at the time of approval (filing). If the actual capacity of a project is less than the approved (filed) capacity, the actual capacity shall prevail; (iii) For the projects that are included in the scope of subsidy list for renewable energy power generation in accordance with the Measures for the Administration of Additional Subsidy Funds for Renewable Energy Power Prices (Cai Jian [2020] No.5, hereinafter referred to as Document No.5), subsidies will be granted based on the on-grid price for the electric quantity generated within the whole-life-cycle subsidized electric quantity. Subsidy standards = (renewable energy benchmark on-grid price (including on-grid price determined through bidding and other competitive methods) – local benchmark on-grid price for coal-fired power)/(1 + applicable value-added tax rate). If the whole-life-cycle reasonable utilization hours of a project are not exceeded, subsidies will be granted based on the actual electric quantity generated in the current year by a renewable energy power generation project. For a project that is included in the scope of subsidy list for renewable energy power generation according to Document No.5, the part of electricity generated in excess of the subsidized electric quantity in the whole life-cycle shall not be entitled to the subsidy funds from the central finance, for which a green certificate will be issued for trading in such certificates. For the projects that are included in the scope of subsidy list for renewable energy power generation according to Document No.5, after 20 years of grid connection for wind power and PV power generation projects, regardless of whether the projects reach the subsidized electric quantity in the whole life-cycle, they will not be entitled to the subsidy funds from the central finance and will be issued green certificates for trading in such certificates.

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

Pursuant to the Interim Measures for the Administration of Designated Funds for the Development of Renewable Energy issued by the MOF and effective on April 2, 2015 in place of its old version, the MOF sets up designated funds to support the development and utilization of renewable energy in accordance with the national fiscal budget.

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

Mandatory Purchase of Renewable Energy

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

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

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

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

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

Clean Development Mechanism

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

Environmental Protection

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

Foreign Investment in Solar Power Business and Restriction on Foreign Ownership

The principal regulations governing foreign ownership of solar power businesses in the PRC are the Encouraged Foreign Investment Industries Catalog, effective as of January 27, 2021, or the Catalogue 2020, which is a replacement of the 2007, 2011, 2015, 2017 and 2019 versions of the Foreign Investment Industrial Guidance Catalogue, and the Special Administrative Measures (Negative List) for Foreign Investment Access (Edition 2020) issued by the NDRC and the PRC Ministry of Commerce. Under the Catalog 2020, the solar power industry is classified as an “encouraged foreign investment industry.” Foreign-invested enterprises in the encouraged foreign investment industry are entitled to certain preferential treatment, such as exemption from tariff on equipment imported for their operations, after obtaining approval from the PRC government authorities. ReneSola PV Power was categorized in the “encouraged” industry under the Catalogue 2020.

Environmental and Safety Regulations

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

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

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

Regulation of Foreign Currency Exchange and Dividend Distribution

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

- PRC Foreign Exchange Administration Regulation (1996), as amended in 1997 and 2008, or the Foreign Exchange Administration Regulation; and

- The Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996).

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

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

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

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

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

Under these laws and regulations, Foreign-invested enterprises in China may, subject to the ongoing compliance with applicable foreign exchange regulations, pay dividends only out of their accumulated after-tax profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, an enterprise in China is required to set aside at least 10.0% of its after-tax profit based on PRC accounting standards each year to its statutory reserves until the accumulative amount of such reserves reach 50.0% of its registered capital. These reserves are not distributable as cash dividends. A foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to discretion accumulation reserves, which may not be distributed to equity owners except in the event of liquidation.

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

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

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

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

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

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

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

Intellectual Property Rights

Patents

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

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

Patents in the PRC are governed by the PRC Patent Law (March 12, 1984), as amended and its Implementing Rules (June 15, 2001), as amended.

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

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

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

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

Trademark

The PRC Trademark Law, adopted in 1982 and revised in 1993, 2001, 2013, and 2019 with its implementation regulations adopted in 2002 and revised in 2014, protects registered trademarks. The Trademark Office of China National Intellectual Property Administration handles trademark registrations and grants trademark registrations for a term of ten years, which is subject to rollover by application.

Regulations in the British Virgin Islands

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

The Company has taken and will continue to take advice from its British Virgin Islands counsel as to the steps it should take to comply with the Economic Substance Law.

Regulation in the EU

In December 2020, EU heads of government approved the European Climate Law, a legally binding commitment of net zero CO₂ emissions (carbon neutrality) by 2050. (The UK, of course, is no longer an EU member, but it has equivalent legislation, enacted by parliament in 2019.) It underscores that the EU also mandated an emissions cut of at least 55% by 2030 versus the 1990 baseline, as compared to the previously pledged 40% cut. Concurrently, leaders approved a plan to allocate at least 30% of the EU's ordinary budget plus COVID-related stimulus to climate action. Based on the total package of €1.8 trillion over seven years, the climate component equates to a hefty €540 billion. This will disproportionately benefit the EU's less wealthy eastern members. The essential point is that the Climate Law was a very big deal: the world's most important environmental policy decision of 2020, and arguably ever.

Regulations in the United States

On March 31, 2021, US President Joe Biden announced to include a 10-year extension for the Investment Tax Credit (ITC) for both clean power generation and energy storage as part of a US \$2 trillion infrastructure investment plan. It is a proposal to extend the Investment Tax Credit and Production Tax Credit schemes for clean power generation and also to extend the credit scheme for storage. The direct-pay option for the ITC will also be maintained within the extension. Credit rates will be phased down over the 10-year period. Further measures included within the plan pertaining to clean energy are the creation of an Energy Efficiency and Clean Electricity Standard, intended to cut electricity bills and carbon emissions relating to power generation, while also increasing competition in the market.

Federal government buildings will also be mandated to procure clean power for all of their supply needs on a 24/7 basis.

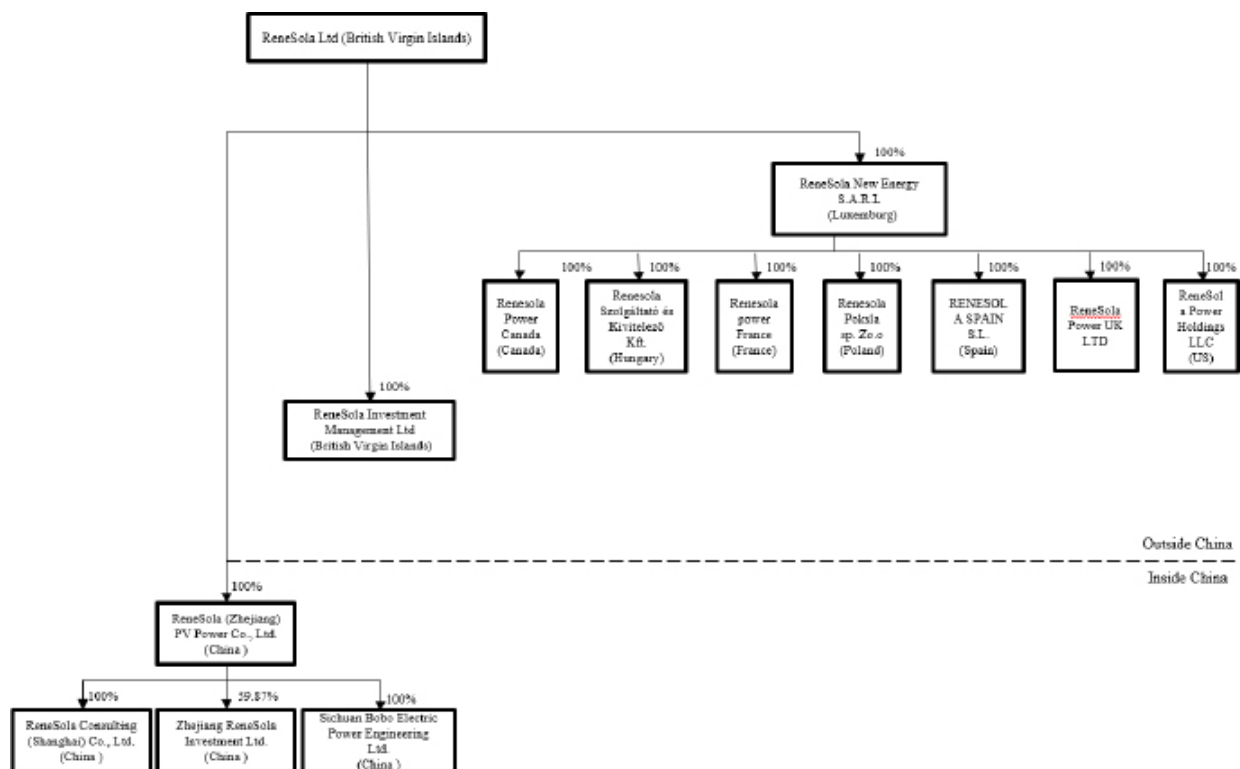
Grid infrastructure upgrades have also been targeted, and a further investment tax credit will be created to incentivize the development of at least 20GW of high-voltage capacity power lines, supported by a new Grid Deployment Authority at the Department of Energy, to accelerate America's clean energy transition.

C. Organizational Structure

As of December 31, 2020, we conduct our business primarily through the subsidiaries, which are listed in "Item 4. Information on the Company — A. History and Development of the Company."

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

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



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

D. Property, Plants and Equipment

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

Certain of our project infrastructures are pledged to secure our bank borrowings and equities of certain of our project companies are pledged in our finance lease arrangements. As of December 31, 2019, short-term borrowings of \$7,173,571, bond payable of \$2,503,621 and long-term borrowings of \$31,950,441, including current portion of \$28,583,380 were jointly guaranteed by the Company and its subsidiaries.

As of December 31, 2020, short-term borrowings of \$31,980,868 and bond payable of \$9,034,691 were jointly guaranteed by the Company and its subsidiaries. The short-term borrowings of \$31,980,868 and bond payable of \$9,034,691 were also secured by all of the Company’s estate, right, title and interest and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable and VAT account of the Company and its subsidiaries.

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

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

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

Overview

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

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

2020 was an extraordinary year, from the COVID-19 global pandemic to the presidential election in the U.S. The past year brought uncertainty, anxiety, and distress to people across the globe. We saw how the challenges of dealing with the COVID-19 impacted our employees, our customers, and our communities. During these trying times, our primary focus remains on the safety and well-being of our employees, business partners and customers. We took decisive actions to protect our employees, while also sustaining the efficient operation of our business. We transitioned all our employees from sales offices in Europe and the U.S. to a remote work environment, with a few exceptions where physical presence is necessary for the operation of projects to support government efforts to control the pandemic. We are taking care of our employees as their health being is our top priorities. Our management team has also implemented processes that facilitate frequent virtual interaction between individual employees and employee groups. Our cross functional task-force continues to monitor and recommend steps to help employees and our customers safely interact. We do see the continuing lockdown affect our process and procedures resulting in delays in completion of our solar projects.

Despite this challenging environment, 2020 saw solid execution and operational excellence for ReneSola Power. We progressed in our mission to become a leading global solar project developer by focusing on high-quality and high return projects in our core markets, the three best solar markets in the world: Europe, the United States and China. We delivered strong results and ended the year in a solid financial position. As of December 31, 2020, we have completed an accumulated 828 MW of solar power projects and have successfully sold a total of 86.1MW of solar projects in the year. The sales included 15.0 MW of DG projects in Hungary, 11.0 MW of DG projects in Poland, 10.6 MW of community solar projects in the U.S., 7.0 MW in Canada, 15.4 MW in Romania, 4.3 MW of rooftop projects in the U.K. and 22.8 MW in China. We were operating approximately 173 MW solar power projects as of December 31, 2020, including 149 MW in China, and recorded electricity generation revenue from these projects. As of December 31, 2020, our late-stage pipeline totaled 1 GW, and about 6 MW under construction.

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

Our net revenue from continuing operations increased from \$96.9 million in 2018 to \$119.1 million in 2019 and decreased to \$ 73.5 million in 2020. We recorded an operating income of \$6.8 million and a net income of \$2.2 million in 2020, compared to an operating loss of \$1.0 million and a net loss of \$11.7 million in 2019 and an operating income of \$15.5 million and a net income of \$5.1 million in 2018. Net income attributed to ReneSola Power was \$2.8 million in the full year 2020, compared to net loss of \$8.8 million in 2019. Net income per ADS was \$0.06 in 2020, compared to net loss per ADS of \$0.22 in 2019. Non-GAAP net income attributed to ReneSola Power was \$3.7 million in the full year 2020, compared to \$14.1 million in 2019. Non-GAAP net income per ADS was \$0.08 in 2020, compared to \$0.35 in 2019. Additionally, in the fourth quarter of 2020, we sold 15.4 MW of operating assets in Romania and 4.3 MW in the U.K. for a combined price of more than \$30 million and recognized the net proceeds as meaningful operating come. See “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Overview of Financial Results—Net Revenue”.

Below are detailed information of 2020 Financial Highlights

	2020 (\$ millions)	2019 (\$ millions)	Y/Y Change
Revenue	\$ 73.5	\$ 119.1	-38%
U.S. GAAP gross profit	\$ 16.7	\$ 34.2	-51%
U.S. GAAP operating income (loss)	\$ 6.8	\$ (1.0)	+\$7.8
Non-GAAP operating income	\$ 10.0	\$ 26.4	-62%
Adjusted EBITDA	\$ 16.4	\$ 33.6	-51%
U.S. GAAP net income(loss) attributed to ReneSola Power	\$ 2.8	\$ (8.8)	+\$11.6
Non-GAAP net income attributed to ReneSola Power	\$ 3.7	\$ 14.1	-74%

- Revenue decreased 38% to \$73.5 million from \$119.1 million in 2019;
 - o \$49.2 million from the Project Development business
 - o \$23.5 million from the IPP business, primarily from the sale of electricity in China,
 - o \$0.8 million from operations and maintenance
- Gross margin was 22.7%, compared to 28.7% in 2019;
- Net income attributed to ReneSola Power was \$2.8 million, compared to net loss of \$8.8 million in 2019;
- Non-GAAP net income attributed to ReneSola Power was \$3.7 million, down from \$14.1 million in 2019;
- Sold 15.0 MW of DG projects in Hungary and 11.0 MW of projects in Poland;
- Sold 10.6 MW community solar projects in U.S. and 7.0 MW FiT projects in Canada;
- Sold 15.4 MW ground-mounted projects in Romania and 4.3 MW of rooftop projects in the U.K.;
- Our late-stage solar power project pipeline stood at approximately 1.0 GW, as of December 31, 2020.

Major Factors Affecting Our Results of Operations

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

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

Industry Demand

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

Product Pricing

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

Availability and Prices of Solar Modules and other Components

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

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

Government Subsidies and Incentives

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

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

Solar Power Project Development

In 2020, 2019 and 2018, we recognized \$49.2 million, \$90.1 million and \$48.8 million of net revenue from continuing operations from the sales of our solar power projects, representing approximately 66.8.1%, 75.6% and 50.3% of our total net revenue from continuing operations. Our solar power project development activities have expanded over the past several years through a combination of organic growth and acquisition of project development rights. We develop our solar power projects with a view to selling them. Our ability to identify and engage credit-worthy purchasers timely and to negotiate favorable selling price and payment terms directly affects our profitability. If we are unable to identify and appropriate purchasers in the short term, we may also determine to own and operate certain projects from time to time and earn revenue by generating and selling electricity to the grid companies. We expect that our revenues from the sale of solar power projects and its importance to our overall business will continue to increase in the following years.

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

Operation of Solar Power Project and Generation of Electricity

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

Seasonality Variations

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

Growth Strategies

The global solar power project development business is large and yet continues to grow. Industry market research estimates that by 2040, the share of renewables in the energy market will increase to around 30% and globally will become the single largest source of power generation. Europe continues to lead the way in terms of penetration of renewables. Renewable energy is expected to account for more than 50% of the European energy market by 2040. Europe, the U.S. and China are expected to be the three key markets driving the growth of renewables in the next several years due to favorable regulatory policies and incentives. In particular:

- The European Commission unveiled the “European Green Deal”, a set of policy initiatives intended to make Europe carbon neutral by 2050. This includes a proposal to toughen the EU’s 2030 greenhouse gas emission reductions target. They intend to reduce GHG to 50% of 1990 levels, a more aggressive target than the former 55% target.
- In the U.S., the Biden administration intends to make the U.S. a 100% clean energy economy with net-zero emissions by 2050, and intends to decarbonize the U.S. power sector by 2035 by adopting renewable energy sources and technologies that can be deployed at scale and compete with fossil fuels on cost.
- In China, the Central Government initiated the policy to reduce the country’s carbon dioxide emissions by at least 65 percent from 2005 levels by 2030 and to achieve carbon neutrality by 2060.

With our focus on Europe, the U.S., and China, we believe we are strategically positioned for growth. In Europe, we have major development activities across Poland, Hungary, Spain, France, Germany, and the U.K. In the U.S., our late-stage projects include community solar projects in Minnesota, Maine, Pennsylvania, and New York. Additionally, we have projects under development in Utah, Florida, Maine, and California, and we operate utility projects in North Carolina. In China, our key geographic focus will be in the Yangtze River Delta area, which has attractive electricity tariffs and is one of the major metropolitan areas designated to play a pivotal role in the country’s future economic growth. We intend to expand our IPP assets by building 100 MW of projects in 2021. Our Project Development business benefits from an intense focus on small-scale projects in diverse jurisdictions with a high PPA/FiT price that generates attractive returns. As of December 31, 2020, our late-stage pipeline was 1.0 GW, up from 732 MW in the third quarter of 2020. We continue to focus on profitable markets, including the U.S. and Europe, where we see tremendous growth opportunities with high-quality projects. Importantly, we intend to add incremental project pipeline in our core markets to reach 2GW by the end of 2021. We are confident that we can achieve this, because our teams around the world are dedicated, skilled, and experienced and are supported by the foundation of our strong balance sheet.

Pipeline Target	Capacity (MW)
Hungary	100
Poland	400
Spain	200
France	200
Germany and Italy	200
U.K.	200
USA	500
China	200
Total	2000

Overview of Financial Results

Net Revenue

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

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

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

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

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

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

Year ended December 31, 2020

	Solar power project development	Electricity generation revenue	EPC services	Other	Total
Net revenue	\$ 49,160,215	\$ 23,547,162	\$ -	\$ 795,506	\$ 73,502,883
Gross profit/(loss)	\$ 4,374,238	\$ 11,668,935	\$ -	\$ 642,609	\$ 16,685,782

Geographical Distribution

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

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

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

	Years ended December 31,		
	2018	2019	2020
China	\$ 45,395,811	\$ 24,470,827	\$ 16,557,196
United States	15,445,744	9,277,514	4,388,241
Canada	-	-	15,557,800
Romania	1,824,411	3,193,215	5,709,713
England	31,169,458	3,853,687	655,102
Turkey	2,129,085	-	-
France	941,826	730,962	152,548
Poland	-	59,884,835	10,008,838
Hungary	-	17,705,984	20,473,445
Total	<u>\$ 96,906,335</u>	<u>\$ 119,117,024</u>	<u>\$ 73,502,883</u>

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

Cost of Revenue

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

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

Gross Margin

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

Our gross margin slightly decreased from 29.0% in 2018 to 28.7% in 2019. Our gross margin decreased from 28.7% in 2019 to 22.7% in 2020, primarily due to the decrease of revenue from electricity generation revenue for the disposal of property, plant and equipment in China, which has a relatively higher gross margin comparing to other segments.

Operating Expenses

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

Sales and Marketing Expenses

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

General and Administrative Expenses

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

Other Operating Income and Expenses

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

Non-operating Income and Expenses

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

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

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

Taxation

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

PRC enterprise income tax is calculated primarily on the basis of taxable income determined under PRC Enterprise Income Tax Law. In March 2007, the National People's Congress of China enacted a new Enterprise Income Tax Law, which became effective on January 1, 2008 and amended on December 29, 2018. In December 2007, the State Council of China promulgated the Implementing Regulation of the new Enterprise Income Tax Law, which became effective on January 1, 2008 and amended on April 23, 2019. The Enterprise Income Tax Law imposes a unified enterprise income tax rate of 25% on all domestic enterprises and foreign-invested enterprises unless they qualify under certain limited exceptions.

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

If it is more likely than not that some or all of the deferred tax assets will not be realized, we will provide for valuation allowances based on available evidence. As of December 31, 2020, the subsidiaries of the Company in PRC had net operating loss carry forwards of \$8,337,247, of which \$605, \$16,381, \$1,948, \$6,483,968 and \$1,834,345 will expire in 2021, 2022, 2023, 2024 and 2025 respectively.

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

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

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible for tax purposes. As a result, we recognized a valuation allowance against tax loss carry forwards for continuing operations of \$11.5 million and \$11.0 million as of December 31, 2019 and 2020, respectively.

In 2020, we had overseas operations in the jurisdiction of the United States, Canada, BVI, Republic of Romania, the United Kingdom, Poland, Hungary, Spain, France. The corporate income tax rates in these jurisdictions range from 0% to 28%.

Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin, and non-GAAP net income/(loss) attributed to the Company, each a non-GAAP financial measure as described below, to understand and evaluate our core operating performance. These non-GAAP financial measures, which may differ from similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP.

EBITDA is defined as net income or loss before interest, taxes, depreciation and amortization. EBITDA margin is defined as EBITDA as a percentage of revenues. We believe that EBITDA and EBITDA margin provide useful information to investors and others in understanding and evaluating our operating results. Adjusted EBITDA represents EBITDA plus discount of electricity subsidy in China, plus share-based compensation, plus bad debt provision, plus impairment of long-lived assets, plus one-time penalty of postponed payables, plus one-time OCI settlement, plus loss/(gain) on disposal of assets, plus foreign exchange loss/(gain).

Non-GAAP net income/(loss) attributable to the Company represents GAAP net income/(loss) attributed to ReneSola Power plus discount of electricity subsidy in China, plus share-based compensation, plus bad debt provision, plus impairment of long-lived assets, plus one-time penalty of postponed payables, plus one-time OCI settlement, plus loss/(gain) on disposal of assets, plus foreign exchange loss/(gain).

These non-GAAP financial measures eliminate the impact of items that we do not consider indicative of the performance of our business. While we believe that these non-GAAP financial measures are useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP.

The tables below present reconciliations of EBITDA, adjusted EBITDA and non-GAAP net income/(loss) attributable to the Company, for the periods indicated.

	Years ended December 31,	
	2019	2020
	(In thousands)	
Net Income	\$ (11,680)	\$ 2,156
Add: Income tax expenses	1,105	163
Add: Interest expenses, net off interest income	8,337	5,230
Add: Depreciation & Amortization	7,796	7,341
EBITDA	5,558	14,890
Add: Discount of electricity subsidy in china	2,860	971
Add: Share based compensation	349	369
Add: Bad debt provision of receivables	6,982	7,021
Add: Impairment of long-lived assets	6,880	1,432
Add: Penalty of postponed property, plant and equipment payable	281	-
Add: Loss on OCI settlement	-	7,500
Add: Cancellation of project assets	6,435	1,461
Add: Loss on disposal of property, plant and equipment	3,908	768
Add: Foreign exchange loss/(gain)	1,274	(769)
Less: Gains on disposal of property, plant and equipment	(302)	(16,278)
Less: Interest income of discounted electricity subsidy in china	(589)	(954)
Adjusted EBITDA	\$ 33,636	\$ 16,411

	Years ended December 31,	
	2019	2020
	(In thousands)	
Reconciliation of operating income		
GAAP operating income	\$ (964)	\$ 6,780
Add: Discount of electricity subsidy in china	2,860	971
Add: Share based compensation	349	369
Add: Bad debt provision of receivables	6,982	7,021
Add: Impairment of long-lived assets	6,880	1,432
Add: Penalty payables	281	-
Add: Loss on OCI settlement	-	7,500
Add: Cancellation of project assets	6,435	1,461
Add: Loss on disposal of property, plant and equipment	3,908	768
Less: Gains on disposal of property, plant and equipment	(302)	(16,278)
Non-GAAP operating income	\$ 26,429	\$ 10,024

	Years ended December 31,	
	2019	2020
(In thousands)		
Reconciliation of net income attributed to ReneSola Ltd		
GAAP net income attributable to ReneSola Ltd	\$ (8,831)	\$ 2,779
Add: Subsidy discount	1,712	581
Add: Share based compensation	349	369
Add: Allowance of doubtful accounts	6,982	6,895
Add: Impairment of long-lived assets	4,119	1,223
Add: Penalty payables	281	-
Add: Loss on OCI settlement	-	7,500
Add: Cancellation of project assets	6,435	1,461
Add: Loss on disposal of property, plant and equipment	2,340	460
Add: Foreign exchange loss/(gain)	1,274	(769)
Less: Gain on disposal of property, plant and equipment	(181)	(16,179)
Less: Interest income on subsidy discount	(353)	(571)
Non-GAAP income attributed to ReneSola Ltd	\$ 14,127	\$ 3,749

Critical Accounting Estimates

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

Revenue recognition

Solar power project development

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

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

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

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

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

For sales agreements that have energy generation performance guarantees covering a certain timeframe or the availability guarantee in the O&M contract, if there is an underperformance event, the Company may incur liquidated damages as a percentage of the EPC contract price or as a percentage of O&M fees. Such performance guarantees represent a form of variable consideration and are estimated at contract inception at their most likely amount and updated at the end of each reporting period as additional performance data becomes available and only to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

c) Sale of project asset rights

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

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

EPC Services

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

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

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

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

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

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

For EPC services, the Company provides a limited assurance only warranty for the modules, materials and construction part of the power plants. Although the Company subcontracts the construction to third party developers and purchase the raw materials and modules from third party suppliers, the Company is the primary obligor for the limited warranties such as solar module product warranty for a period of five to ten years, warranties for defects in engineering design, installation, workmanship for a period of one to two years and recorded as a liability in the Consolidated Balance Sheets. Nevertheless, the Company has a legally enforceable right to recover these warranties from the subcontractor and suppliers as these parties have contracted with the Company to assume these warranty obligations, and that the Company will also record receivables in the Consolidated Balance Sheets for expected reimbursement in amounts that the Company believe are probable. EPC warranty expenses and expected recovery amounts related to warranties are recorded net of expense in the Consolidated Statement of Operations on the basis that the amounts provided by the subcontractor and suppliers are a reimbursement of our costs. As of December 31, 2019 and 2020, the related liabilities and receivables are not material, and the related expenses for the three years ended December 31, 2018, 2019 and 2020 are not material.

Electricity generation revenue

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

Deferred Income Taxes

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

Segment Operations

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

Results of Operations

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

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

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

	Year ended December 31,		
	2018	2019	2020
Net revenues:			
Solar power project development	\$ 48,784,766	\$ 90,096,551	\$ 49,160,215
Electricity generation revenue	29,257,928	28,712,942	23,547,162
EPC services	18,544,164	69,751	-
Other	319,477	237,780	795,506
Total net revenues	96,906,335	119,117,024	73,502,883
Cost of revenues			
Gross profit	(68,836,588)	(84,890,976)	(56,817,101)
	<u>28,069,747</u>	<u>34,226,048</u>	<u>16,685,782</u>
Operating (expenses)/income:			
Sales and marketing	(885,803)	(750,461)	(433,121)
General and administrative	(10,199,524)	(15,757,147)	(14,512,631)
Other operating (expenses)/income	(1,452,532)	(11,802,629)	6,472,463
Impairment loss of assets	-	(6,880,115)	(1,432,296)
Total operating expenses	(12,537,859)	(35,190,352)	(9,905,585)
Income/(loss) from operations	15,531,888	(964,304)	6,780,197
Non-operating (expenses)/income:			
Interest income	193,552	822,915	975,719
Interest expense	(8,703,904)	(9,159,818)	(6,206,076)
Foreign exchange (losses)/gains	(2,460,812)	(1,273,899)	769,183
Other income	346,965	-	-
Total non-operating expenses	(10,624,199)	(9,610,802)	(4,461,174)
Income/(loss) before income tax	4,907,689	(10,575,106)	2,319,023
Income tax benefit/(expense)	188,791	(1,105,049)	(163,036)
	<u>5,096,480</u>	<u>(11,680,155)</u>	<u>2,155,987</u>
Income/(loss), net of tax	5,096,480	(11,680,155)	2,155,987
Less: Net income/(loss) attributed to non-controlling interests	3,336,769	(2,848,932)	(622,668)
Net income/(loss) attributed to ReneSola Ltd	\$ 1,759,711	\$ (8,831,223)	\$ 2,778,655
Income/(loss) attributed to ReneSola Ltd per ADS			
Basic	\$ 0.05	\$ (0.22)	\$ 0.06
Diluted	\$ 0.05	\$ (0.22)	\$ 0.06
Weighted average number of ADS used in computing income/(loss) per ADS*			
Basic	38,075,293	40,595,551	49,166,354
Diluted	38,075,293	40,595,551	49,788,422

*Each ADS represents 10 ordinary shares.

	Year ended December 31,		
	2018	2019	2020
Net income/(loss)	\$ 5,096,480	\$ (11,680,155)	\$ 2,155,987
Other comprehensive (loss)/income, net of tax of nil:			
Foreign currency translation adjustment	(2,541,550)	226,014	1,208,482
Other comprehensive (loss)/income	(2,541,550)	226,014	1,208,482
Comprehensive income/(loss)	2,554,930	(11,454,141)	3,364,469
Less: Comprehensive income/(loss) attributed to noncontrolling interests	3,050,313	(4,257,484)	1,292,169
Comprehensive (loss)/income attributed to ReneSola Ltd	<u>\$ (495,383)</u>	<u>\$ (7,196,657)</u>	<u>\$ 2,072,300</u>

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Net Revenue. Our net revenue decreased from \$119.1 million in 2019 to \$73.5 million in 2020 primarily due to (i) the decrease of the revenue from our solar power project development of \$40.9 million, mainly as a result of the increase of the delayed timing of project sales in Hungary and Spain and a strategic shift from COD sales to NTP/RTB sales and (ii) the decrease of the revenue from electricity generation revenue of \$5.2 million which resulted from the sale of certain DG projects in China.

Cost of Revenue. Our cost of revenue decreased from \$84.9 million in 2019 to \$56.8 million in 2020. Our cost of revenue associated with solar power project development is relatively higher than the cost of revenue of electricity generation. The decrease of our cost of revenue is aligned with the decreased percentage of solar power project development revenue in our total net revenue.

Gross Profit. Gross profit for 2020 was \$16.7 million, compared to a gross profit of \$34.2 million in 2019. We were able to maintain a relatively stable gross margin of 22.7% for 2020, compared to a gross margin of 28.7% in 2019.

Sales and Marketing Expenses. Sales and marketing expenses decreased from \$0.8 million in 2019 to \$0.4 million in 2020 which was aligned with our cost saving strategy.

General and Administrative Expenses. General and administrative expenses for continuing operations decreased from \$15.7 million in 2019 to \$14.5 million in 2020 which was aligned with our cost saving strategy.

Other Operating (Expenses)/income. Other operating expenses was \$11.8 million in 2019 and other operating income was \$6.5 million in 2020. Our other operating income/expenses consisted primarily of discount charges of long-term receivables, compensation income and expenses, and disposal gain or loss of projects assets and property, plant and equipment. The other operating income in 2020 mainly comprised of (i) disposal gain of property, plant and equipment of \$15.4 million in Romania and (ii) joint settlement payable loss of \$7.5 million which owes by the Related Party, ReneSola Singapore and the Company has joint responsibility on the settlement. ..

Impairment Loss of Assets. Impairment loss on assets was \$1.4 million in 2020 and 6.9 million in 2019, primarily because we adjusted the net asset value of a solar power plant in China that we are expected to be consummated in the next year.

Interest Income and Expenses. Our interest income increased from \$0.8 million in 2019 to \$1.0 million in 2020, primarily due to the recognition of the discounted interest income on receivables from feed-in tariff(s) (FIT) for electricity sold. Our interest expenses decreased from \$9.2 million in 2019 to \$6.2 million in 2020, primarily due to the decreased average outstanding principal in 2020.

Foreign Exchange (Losses)/gains. Foreign exchange gain was \$0.8 million in 2020 and foreign exchange loss was \$1.3 million in 2019, primarily due to the depreciation of USD in 2020.

Income Tax Expense. Income tax expense decreased from \$1.1 million in 2019 to \$0.2 million in 2020. The income tax expense in 2020 mainly resulted from the taxable income from the power projects sold in Hungary.

Net Income (Loss). As a result of the foregoing, we had a net income of \$2.2 million in 2020, compared to a net loss of \$11.7 million in 2019.

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

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

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

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

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

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

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

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

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

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

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

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

Disposition of Manufacturing Businesses and the LED Distribution Business

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

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

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

B. Liquidity and Capital Resources

Liquidity and Capital Resources

In September 2017, we completed a non-cash restructuring following which, among other things, substantially all of the assets and liabilities related to our manufacturing businesses, including polysilicon, solar wafer, solar cell and solar module manufacturing, as well as the LED distribution business were transferred into ReneSola Singapore Pte. Ltd. Upon the closing of this restructuring, all the issued shares of ReneSola Singapore Pte. Ltd. were transferred to Mr. Xianshou Li, our previous chairman and previous chief executive officer. As a result, bank borrowings in excess of RMB3 billion (\$461 million) related to the transferred businesses will no longer be consolidated on our balance sheet as all have been assumed by the buyer, ReneSola Singapore Pte. Ltd. agreed to cancel approximately \$217.4 million of accounts and other payable owed by us and we issued 180 million ordinary shares to ReneSola Singapore Pte. Ltd. As of December 31, 2020, our debt-to-asset ratio, which is total liabilities divided by total assets, was improved and decreased to 45.5% from 57.0% as of December 31, 2018.

For the year ended December 31, 2020, we had generated negative operating cash flow of \$10.0 million, positive working capital of \$48.4 million and income from operations of \$6.8 million and we repaid our short-term borrowings of \$26.2 million in February 2021. We believe that our cash and cash equivalents, project assets, and continued support from financial institutions, fund investors and financing lease companies, in the form of renewed and additional short-term or long-term financings (including development loans, construction loans and project financings) and equity contribution, will be sufficient to meet our working capital and capital expenditure needs that will arise in 2021 and will be sufficient for the next 12 months from filing date of this annual report. We intend to continue to carefully execute our operating plans and manage credit and market risk. However, if our financial results or operating plans change from our current assumptions, our liquidity could be negatively impacted.

As part of our financing policy, we expect to continue to finance our liquidity needs mainly with cash flows from our operating activities. We continuously evaluate opportunities to pursue acquisitions or engage in strategic transactions. We expect to finance any significant future transaction with a combination of cash, long-term indebtedness and the issuance of shares of our company. As of December 31, 2020, significant components of our working capital were as follows:

- Our total current assets were \$136.7 million, including cash and cash equivalents of \$40.6 million.
- We had current project assets of \$25.0 million in our late stage projects under development. Although we believe we will be able to sell such project assets at a profit, if we are unable to sell these project assets at reasonable prices in the near term, our liquidity may be negatively affected.
- Our current liabilities as of December 31, 2020 included short-term bank borrowings of \$32.0.

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

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

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

Borrowings

Short-term Borrowings

As of December 31, 2020, we had outstanding short-term borrowings of \$32.0 million. We have maintained our level of short-term bank borrowings to meet our working capital requirements for capital expenditures or other corporate uses, and we have not experienced any financial difficulty with respect to any repayment of our borrowings.

Bond payable

In July 2020, the Company's Luxembourg subsidiary issued a bond to an investor in France for the purpose of financing the Company's PV plant projects in Poland totaling Euro 10.6 million (\$13.1 million). The bond has a maturity date in November 2021. The balance of the bond as of December 31, 2020 was Euro 7.4 million (\$9.0 million).

Interest rates are fixed for the bond payable. The weighted average interest rate of bond payable in the year ended December 31, 2020 was 5%.

Long-term Borrowings and Other Liabilities

As of December 31, 2019 and 2020, we had outstanding long-term borrowings with remaining terms of more than one year of \$3.4 million and nil, respectively. The long-term financing set forth below are the arrangements that we believe are important to our operation and business.

Interest rates are fixed for the term loans. The weighted average interest rate of term loans was 5.86%, 4.57% and 4.57% in the years ended December 31, 2018, 2019 and 2020, respectively.

Guarantees

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

As of December 31, 2020, short-term borrowings of \$32.0 million, bond payable of \$9.0 million were jointly guaranteed by the Company and its subsidiaries.

The short-term borrowings of \$32.0 million and bond payable of \$9.0 million were also secured by all of the Company's estate, right, title and interest and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable and VAT account of the Company and its subsidiaries.

Issuance of Securities

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

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

Through two "at-the-market" equity offering programs and multiple registered direct placements, the Company issued 99,285,640 ordinary shares in 2020. The number of total issued shares of the Company as of December 31, 2020 was 582,258,622, of which 572,484,072 ordinary shares are currently outstanding.

Other than those mentioned above, in 2018, 2019 and 2020, we did not issue any other securities.

Contribution from non-controlling interest holders of subsidiaries

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

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

Cash Flows and Working Capital

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

	Year Ended December 31,		
	2018	2019	2020
	(in thousands)		
Net cash (used in)/provided by operating activities	(51,086)	55,914	(10,033)
Net cash (used in)/provided by investing activities	(40,400)	(1,597)	(3,387)
Net cash provided by/(used in) financing activities	85,825	(39,306)	30,177
Effect of exchange rate changes	1,258	1,087	(722)
Net (decrease)/increase in cash and cash equivalents and restricted cash	(4,403)	16,098	16,033
Cash and cash equivalents and restricted cash, at the beginning of the year	13,429	9,026	24,697
Less: Cash and cash equivalents and restricted cash reclassified as assets held for sale	-	427	54
Cash and cash equivalents and restricted cash, at the end of the year	<u>\$ 9,026</u>	<u>\$ 24,697</u>	<u>\$ 40,676</u>

Operating Activities

Net cash used in operating activities in 2020 was \$10.0 million, primarily resulting from (i) gains on disposal of project assets and property, plant and equipment of \$16.3 million; (ii) deferred tax provision of \$0.3 million and (iii) increase in working capital of \$14.0 million, partially offset by (i) net income of \$2.2 million; (ii) depreciation of \$7.3 million; (iii) write off of current assets of \$0.4 million; (iv) share-based compensation of \$0.4 million; (v) bad debt allowance of \$6.7 million; (vi) impairment loss of assets of \$1.4 million; (vii) cancellation loss of project assets of \$1.5 million and (viii) loss on disposal of project assets and property, plant and equipment of \$0.8 million.

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

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

Investing Activities

Net cash used in investing activities in 2020 was \$3.4 million, primarily due to proceeds from disposal of property, plant and equipment of \$7.5 million and repayment of loans from related parties of \$1.2 million, partially offset by purchase of property, plant and equipment of \$8.2 million and acquisition of business of \$3.9 million.

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

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

Financing Activities

Net cash provided by financing activities in 2020 was \$30.2 million, primarily comprising of (i) proceeds from banks and other third party borrowings of \$10.0 million; (ii) proceeds from issuance of ordinary shares, less share issuance costs, of \$41.5 million and (iii) proceeds from bonds of \$8.4 million, partially offset by (i) repayment of banks and other third party borrowings of \$19.2 million; (ii) repayment of bonds of \$2.5 million; (iii) repayment of borrowings from related parties of \$1.2 million, (iv) repayment of failed sale-lease back financing of \$4.7 million, and (v) repayment of finance lease obligation of \$2.2 million.

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

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

As of December 31, 2019, our working capital was negative \$6.3 million.. As of December 31, 2020, our working capital was \$48.4 million.

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

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

Restrictions on Cash Dividends

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

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

In 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”), which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. The Company adopted this ASC Topic 326 on January 1, 2020 and the Company does not expect have a significant impact on unaudited interim condensed consolidated financial statements.

The Company’s trade receivable, receivables of installment payments, deposits and other receivables are within the scope of ASC Topic 326. The Company has identified the relevant risk characteristics of its customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered in the normal course of business to customers, and industry-specific factors that could impact the Company’s receivables. Additionally, external data and macroeconomic factors are also considered. This is assessed at each quarter based on the Company’s specific facts and circumstances.

Recently issued accounting pronouncements

In December 2019, the FASB issued ASU 2019-12—Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This ASU provides an exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. This update also (1) requires an entity to recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, (2) requires an entity to evaluate when a step-up in the tax basis of goodwill should be considered part of the business combination in which goodwill was originally recognized for accounting purposes and when it should be considered a separate transaction, and (3) requires that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The standard is effective for the Company for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company does not expect the adoption of ASU 2019-12 to have a significant impact on the consolidated financial statements and associated disclosures.

C. Research and Development, Patents and Licenses, Etc.—Intellectual Property

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

We filed trademark registration applications with the PRC Trademark Office, UK Intellectual Property Office, European Union Intellectual Property Office, and United States Patent and Trademark Office. As of the date of this annual report, we have been granted the trademarks of “**ReneSola Power**” in the PRC for Category 35, 40 and 42 under the International Classification of Trademarks and for Category 40 and 42 under the International Classification of Trademarks in US, UK, and Europe.

D. Trend Information

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

Other than as disclosed elsewhere in this annual report, we are not aware of any trends, uncertainties, demands, commitments or events for the period from January 1, 2020 to December 31, 2020 that are reasonably likely to have a material adverse effect on our net revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial conditions.

E. Off-balance Sheet Arrangements

As of December 31, 2020, we did not have any off-balance sheet arrangements that had or were reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2020:

Contractual Obligations	Payments Due by Period				
	Total	less than 1 year	1-3 years	3-5 years	More than 5 years
	(in thousands)				
Short-term borrowings	31,981	31,981	-	-	-
Bond payable	9,035	9,035	-	-	-
Operating leases	41,191	2,594	4,000	3,644	30,953
Failed sale-lease back and finance lease liabilities, including current portion	52,060	8,097	26,749	12,959	4,255
Total	134,267	51,707	30,749	16,603	35,208

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

Other than the contractual obligations and commercial commitments set forth above, we did not have any long-term debt obligations, finance lease obligations, operating lease obligations, purchase obligations or other long-term liabilities as of December 31, 2020.

G. Safe Harbor

We make “forward-looking statements” under the “safe harbor” provision under Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we “believe,” “expect” or “anticipate” will occur, what “will” or “could” happen, and other similar statements), you must remember that our expectations may not be correct, even though we believe that they are reasonable. We do not guarantee that the transactions and events described in this annual report will happen as described or that they will happen at all. You should read this annual report completely and with the understanding that actual future results may be materially different from what we expect. The forward-looking statements made in this annual report relate only to events as of the date on which the statements are made. We undertake no obligation, beyond that required by law, to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made, even though our situation will change in the future.

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

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following table sets forth information regarding our directors and executive officers as of the date of this annual report.

Directors and Executive Officers	Age	Position/Title
Yumin Liu	58	Chief Executive Officer
Martin Bloom	69	Independent Director
Tan Wee Seng	66	Independent Director
Julia Xu	49	Independent Director
Sam (Kaiheng) Feng	43	Director
Ke Chen	47	Chief Financial Officer and Director
Crystal (Xinhan) Li	27	Vice President of Investment and Director
Wade (Wenjun) Li	29	President of China Region and Director
Josef Kastner	57	CEO of Europe Projects
John Ewen	51	CEO of North America

Directors

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

Mr. Tan Wee Seng has been an independent director since April 2009. Mr. Tan is currently the chairman of the audit committee and a member of nominating and corporate governance committee. In addition, Mr. Tan is an independent non-executive director and chairman of audit committee of Xtep International Holdings Limited, an independent non-executive director and chairman of audit committee of Sa Sa International Holdings Limited, an independent non-executive director and the chairman of the remuneration committee and a member of the audit committee of Health and Happiness (H&H) International Holdings Limited, an independent non-executive director and the chairman of the audit committee of CIFI Holdings (Group) Co. Ltd., and an independent non-executive director and the chairman of the audit committee and remuneration committee and a member of the nomination committee of Shineroad International Holdings Limited, all of which are listed on the Main Board of Hong Kong Stock Exchange, as well as a director and the chairman of the finance & operation committee of Beijing City International School, an academic institution in Beijing. Mr. Tan has been an independent non-executive director for Sinopharm Group Company Limited from October 2014 to September 2020. Mr. Tan has also been an independent director for 7 Days Group Holdings Limited listed on the NYSE from November 2009 until it was taken private in July 2013, and he was the chairman of the special committee for privatization from October 2012 to July 2013. Mr. Tan has over 30 years of experience in financial management, corporate finance, merger and acquisition, business management and strategy development. He has also held various management and senior management positions in a number of multinational corporations and China corporations. From 2003 to 2008, he was an executive director, the chief financial officer and the company secretary of Li Ning Company Limited, a company listed on the Main Board of Hong Kong Stock Exchange. From 1999 to 2002, he was the senior vice president of Reuters for China, Mongolia and North Korea regions, and the chief representative of Reuters in China. Prior to that, he served as the managing director of AFE Computer Services Limited, a Reuters subsidiary in Hong Kong mainly engaged in domestic equity and financial information services, a director of Infocast Pty Limited which was a Reuters subsidiary in Australia, and the regional finance manager of Reuters East Asia. Mr. Tan is a professional accountant and a fellow member of the Chartered Institute of Management Accountants in the United Kingdom, and the Hong Kong Institute of Directors.

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

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

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

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

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

Executive Officers

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

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

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

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

Employment Agreements

We have entered into employment agreements with each of our senior executive officers. We may terminate a senior executive officer's employment for cause, at any time, without prior notice or remuneration, for certain acts of the officer, including, but not limited to, a material violation of our regulations, failure to perform agreed duties, embezzlement that causes material damage to us, or conviction of a crime. A senior executive officer may terminate his or her employment at any time by prior written notice. Each senior executive officer is entitled to certain benefits upon termination, including a severance payment equal to a specified number of months of his or her then salary if he or she resigns for certain good reasons specified by the agreement or the relevant rules or if we terminate his or her employment without cause.

B. Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2020, an aggregate of approximately \$1.5 million in cash was paid to our executive officers and directors. In 2020, we set aside or accrued a total amount of \$0.1 million to provide pension, retirement or similar benefits.

Share Incentive Plan

Our board of directors adopted our 2007 share incentive plan in September 2007, which was amended in January 2009, August 2010, August 2012, August 2016, January 2018, April 2018, and December 2020, to attract and retain the best available personnel for positions of substantial responsibility, provide additional incentive to employees, directors and consultants and promote the success of our business. We have reserved 22,500,000 shares for issuance under our 2020 share incentive plan. As of March 31, 2021, we had an outstanding award of 7,304,020 shares, excluding awards forfeited pursuant to the terms of our 2007 share incentive plan and the exercised options, and 9,566,100 shares available for future grants.

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

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

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

- **Options.** Options provide for the right to purchase our shares at a price and period determined by our compensation committee in one or more installments after the grant date.
- **Restricted Shares.** A restricted share award is the grant of our shares determined by our compensation committee. A restricted share is nontransferable, unless otherwise determined by our compensation committee at the time of award and may be repurchased by us upon termination of employment or service during a restricted period. Our compensation committee shall also determine in the award agreement whether the participant will be entitled to vote the restricted shares or receive dividends on such shares.

- **Restricted Share Units.** Restricted share units represent the right to receive our shares at a specified date in the future, subject to forfeiture of such right. If the restricted share unit has not been forfeited, then on the date specified in the award agreement, we shall deliver to the holder unrestricted shares, which will be freely transferable.

Amendment, Modification, and Termination of Plan. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; provided, however, that (a) to the extent necessary and desirable to comply with Applicable Laws, or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, and (b) shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 8), (ii) permits the Committee to grant Options with an exercise price that is below Fair Market Value on the date of grant, (iii) permits the Committee to extend the expiration date of the Plan, (iv) permits the Committee to extend the exercise period for an Option beyond ten years from the date of grant, or (v) results in a material increase in benefits or a change in eligibility requirements.

Share Options

As of March 31, 2021, we had outstanding options to purchase 7,304,020 shares.

The following paragraphs describe the principal terms of our options.

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

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

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

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

On August 8, 2012, our board of directors approved an adjustment to the exercise price of options to purchase an aggregate amount of 5,386,600 shares, previously granted under our 2007 share incentive plan, to a new exercise price of \$7.35 per ADS (or \$1.47 per ADS prior to the ADS Ratio Change). In addition, on December 31, 2013, our board of directors authorized our chief executive officer to determine the option grant date and exercise price under the 2007 share incentive plan. As a result, the exercise price of certain options granted between August 8, 2012 and December 31, 2013 to purchase an aggregate amount of 950,000 shares were adjusted to \$7.35 per ADS. The exercise price of our options in the amount of 2,590,000 shares to be granted on or after January 1, 2014 was set at \$7.35 per ADS. From November 2017, the company decided to set the exercise price of our options same as the market price of the grant date for each grant. The following table summarizes, as of March 31, 2021, the outstanding options, excluding options forfeited pursuant to the terms of our 2007 share incentive plan and the options that were exercised on or prior to March 31, 2021, that we granted to our directors and officers and to other individuals as a group under our 2007 share incentive plan.

<i>Name</i>	Shares Underlying Outstanding Options	Exercise Price (\$/Share)	Grant Date	Expiration Date
Xianshou Li*	833,340	\$ 0.256	April 1, 2018	April 1, 2021
Martin Bloom	53,340	\$ 0.256	April 1, 2018	April 1, 2021
Tan Wee Seng	100,000	\$ 0.256	April 1, 2018	April 1, 2021
Julia Xu	34,000	\$ 0.256	April 1, 2018	April 1, 2021
			December	December
Martin Bloom	200,000	0.300	21,2020	21,2021
			December	December
Tan Wee Seng	200,000	0.300	21,2020	21,2021
			December	December
Julia Xu	300,000	0.300	21,2020	21,2021
John Ewen	200,000	\$ 0.108	July 31, 2019	July 31, 2021
Yumin Liu	5,000,000	0.150	December 5, 2019	December 5, 2021
All directors and executive officers as a group	6,920,680			
			November 30, 2007	November 30, 2019
Other individuals as a group	100,000	\$ 0.735		
			September 17, 2012	September 17, 2019
	25,000	\$ 0.735	June 30, 2014	June 30, 2019
	66,660	\$ 0.266	January 1, 2018	January 1, 2021

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

Restricted Share Units

As of March 31, 2021, we had nil restricted shares units outstanding.

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

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

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

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

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

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

C. Board Practices

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

Committees of the Board of Directors

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

Audit Committee. Our audit committee consists of Mr. Tan Wee Seng, Ms. Julia Xu, and Mr. Martin Bloom. Mr. Tan Wee Seng is currently the chairman of the audit committee. Mr. Tan Wee Seng, Ms. Julia Xu and Mr. Martin Bloom all satisfy the independence requirements of the NYSE Listing Rules and SEC regulations. The audit committee oversees our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee is responsible for, among other things:

- selecting the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response to such audit problems or difficulties;
- reviewing and approving all related party transactions on an ongoing basis;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately and periodically with management and the independent auditors; and
- reporting regularly to the board of directors.

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

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

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee consists of Ms. Julia Xu, Mr. Tan Wee Seng and Mr. Martin Bloom. Ms. Julia Xu is currently the chairman of the nominating and corporate governance committee. Ms. Julia Xu, Mr. Tan Wee Seng and Mr. Martin Bloom all satisfy the independence requirements of the NYSE Listing Rules and SEC regulations. The corporate governance and nominating committee assists the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The corporate governance and nominating committee is responsible for, among other things:

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

Duties of Directors

Under British Virgin Islands law, our directors have a duty of loyalty to act honestly and in good faith with a view to our best interests. Our directors also have a duty to exercise the skill they actually possess with such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

Terms of Directors and Officers

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

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

D. Employees

As of December 31, 2020, we had 147 full-time employees, including 66 in management and supporting, 25 in project development, 18 in technical and operation and 38 in operations and maintenance. 25 employees located in the United States, Canada, and 41 employees located in Europe, like Austria, United Kingdom, France, Spain, Germany, Poland, Hungary, and other countries; 81 employees are located in China

E. Share Ownership

The following table sets forth information with respect to the beneficial ownership of our shares as of March 31, 2021 by:

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

Beneficial ownership is determined in accordance with Rule 13d-3 of the General Rules and Regulations under the Exchange Act, and includes voting or investment power with respect to the securities.

	Shares Beneficially Owned	
	Number	% ⁽¹⁾
Directors and Executive Officers:		
Martin Bloom	*	*
Tan Wee Seng	*	*
Julia Xu	*	*
Ke Chen	-	-
Sam (Kaiheng) Feng	-	-
Wade (Wenjun) Li	-	-
Crystal (Xinhan) Li ⁽⁴⁾	23,266,229	3.3%
Yumin Liu	*	*
Josef Kastner	-	-
John Ewen	-	-
All Directors and Executive Officers as a Group	25,953,569	3.7%
Principal Shareholders:		
Xianshou Li ⁽²⁾	181,183,340	26.0%
ReneSola Singapore Pte Ltd. ⁽³⁾	180,000,000	25.8%
Champion Era Enterprises Limited ⁽⁴⁾	23,266,229	3.3%
Shah Capital Management, Inc. ⁽⁵⁾	115,736,500	16.6%
Shah Capital Opportunity Fund LP ⁽⁵⁾	111,600,000	16.0%
Himanshu H. Shah ⁽⁵⁾	116,140,200	16.7%
Invesco Ltd. ⁽⁶⁾	64,980,560	9.3%
Zhengmin Lian ⁽⁷⁾	204,401,325	29.3%

* Less than 1% of the total number of our shares outstanding as of March 31, 2021.

- (1) Percentage of beneficial ownership of each listed person is based on 697,484,072 shares outstanding (excluding number of shares reserved for future exercise or vest of our awards under our share incentive plan) as of March 31, 2021, as well as the shares that such person has the right to acquire by option or other agreement within 60 days after March 31, 2021.
- (2) Consists of 180,000,000 shares held by ReneSola Singapore Pte Ltd., 833,340 shares issuable upon exercise of options held by Mr. Li, within 60 days after March 31, 2021, and 350,000 shares issuable upon exercise of options held by Ms. Xiahe Lian, the wife of Mr. Li within 60 days after March 31, 2021. Descriptions of Mr. Li's relationship with ReneSola Singapore Pte Ltd. are set forth in the notes (3) below
- (3) ReneSola Singapore Pte Ltd. is an exempt private company limited by shares incorporated with limited liability under the laws of Singapore and is wholly-owned by Mr. Xianshou Li, our previous chairman and previous chief executive officer. The address for ReneSola Singapore Pte Ltd. is located at 1 CleanTech Loop, #02-28 CleanTech One, Singapore (637141).
- (4) Champion Era Enterprises Limited is a British Virgin Islands company with its registered office at P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands, is wholly owned by Chain Path Limited. Chain Path Limited is a company incorporated in the British Virgin Islands, which is wholly owned by LXS Family Trust established for the benefit of Mr. Li Xianshou's family. Ms. Crystal (Xinhan) Li is the sole director of Champion Era Enterprises Limited.
- (5) The information was based on Schedule 13D jointly filed by Shah Capital Management, Inc., Shah Capital Opportunity Fund LP and Himanshu H. Shah on December 28, 2020. Shah Capital Management, Inc. is a North Carolina registered corporation. Shah Capital Opportunity Fund LP is a Delaware Limited Partnership and Himanshu H. Shah is a United States citizen. Himanshu H. Shah is the President and Chief Investment Officer of Shah Capital Management, Inc. and a managing member of Shah Capital Opportunity Fund LP.

- (6) The information was based on Schedule 13D filed by Invesco Ltd. on December 31, 2020. Invesco Capital Management LLC is a subsidiary of Invesco Ltd. and it advises the Invesco WilderHill Clean Energy ETF which owns 8.32% of the security reported herein. However, no one individual has greater than 5% economic ownership. The shareholders of the Fund have the right to receive or the power to direct the receipt of dividends and proceeds from the sale of securities listed above.
- (7) Consists of (i) 180,000,000 shares held by ReneSola Singapore Pte Ltd. (“ReneSola Singapore”), (ii) 23,266,229 shares held by Champion Era Enterprises Limited (“Champion”), (iii) 1,135,096 shares held by Dynasty Time Limited (“Dynasty”).

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

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

Our ADSs are traded on the NYSE and brokers or other nominees may hold ADSs in “street name” for customers who are the beneficial owners of the ADSs. As a result, we may not be aware of each person or group of affiliated persons who beneficially own more than 5.0% of our common stock.

As of March 31, 2021, the number of our shares issued was 697,484,072, among which 6,812,120 shares represented by 681,212 ADSs were held by the depositary for the ADSs for future exercise or vest of our awards under our 2007 share incentive plan and 2,962,430 shares represented by 296,243 ADSs were held by the ADS Depositary, for potential at-the-market offering that we may conduct in the future. As of March 31, 2021, 400,234,010 of our shares were held as ADSs by the depositary for the ADSs. Other than the depositary, Shah Capital Opportunity Fund LP, and Invesco Ltd, we had no record shareholders in the United States as of March 31, 2021.

None of our shareholders had different voting rights from other shareholders as of the date of this annual report. We are currently not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

For certain information as of March 31, 2021 concerning the outstanding awards we have granted to our directors and executive officers individually pursuant to our share incentive plan, see “Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers—Share Incentive Plan.” We are not aware of arrangements for involving the employees in the capital of the Company, including any arrangement that involves the issue or grant of options or shares or securities of the Company other than those described under “Item 6. Directors, Senior Management and Employees—B. Compensation—Compensation of Directors and Executive Officers—Share Incentive Plan.”.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

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

B. Related Party Transactions

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

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

Related party transactions

During the years ended December 31, 2018, 2019 and 2020, related party transactions with ReneSola Singapore Pte. Ltd. and its subsidiaries were as follows:

	Years ended December 31,		
	2018	2019	2020
Purchase of modules from	\$ 12,466,413	\$ 2,534,750	\$ -
Receiving services	-	-	26,070
Rendering of service to	5,168,278	834,875	299,626
Borrowing from ⁽¹⁾	17,273,194	793,269	12,827
Acquire project companies from ⁽²⁾	11,286,840	-	-

- (1) It represented the borrowings under a loan agreement between the Company (“borrower”) and ReneSola Singapore Pte. Ltd. (the “lender”). The lender grants to the borrower a loan in the principal amount of up to US\$200 million with annual interest rate of 1%. There is no fixed repayment schedule of this loan. For such loans during 2020, total principal additions were \$0.01 million.
- (2) In 2018, the Company acquired certain project companies from ReneSola Zhejiang Energy Co. Ltd. and ReneSola Jiangsu Ltd. for total cash consideration of \$11.29 million for power generation purpose, which constituted an asset purchase. Total net assets of the companies acquired were \$11.29 million.

Employment Agreements

See “Item 6. Directors, Senior Management and Employees—A. Directors and Senior Management” for details regarding employment agreements with our senior executive officers.

Share Incentives

See “Item 6. Directors, Senior Management and Employees—B. Compensation of Directors and Executive Officers” for a description of share options, restricted shares and restricted share units we have granted to our directors, officers and other individuals as a group.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

We have appended consolidated financial statements filed as part of this annual report.

Export Sales

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

Legal and Administrative Proceedings

OCI Company Ltd (“OCI”), a limited company incorporated under the laws of the Republic of Korea, commenced an arbitration proceeding against us and ReneSola Zhejiang Ltd on April 9, 2019 before the ICC International Court of Arbitration with Hong Kong as the arbitral seat, which is related to a supply agreement among OCI, ReneSola Zhejiang Ltd. and us (before our restructuring in 2017). On November 17, 2020, the arbitral tribunal rendered an arbitration award against us. We reached a settlement agreement with OCI on February 17, 2021 and agreed to pay US\$ 7.5 million to OCI. We believe that, in accordance with the restructuring arrangements in 2017, the liabilities in relation to the dispute with OCI should be borne by ReneSola Singapore Pte. Ltd. and Mr. Xianshou Li. However, the management believes it is the best interest for us to settle with OCI first and then seek potential reimbursement.

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

Dividend Policy

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

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

Subject to the approval of our shareholders, our board of directors has complete discretion over distribution of dividends. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

B. Significant Changes

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our ADSs have been listed on the NYSE since January 29, 2008 and traded under the symbol "SOL." For the period from January 29, 2008 to February 9, 2017, each of our ADS (prior to the ADS Ratio Change) represented two of our shares. On February 10, 2017, we executed the ADS Ratio Change. Effective from February 10, 2017, the number of our shares represented by each ADS has been changed from two shares to 10 shares. The market price for our ADSs has been highly volatile and subject to wide fluctuations that are not related to the operating performance of particular companies. In addition, the share prices of many renewable energy companies have experienced volatility that often has been unrelated to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, government shutdowns, interest rate changes, or international currency fluctuations, may cause the trading price of the notes and our common shares to be volatile.

From August 2020 through December 2020, we implemented two “at-the-market” (ATM) equity offering programs and sold about \$5 million of our American Depositary Shares (ADS) in August and \$10 million of ADS in December. In addition, we initiated multiple registered direct placements of ADS in 2020, through which we raised \$5 million in September, \$5 million in October and additional \$20 million in December. The following table provides the high and low market prices for our ADSs on the NYSE, after giving effect to the ADS Ratio Change.

	Trading Price	
	High \$	Low \$
Quarterly Highs and Lows		
First quarter of 2016	9.25	5.90
Second quarter of 2016	7.30	5.60
Third quarter of 2016	6.40	4.75
Fourth quarter of 2016	5.55	3.05
First quarter of 2017	3.55	2.20
Second quarter of 2017	2.92	2.31
Third quarter of 2017	2.87	2.12
Fourth quarter of 2017	3.76	2.23
First quarter of 2018	3.25	2.22
Second quarter of 2018	2.99	2.17
Third quarter of 2018	2.58	2.00
Fourth quarter of 2018	2.07	1.15
First quarter of 2019	2.11	1.16
Second quarter of 2019	1.75	1.25
Third quarter of 2019	2.08	0.86
Fourth quarter of 2019	1.77	1.24
First quarter of 2020	1.79	0.85
Second quarter of 2020	1.30	0.91
Third quarter of 2020	2.97	1.11
Fourth quarter of 2020	13.18	2.01
First quarter of 2021	35.68	8.6
Annual and Monthly Highs and Lows		
2013	30.00	6.25
2014	22.25	6.05
2015	9.85	4.56
2016	9.25	3.05
2017	3.76	2.12
2018	3.25	1.15
2019	2.11	0.86
2020	13.18	0.85
2021		
January	35.68	10.80
February	26.36	12.55
March	17.24	8.6

B. Plan of Distribution

Not applicable.

C. Markets

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

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Our amended and restated memorandum and articles of association is filed as Exhibit 3.1 to Form F-3 registration statement filed with the SEC on January 15, 2021 (File Number 333-252137).

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

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

Registered Office and Objects

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

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

Board of Directors

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

Shares

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

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

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

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

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

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

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

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

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

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

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

(a) any written instrument of transfer, duly stamped (if so required), is lodged with us at the registered office or such other place as the board of directors may appoint accompanied by the certificate for the shares to which it relates (except in the case of a transfer by a recognized person or a holder of such shares in respect of whom we are not required by law to deliver a certificate and to whom a certificate has not been issued in respect of such shares);

(b) there is provided such evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person;

(c) on his behalf, the authority of that person to do so; any instrument of transfer is in respect of only one class or series of share; and

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four.

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

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

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

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

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

Preferred Shares

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

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

C. Material Contracts

Our significant subsidiary, ReneSola New Energy S.à r.l. (the “Bonds Issuer”), entered into a bond subscription agreement (the “Bond Subscription Agreement”) with Eiffel Energy Transition Fund S.L.P. (the “Bonds Subscriber”) on July 21, 2020, which is filed as Exhibit 4.12 hereto. According to the Bond Subscription Agreement, ReneSola New Energy S.à r.l. intends to issue, from time to time, bonds, in registered form, denominated in euro and having a nominal value of one euro (EUR 1) each, up to an aggregate amount of ten million six hundred and forty thousand euros (EUR 10,640,000) divided in several tranches (the Bonds) for the purpose of providing bridge financing to the Issuer in connection with the funding of the construction costs, excluding VAT and internal development costs of nineteen (19) solar PV projects in Poland (the Projects) by seven (7) subsidiaries of the Issuer (the SPVs). As of the date of the Bond Subscription Agreement, Bonds Issuer agreed to issue and Bonds Subscriber agreed to subscribe from the Bonds Issuer for the purpose of establishing security pursuant to the Security Documents (as defined below), and the Parties to this Agreement appointed the Subscriber as a Pledge Administrator in accordance with article 4 point 4 of the Polish Act dated 6 December 1996 on the registered pledge and the register of pledges.

On December 22, 2020, ReneSola New Energy S.à r.l. (the “Seller”) entered into a sale purchase agreement (the “Sale Purchase Agreement”) in relation to 100% of the shares of Lucas EST S.R.L and Ecosfer Energy S.R.L (the “Targets”) with Solis Bond Company Designated Activity Company (the “Buyer”), which is filed as Exhibit 4.10 hereto. In accordance with the Sale Purchase Agreement, the Seller agreed to sell all the shares held by them in the Targets and the Buyer agreed to acquire all of those shares. Alternus Energy Group Plc acted as the guarantor for the transaction. On March 16, 2021, the relevant parties signed an amendment agreement, which is filed as Exhibit 4.11 hereto.

On February 17, 2021, we entered into a settlement agreement (the “Settlement Agreement”) with OCI in the wake of the ICC arbitration to address the rights and obligations between us, which is filed as Exhibit 4.13 hereto. For more background information about the dispute and arbitration proceeding, see “Item 8. Financial Information - A. Consolidated Statements and Other Financial Information - Legal and Administrative Proceedings.” According to the Settlement Agreement, we will pay an overall amount of US\$7,500,00 (the “Settlement Sum”) to OCI in three instalments. In return for the on-schedule and full payment of the Settlement Sum, OCI has irrevocably and unconditionally released and discharged us from any and all claims and pledged not to commence legal proceedings against us in the future for the same claims.

D. Exchange Controls

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

The following summary of the material British Virgin Islands and U.S. federal income tax consequences of an investment in our ADSs or shares is based upon laws and relevant interpretations thereof in effect as of the date of this annual report, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in our ADSs or shares, such as the tax consequences under state, local and other tax laws not addressed herein. To the extent that the discussion relates to matters of British Virgin Islands tax law, it represents the opinion of Harney Westwood & Riegels LLP, our British Virgin Islands counsel.

British Virgin Islands Taxation

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

Stamp Duty

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

Compliance with Automatic Exchange of Information Legislation

US Foreign Account Tax Compliance Act (FATCA)

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

UK Requirements regarding Tax Reporting

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

OECD Common Reporting Standard Requirements regarding Tax Reporting

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

U. S. Federal Income Taxation

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

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

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

- persons that held, directly, indirectly or by attribution, ADSs or shares or other ownership interests in us prior to our initial public offering.

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

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

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

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

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

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

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

ADSs

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

Taxation of dividends and other distributions on the ADSs or shares

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

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

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

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

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

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

Taxation of dispositions of ADSs or shares

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

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

Passive foreign investment company

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

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

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

Based on the market price of our ADSs, the value of our assets and the composition of our income and assets, we do not believe that we were a PFIC for our taxable year ended December 31, 2019, but there can be no assurances in this regard. The determination of PFIC status is based on an annual determination that cannot be made until after the close of each taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Accordingly, we cannot guarantee that the IRS will agree with any positions that we take or that we will not be treated as a PFIC for our taxable year ended December 31, 2020, the current taxable year or any future taxable year.

Changes in the composition of our income or composition of our assets may cause us to be or become a PFIC. The determination of whether we will be a PFIC for any taxable year may depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may depend upon the market price of our ADSs or shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in any offering. In estimating the value of our goodwill and other unbooked intangibles, we have taken into account our market capitalization. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our being or becoming a PFIC for our taxable year ended December 31, 2020, the current taxable year or one or more future taxable years.

If we are a PFIC for any taxable year during which you hold our ADSs or shares, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold ADSs or shares, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ADSs or shares, as applicable. If such election is made, you will be deemed to have sold the ADSs or shares you hold at their fair market value on the last day of the last taxable year for which we were a PFIC, and any gain from such deemed sale would be subject to the rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, the ADSs or shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from an actual sale or other disposition of the ADSs or shares. You are strongly urged to consult your tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to you.

If we are a PFIC for any taxable year during which you hold our ADSs or shares, you generally will be subject to special and adverse tax rules with respect to any “excess distribution” you receive from us and any gain you recognize from a sale or other disposition (including a pledge) of the ADSs or shares, unless you make a “mark-to-market” election as discussed below. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during the shorter of the three preceding taxable years or your holding period for the ADSs or shares will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, will be treated as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.

If we are a PFIC for any taxable year during which you hold our ADSs or shares and any of our non-U.S. subsidiaries that are corporations (or other corporations in which we own equity interests) is also a PFIC (each such entity, a “lower-tier PFIC”), you would be deemed to own shares in each such lower-tier PFIC that is directly or indirectly owned by us in that proportion that the value of the ADSs or shares you own bears to the value of all our ADSs and shares, and you would be subject to the rules in the preceding paragraphs with respect to the shares of each such lower-tier PFIC that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any taxable year during which you hold ADSs or shares, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on our ADSs or shares as ordinary income under a mark-to-market method, provided that such ADSs or shares constitute “marketable stock” (as defined below). If you make a mark-to-market election for our ADSs or shares, you will include in gross income for each year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or shares you hold as of the close of your taxable year over your adjusted basis in such ADSs or shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs or shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as any gain from the actual sale or other disposition of the ADSs or shares, will be treated as ordinary income. If you make a valid mark-to-market election, any distribution that we make generally would be subject to the tax rules discussed above under “—Taxation of dividends and other distributions on the ADSs or shares,” except that the lower capital gains rate applicable to qualified dividend income generally would not apply.

The mark-to-market election is available only for “marketable stock,” which is stock that is regularly traded in greater than *de minimis* quantities on at least 15 days during each calendar quarter (“regularly traded”) on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Our ADSs, but not our shares, are listed on the NYSE, which is a qualified exchange or other market for these purposes. Consequently, as long as our ADSs continue to be listed on the NYSE and are regularly traded, and you are a holder of the ADSs, we expect that the mark-to-market election would be available to you if we become a PFIC, but no assurances are given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if we were a PFIC for any taxable year, a U.S. Holder that makes the mark-to-market election may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

In certain circumstances, a shareholder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a "qualified electing fund" election to include in income its share of the corporation's income on a current basis. However, you may make a qualified electing fund election with respect to your ADSs or shares only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable U.S. Treasury regulations. We currently do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

A U.S. Holder that holds the ADSs or shares in any year in which we are a PFIC will be required to file an annual report containing such information as the U.S. Treasury Department may require.

You should consult your tax advisors regarding the application of the PFIC rules to your investment in our ADSs or shares and the availability, application and consequences of the elections discussed above.

Information reporting and backup withholding

Information reporting to the IRS and backup withholding generally will apply to dividends in respect of our ADSs or shares, and the proceeds from the sale or exchange of our ADSs or shares, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9 or you otherwise establish an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Amounts withheld as backup withholding generally are allowed as a credit against your U.S. federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner.

U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Information with respect to foreign financial assets

U.S. Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in the ADSs or shares as is necessary to identify the class or issue of which the ADSs or shares are a part. These requirements are subject to exceptions, including an exception for ADSs or shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all "specified foreign financial assets" (as defined in the Code) does not exceed US\$50,000.

U.S. Holders should consult their tax advisors regarding the application of these information reporting rules.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We previously filed with the SEC registration statements on Form F-1 (File Numbers 333-148550 and 333-151315) and prospectus under the Securities Act with respect to the shares represented by the ADSs. We also filed with the SEC related registration statements on Form F-6 (File Numbers 333-148559 and 333-162257) with respect to the ADSs. We also filed with the SEC registration statements on Form S-8 (File Numbers 333-153647 and 333-175479) with respect to our securities to be issued under our 2007 share incentive plan.

We are subject to the periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F: within four months after the end of each fiscal year for fiscal years ending on or after December 15, 2011. Copies of reports and other information, when so filed with the SEC, can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the Commission at 1-800-SEC-0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act.

We will furnish The Bank of New York Mellon, the depository of our ADSs, with our annual reports, which will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depository will make such notices, reports and communications available to holders of ADSs and, upon our request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depository from us.

I. Subsidiary Information

For a list of our subsidiaries as of the date of this annual report, see Exhibit 8.1 appended hereto.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Inflation

Since our inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, inflation as measured by the consumer price index in China was 2.1%, 2.9% and 2.5% in 2018, 2019 and 2020, respectively.

Foreign Exchange Risk

Our sales in China are denominated in Renminbi, and our international sales are generally denominated in U.S. dollars, Euros, British pounds and other local currencies. Our costs and capital expenditures are largely denominated in Renminbi and foreign currencies, including U.S. dollars and Euros. Fluctuations in currency exchange rates could have a significant impact on our financial condition and results of operations, affect our gross and operating profit margins, and result in foreign exchange and operating gains or losses. For example, as of December 31, 2019 and 2020, we held \$13.8 million and \$20.6 million, respectively, in accounts receivable, including notes receivable, some of which were denominated in U.S. dollars. Had we converted all of our accounts receivable, including notes receivable, as of either date into Renminbi at an exchange rate of RMB6.5250 for \$1.00, the exchange rate as of December 31, 2020, our accounts receivable would have been RMB90.0 million and RMB134.4 million as of December 31, 2019 and 2020, respectively.

Assuming that Renminbi depreciates by a rate of 10% to an exchange rate of RMB7.2500 we would record a gain in the fair value of our accounts receivable in Renminbi terms. A 10% depreciation of Renminbi would result in our holding Renminbi equivalents of RMB100.1 million and RMB149.4 million in accounts receivable as of December 31, 2019 and 2020, respectively. These amounts would therefore reflect a theoretical gain of RMB10.1 million and RMB15.0 million for our accounts receivable as of December 31, 2019 and 2020, respectively.

Assuming that Renminbi appreciates by a rate of 10% to an exchange rate of RMB5.9318, we would record a loss in the fair value of our accounts receivable in Renminbi terms. A 10% appreciation of Renminbi would result in our holding Renminbi equivalents of RMB81.9 million and RMB122.2 million in accounts receivable as of December 31, 2019 and 2020, respectively. These amounts would therefore reflect a theoretical loss of RMB8.1 million and RMB12.2 million for our accounts receivable as of December 31, 2019 and 2020, respectively.

This calculation model is based on multiplying our accounts receivable, which are held in U.S. dollars, by a smaller Renminbi equivalent amount resulting from an appreciation of Renminbi. This calculation model does not take into account optionality nor does it take into account the use of financial instruments.

We incurred foreign currency exchange losses of \$2.5 million and \$1.3 million in 2018 and 2019 and exchange gains of approximately \$0.8 million in 2020. We have not used any derivative financial instruments to manage our foreign currency exchange risk exposure. Historically, we have not been exposed to material risks due to changes in foreign currency exchange risk; however, our future foreign currency exchange gains may decrease or foreign currency exchange losses may increase due to changes in foreign currency exchange rates. We are currently not engaged in any foreign currency exchange hedging activities.

Interest Rate Risk

Our exposure to interest rate risk relates to interest expenses incurred by our short-term, long-term borrowings, failed sale-lease back and finance lease liabilities, and interest income generated by excess cash invested in demand deposits with original maturities of three months or less. We have not used any derivative financial instruments to manage our interest rate risk exposure due to lack of such financial instruments in China. Historically, we have not been exposed to material risks due to changes in interest rates; however, our future interest income may decrease or interest expenses on our borrowings may increase due to changes in market interest rates. We are currently not engaged in any interest rate hedging activities.

An increase of 100 basis point in interest rates at the reporting dates indicated below would have increased our loss for the year and decreased our equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	As of December 31,		
	2018	2019	2020
	(in thousands)		
100 basis point increase in loss and decrease in equity	\$ 1,480	\$ 2,004	\$ 1,070

A 100 basis point decrease would have had the equal but opposite effect to the amounts shown above, assuming all other variables remain constant.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities

Not applicable.

B. Warrants and Rights

Not applicable.

C. Other Securities

Not applicable.

D. American Depositary Shares

Fees and Charges Our ADS Holders May Have to Pay

Our American depositary shares, each of which represents 10 shares, are listed on the NYSE. The Bank of New York Mellon is the depository of our ADS program. The depository collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depository collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depository may collect its annual fee for depository services by deductions from cash distributions, or by directly billing investors, or by charging the book-entry system accounts of participants acting for them. The depository may refuse to provide fee-attracting services until its fees for those services are paid. The depository may use affiliated brokers or other agents in performing services, and such agents may earn or share fees, spreads or commissions relating hereto.

On November 21, 2019, the Company and Bank of New York Mellon reached an agreement to waive the annual depositary service fee for the holders of the Company's ADSs. As a result, the owners and holders of the Company's American Depositary Receipts are no longer obligated to pay the Annual depositary servicing fees. And starting from 2020, ReneSola Power makes an annual payment to BNYM for depositary services on behalf of its shareholders.

**Persons depositing or withdrawing shares
or holders of ADSs must pay:**

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

For:

- Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property

- Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

\$.02 (or less) per ADS

- Any cash distribution to ADS holders

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

- Distribution of securities distributed to holders of deposited securities that are distributed by the depositary to ADS holders

Registration or transfer fees

- Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares

Expenses of the depositary

- Cable, telex and facsimile transmissions as provided in the deposit agreement

- Converting foreign currency to U.S. dollars

Taxes and other governmental charges payable by the depositary or the custodian on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes

- As necessary

Any charges incurred by the depositary or its agents for servicing the deposited securities

- As necessary

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

A.—D. Material Modifications to the Rights of Security Holders

See “Item 10. Additional Information” for a description of the rights of shareholders, which remain unchanged except for the changes disclosed below.

In August 2011, our board of directors adopted a shareholder rights plan to protect the best interests of ReneSola and our shareholders and authorized the dividend distribution. One share purchase right was distributed on August 26, 2011, with respect to each share of ReneSola outstanding at the close of business on such date. Initially, the share purchase rights were evidenced by the certificates representing outstanding shares, and no separate share purchase right certificates were distributed. Subject to certain limited exceptions, the share purchase rights will be exercisable at \$20.0 per share purchase right if a person or group acquires 15% or more of ReneSola’s voting securities or announces a tender offer for 15% or more of the voting securities, subject to adjustment. Our board of directors will be entitled to redeem the share purchase rights at \$0.0001 per share purchase right at any time before a person or group has acquired 15% or more of ReneSola’s voting securities. The share purchase rights are designed to ensure that our shareholders receive fair treatment in the event of any proposed takeover of our company and to encourage anyone seeking to acquire our company to negotiate with our board of directors prior to attempting a takeover. The share purchase rights were not distributed in response to any specific effort to acquire control of our company.

E. Use of Proceeds

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES**Disclosure Controls and Procedures**

Our management, with the participation of our chief executive officer and our chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this annual report, as required by Rule 13a-15(b) under the Exchange Act.

Based upon that evaluation, our management has concluded that, as of December 31, 2020, our disclosure controls and procedures were effective.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act, for our Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with generally accepted accounting principles and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of a company’s assets, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that a company’s receipts and expenditures are being made only in accordance with authorizations of a company’s management and directors, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of a company’s assets that could have a material effect on the consolidated financial statements.

Our management conducted an evaluation of the effectiveness of our company’s internal control over financial reporting as of December 31, 2020 based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2020.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the SEC, our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019 using criteria established in “Internal Control-Integrated Framework (2013)” issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Internal Control over Financial Reporting

As of December 31, 2020, based on an assessment performed by our management on the performance of certain remediation measures (specified below), we concluded that the material weakness in our internal control over financial reporting previously identified by us and our independent registered public accounting firm in connection with the audit of the effectiveness of internal control over financial reporting as of December 31, 2019 has been remediated.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness in our internal control over financial reporting identified as of December 31, 2019 was that we lacked sufficient accounting and financial reporting personnel with appropriate knowledge of U.S GAAP and SEC reporting requirements to formalize and carry out key controls over the financial reporting to properly address complex accounting issues and to prepare and review consolidated financial statements and related disclosures in accordance with U.S. GAAP and SEC financial reporting requirements.

We have implemented a number of remedial measures to address the material weakness, including (1) establishing clear roles and responsibilities for accounting and financial reporting staff to address accounting and financial reporting issues; (2) strengthening our financial reporting team by hiring additional personnel with experience in U.S. GAAP and SEC reporting from reputable accounting firms; (3) further increasing the accounting and SEC reporting acumen and accountability of our finance organization employees through training programs designed to enhance these employees’ competency with respect to U.S. GAAP and SEC reporting; (4) enhancing our monitoring controls over financial reporting, including additional review by our chief financial officer, and other senior finance staff over the application of U.S. GAAP accounting requirements, the selection and evaluation of U.S. GAAP accounting policies, critical accounting judgments and estimates, reporting and disclosures; (5) establishing related policies and procedures to support the operation of internal controls at the entity level and process level; and (6) strengthening our internal audit function by implemented the OA system for better control on our payment protocol and other office automation requirements.

Other than as described above, there were no changes in our internal controls over financial reporting that occurred during the period covered by this annual report on Form 20-F that have materially affected, or are reasonably likely to materially affect, our internal control over financial report.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Tan Wee Seng, an independent director, is our audit committee financial expert. Mr. Tan satisfies the independent requirements of Section 303A of the Corporate Governance Rules of the NYSE and Rule 10A-3 under the Exchange Act.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted a code of business conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer, controller, chief operating officer, chief technology officer, vice presidents and any other persons who perform similar functions for us. We have posted a copy of our code of business conduct and ethics on our website at www.renosolapower.com. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person’s written request.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Grant Thornton. Audit fee for Grant Thornton is \$427,266 in 2020. We did not pay any other fees to our independent registered public accounting firm during the periods indicated below.

	For the Year Ended December 31,	
	2019	2020
	(in thousands)	
Audit fees ⁽¹⁾	\$ 570	\$ 427
Audit-related fees	36	—

(1) “Audit fees” means the aggregate fees billed for professional services rendered by our independent registered public accounting firms for the audit of our annual financial statements.

The policy of our audit committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm, including audit services, audit-related services, tax services and other services as described above, other than those for *de minimus* services that are approved by the Audit Committee prior to the completion of the audit.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Pursuant to certain exceptions for foreign private issuers, we are not required to comply with certain of the corporate governance practices followed by U.S. companies under the NYSE listing standards. However, pursuant to Section 303A.11 of the NYSE Listed Company Manual and the requirements of Form 20-F, we are required to state any significant ways in which our corporate governance practices differ from the practices required by the NYSE for U.S. companies.

Section 303A.08 of the NYSE Listed Company Manual requires a NYSE listed company to obtain its shareholders' approval of all equity-compensation plans, and any material revisions to the terms of such plans. Section 303A.00 permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. Our British Virgin Islands counsel, Harney Westwood & Riegels LLP, has advised that under the existing British Virgin Islands laws, we are not required to obtain shareholders' approval for amendments to our existing equity incentive plan. However, it should be noted that under the terms of the equity incentive plan, shareholder approval is required for certain changes to the terms of the plan. In July 2016, our board of directors approved the amendment and restatement of our 2007 share incentive plan, which was approved by our shareholders in our 2016 annual general meeting on August 29, 2016. We will continue to follow the British Virgin Islands practice.

Section 303A.04 and Section 303A.05 of the NYSE Listed Company Manual require a nominating and corporate governance committee and a compensation committee composed entirely of independent directors. The majority of the members our compensation committee and nominating and corporate governance committee are independent directors. Section 303A.00 permits a foreign private issuer like our company to follow home country practice in certain corporate governance matters. Our British Virgin Islands counsel, Harney Westwood & Riegels LLP, has advised that under the existing British Virgin Islands laws, we are not required to have a nominating and corporate governance committee and a compensation committee composed entirely of independent directors.

Other than the home country practice described above, we are not aware of any significant ways in which our corporate governance practices differ from those followed by U.S. domestic companies under the NYSE listing rules.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III**ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of ReneSola are included at the end of this annual report.

Exhibit Number	Description of Document
<u>1.1</u>	<u>Memorandum and Articles of Association, as amended (incorporated by reference to Exhibit 3.1 of Form F-3 registration statement filed with the Securities and Exchange Commission on January 15, 2021)²</u>
<u>2.1</u>	<u>Registrant's Specimen American Depositary Receipt (incorporated by reference to Exhibit 1 from our post-effective amendment No. 1 to Form F-6 registration statement (File No. 333-162257), as amended, initially filed with the Securities and Exchange Commission on August 24, 2011)</u>
<u>2.2</u>	<u>Registrant's Specimen Certificate for Shares (incorporated by reference to Exhibit 4.2 from our Form F-1 registration statement (File No. 333-151315) filed with the Securities and Exchange Commission on May 30, 2008)</u>
<u>2.3</u>	<u>Form of Deposit Agreement among the Registrant, the depository and holder of the American Depositary Receipts (incorporated by reference to Exhibit 1 from our post-effective amendment No. 1 to the Form F-6 registration statement (File No. 333-162257) filed with the Securities and Exchange Commission on August 24, 2011)</u>
<u>2.4</u>	<u>Rights Agreement dated August 22, 2011 between the Registrant and The Bank of New York Mellon, as Rights Agent (incorporated by reference to Exhibit 4.1 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on August 22, 2011)</u>
<u>2.5</u>	<u>Standstill Agreement dated August 22, 2011 between the Registrant and Xianshou Li (incorporated by reference to Exhibit 4.2 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on August 22, 2011)</u>
<u>4.1</u>	<u>2007 Share Incentive Plan, amended and restated as of August 29, 2016 (incorporated by reference to Exhibit 10.1 of the post-effective amendment to our registration statement on Form S-8 (File No. 333-153647) filed with the Securities and Exchange Commission on August 29, 2016)</u>
<u>4.2</u>	<u>Form of Indemnification Agreement with the Registrant's Directors (incorporated by reference to Exhibit 10.2 from our Form F-1 registration statement (File No. 333-151315) filed with the Securities and Exchange Commission on May 30, 2008)</u>
<u>4.3</u>	<u>English Translation of the Form of Employment Relationship Adjustment Agreement among ReneSola Shanghai Ltd., ReneSola Consulting (Shanghai) Co., Ltd. and our executive officers (incorporated by reference to Exhibit 4.3 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u>
<u>4.4</u>	<u>English translation of Service Agreement among ReneSola Shanghai Ltd. and its executive officers (incorporated by reference to Exhibit 4.4 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u>
<u>4.5</u>	<u>Form of Service Agreement between ReneSola Power Holdings, L.L.C and its executive officers (incorporated by reference to Exhibit 4.5 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u>
<u>4.6</u>	<u>Form of Service Agreement between ReneSola Engineering International GmbH and its executive officers (incorporated by reference to Exhibit 4.6 of our Annual Report on Form 20-F filed with the Securities and Exchange Commission on April 30, 2018)</u>
<u>4.7</u>	<u>Share Purchase and Subscription Agreement, dated September 25, 2017, by and among the Registrant, Mr. Xianshou Li, ReneSola Singapore Pte. Ltd. and other parties named therein (incorporated by reference to Exhibit 99.2 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on September 25, 2017)</u>
<u>4.8</u>	<u>Share Purchase Agreement by and between ReneSola Ltd and Shah Capital Opportunity Fund LP dated as of September 29, 2019 (incorporated by reference to Exhibit 99.2 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on October 3, 2019)</u>
<u>4.9</u>	<u>Investor Rights Agreement by and among ReneSola Ltd, Mr. Xianshou Li, ReneSola Singapore Pte. Ltd., Champion Era Enterprises Limited and Shah Capital Opportunity Fund LP dated as of October 2, 2019 (incorporated by reference to Exhibit 99.3 of the Report of Foreign Private Issuer on Form 6-K (File No. 001-33911) filed with the Securities and Exchange Commission on October 3, 2019)</u>
<u>4.10*</u>	<u>The Sale Purchase Agreement in relation to 100% of the Shares of Lucas EST S.R.L and Ecosfer Energy S.R.L dated December 22, 2020 among ReneSola New Energy S.à r.l., Solis Bond Company Designated Activity Company and Alternus Energy Group Plc^{###}</u>
<u>4.11*</u>	<u>Amendment Agreement dated March 16, 2021 to the Sale Purchase Agreement in relation to 100% of the Shares of Lucas EST S.R.L and Ecosfer Energy S.R.L dated December 22, 2020 among ReneSola New Energy S.à r.l., Solis Bond Company Designated Activity Company and Alternus Energy Group Plc^{###}</u>
<u>4.12*</u>	<u>The Bond Subscription Agreement dated July 21, 2020 between ReneSola New Energy S.à r.l. and Eiffel Energy Transition Fund S.L.P.[#]</u>
<u>4.13*</u>	<u>Settlement Agreement dated February 17, 2021 between the Registrant and OCI Company Ltd ^{###}</u>

- [11.1](#) [Code of Business Conduct and Ethics of the Registrant \(incorporated by reference to Exhibit 99.1 from our Form F-1 registration statement \(File No. 333-151315\) filed with the Securities and Exchange Commission on May 30, 2008\)](#)
- [12.1*](#) [CEO Certification, pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- [12.2*](#) [CFO Certification, pursuant to Rule 13a-14\(a\) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)
- [13.1**](#) [CEO Certification, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- [13.2**](#) [CFO Certification, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- [15.1*](#) [Consent of Harney Westwood & Riegels LLP](#)
- [15.2*](#) [Consent of Grant Thornton](#)
- 101* Financial information from the Registrant for the year ended December 31, 2020 formatted in eXtensible Business Reporting Language (XBRL):
(i) Consolidated Balance Sheets as of December 31, 2019 and 2020; (ii) Consolidated Statements of Operations for the Years Ended December 31, 2018, 2019 and 2020; (iii) Consolidated Statements of Comprehensive Income/(Loss) for the Years Ended December 31, 2018, 2019 and 2020; (iv) Consolidated Statements of Changes in Equity for the Years Ended 31, 2018, 2019 and 2020; (v) Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2019 and 2020; and (vi) Notes to the Consolidated Financial Statements
- * Filed with this annual report on Form 20-F.
- ** Furnished with this annual report on Form 20-F.
- # Schedules and similar attachments to this Exhibit have been omitted pursuant to the fifth paragraph of Instructions as to Exhibits of Form 20-F. The Company agrees to furnish supplementally a copy of such omitted materials to the SEC upon request.
- ## Certain portions of this exhibit have been redacted pursuant to 4(a) of Instructions as to Exhibits of Form 20-F. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the SEC upon its request.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

RENESOLA LTD

By: /s/ Yumin Liu

Name Yumin Liu

Title: Chief Executive Officer

Date: April 28, 2021

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Reports of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets as of December 31, 2019 and 2020	F-4
Consolidated Statements of Operations for the Years Ended December 31, 2018, 2019 and 2020	F-6
Consolidated Statements of Comprehensive Income/(Loss) for the Years Ended December 31, 2018, 2019 and 2020	F-7
Consolidated Statements of Changes in Shareholders' Equity for the Years Ended December 31, 2018, 2019 and 2020	F-8
Consolidated Statements of Cash Flows for the Years Ended December 31, 2018, 2019 and 2020	F-9
Notes to the Consolidated Financial Statements	F-11

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
ReneSola Ltd

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of ReneSola Ltd and its subsidiaries (the “Company”) as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue recognition on sale of solar power project development

As described in Note 2 to the consolidated financial statements, the Company recognized revenue from solar power projects which are (i) constructed by a third-EPC contractor over time with the progress toward completion method (ii) constructed by the Company’s own EPC team and recognized revenue at a point in time, and operations and maintenance services contract which are recognized ratably over the service period and (iii) sale of project asset rights which are recognized at a point in time once the control of the project rights is transferred to the customer, along with recognizes revenue for sourcing of end subscribers over time for ongoing obligation during a certain period to source end subscribers. For the year ended December 31, 2020, the Company recognized \$49,160,215, or 67% of total revenue on this basis. We identified revenue recognition on sale of solar power project development as a critical audit matter.

The principal consideration for our determination that revenue recognition on sale of solar power project development is a critical audit matter is there was significant judgement made by management in estimating the total job cost of a project. These management judgements in turn led to a high degree of auditor judgement, subjectivity, and effort in planning and performing procedures and evaluating audit evidence relating to management’s estimate of total project costs.

Our audit procedures in relation to the revenue recognition on sale of solar power project development included the followings, among others:

- obtaining an understanding and evaluating the design of controls over management’s process of developing the total estimated job costs of a project;
- performing a retrospective review of management’s prior estimates to assess the historical accuracy of management’s estimated costs at the completion of a contract;
- inquiring with project personnel regarding construction progress and status;
- testing actual costs incurred through inspection of underlying source documents; and
- reviewing sales contract and determining whether the revenue is calculated based on the agreed value and assigned accurately for each of the performance obligations identified.

Allowance for credit losses

As described in Note 2 to the consolidated financial statements, the Company provided specific allowances against accounts receivable for estimated losses resulting from the Company’s customers not making payments. Management applied significant judgement in considering various factors, including historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered to customers in the normal course of business, and industry-specific factors that could affect the Company’s receivables. We identified the allowance for credit losses as a critical audit matter.

The principal considerations for our determination that the allowance for doubtful accounts is a critical audit matter is there was significant judgment made by management in estimating the allowance for doubtful accounts which took into consideration various factors, including historical bad debts, specific customer creditworthiness and current economic trends. These significant management estimates in turn led to a high degree of auditor judgment, subjectivity, and effort in performing related procedures and evaluating related audit evidence.

Our audit procedures in relation to the allowance for credit losses included the followings, among others:

- obtaining an understanding and evaluating the design of controls over management’s process of developing the allowance for credit loss;
- obtaining an understanding of management’s process and methodology used to develop the estimate of credit loss;
- testing the completeness, accuracy, and relevance of the data used, and performing a retrospective review of management’s prior estimates to assess historical accuracy; and
- evaluating the reasonableness of significant assumptions used by management, including historical bad debts, specific customer creditworthiness and current economic trends. Evaluating management’s assumptions involved evaluating whether the assumptions were reasonable considering the number of days a receivable is overdue, historical and subsequent collection of receivables, specific customer creditworthiness and current economic trends.

/s/ GRANT THORNTON

We have served as the Company’s auditor since 2018.

Shanghai, the People’s Republic of China
April 28, 2021

RENESOLA LTD
CONSOLIDATED BALANCE SHEETS
(Amounts expressed in U.S. dollars, except number of shares)

	Note	As of December 31,	
		2019	2020
ASSETS			
Current assets:			
Cash and cash equivalents	2(e)	\$ 24,292,113	\$ 40,593,094
Restricted cash	2(f)	405,040	83,217
Accounts receivable, net of allowances for doubtful accounts	4	13,835,019	20,187,786
Advances to suppliers	2(i)	248,130	143,482
Value added tax receivable	2(r)	7,508,251	3,651,593
Project assets, current	2(g), 6	32,125,312	24,992,068
Prepaid expenses and other current assets, net	5	6,070,654	44,826,334
Assets held for sale	2(l), 7	18,578,626	2,271,015
Total current assets		103,063,145	136,748,589
Property, plant and equipment, net	2(j), 8	143,301,385	119,943,471
Deferred tax assets, net	2(q), 10	837,864	1,184,321
Project assets non-current	2(g), 6	6,522,539	3,278,924
Goodwill	2(k), 3	-	1,022,567
Operating lease right-of-use assets	2(o)	23,990,913	23,246,413
Finance lease right-of-use assets	2(o)	24,991,789	25,555,792
Other non-current assets	4	17,236,558	25,961,872
Total assets		\$ 319,944,193	\$ 336,941,949

The accompanying notes are an integral part of these consolidated financial statements.

RENESOLA LTD
CONSOLIDATED BALANCE SHEETS-(Continued)
(Amounts expressed in U.S. dollars, except number of shares)

	Note	As of December 31,	
		2019	2020
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable		\$ 20,431,093	\$ 6,313,330
Advances from customers		86,316	900,604
Amounts due to related parties	19	2,747,632	7,656,569
Short-term borrowings	11	35,756,951	31,980,868
Bond payable	11	2,503,621	9,034,691
Income tax payable		1,077,923	948,953
Salaries payable		438,288	266,373
Operating lease liabilities, current	20	452,740	1,092,797
Failed sale-lease back and finance lease liabilities, current	11	9,579,203	8,097,055
Other current liabilities	12	27,163,335	19,828,633
Liabilities held for sale	2(l), 7	9,168,366	2,188,765
Total current liabilities		109,405,468	88,308,638
Long-term borrowings	11	3,367,061	-
Operating lease liabilities, non-current	20	22,887,949	21,410,701
Failed sale-lease back and finance lease liabilities, non-current	11	46,736,540	43,962,529
Total liabilities		\$ 182,397,018	\$ 153,681,868
Commitments and contingencies (see Note 20)			
Shareholders' equity			
Common shares (600,000,000 shares and 800,000,000 shares; no par value, shares authorized at December 31, 2019 and 2020; 481,027,002 shares issued and 480,818,902 shares outstanding at December 31, 2019; 582,258,622 shares issued and 572,484,072 shares outstanding at December 31, 2020)	13	530,208,240	574,499,870
Additional paid-in capital		9,712,935	7,769,742
Accumulated deficit		(442,345,657)	(439,567,002)
Accumulated other comprehensive loss	2(x)	(2,858,746)	(3,565,101)
ReneSola Ltd shareholders' equity		94,716,772	139,137,509
Noncontrolling interest	2(b), 18	42,830,403	44,122,572
Total shareholders' equity		137,547,175	183,260,081
Total liabilities and shareholders' equity		\$ 319,944,193	\$ 336,941,949

The accompanying notes are an integral part of these consolidated financial statements.

RENESOLA LTD
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts expressed in U.S. dollars, except number of shares)

	Note	Years ended December 31,		
		2018	2019	2020
Net revenues:				
Solar power project development	2(r), 21	\$ 48,784,766	\$ 90,096,551	\$ 49,160,215
Electricity generation revenue	2(r), 21	29,257,928	28,712,942	23,547,162
EPC services	2(r), 21	18,544,164	69,751	-
Other	2(r), 21	319,477	237,780	795,506
Total net revenues		96,906,335	119,117,024	73,502,883
Cost of revenues	2(r)	(68,836,588)	(84,890,976)	(56,817,101)
Gross profit	21	28,069,747	34,226,048	16,685,782
Operating (expenses)/income:				
Sales and marketing		(885,803)	(750,461)	(433,121)
General and administrative		(10,199,524)	(15,757,147)	(14,512,631)
Other operating (expenses)/income	2(s)	(1,452,532)	(11,802,629)	6,472,463
Impairment loss of assets	2(n)	-	(6,880,115)	(1,432,296)
Total operating expenses		(12,537,859)	(35,190,352)	(9,905,585)
Income/(loss) from operations		15,531,888	(964,304)	6,780,197
Non-operating (expenses)/income:				
Interest income		193,552	822,915	975,719
Interest expense		(8,703,904)	(9,159,818)	(6,206,076)
Foreign exchange (losses)/gains		(2,460,812)	(1,273,899)	769,183
Other income		346,965	-	-
Total non-operating expenses		(10,624,199)	(9,610,802)	(4,461,174)
Income/(loss) before income tax		4,907,689	(10,575,106)	2,319,023
Income tax benefit/(expense)	10	188,791	(1,105,049)	(163,036)
Income/(loss), net of tax		5,096,480	(11,680,155)	2,155,987
Less: Net income/(loss) attributed to non-controlling interests		3,336,769	(2,848,932)	(622,668)
Net income/(loss) attributed to ReneSola Ltd		\$ 1,759,711	\$ (8,831,223)	\$ 2,778,655
Income/(loss) attributed to ReneSola Ltd per ADS				
Basic	2(v), 17	\$ 0.05	\$ (0.22)	\$ 0.06
Diluted	2(v), 17	\$ 0.05	\$ (0.22)	\$ 0.06
Weighted average number of ADS used in computing income/(loss) per ADS*				
Basic		38,075,293	40,595,551	49,166,354
Diluted		38,075,293	40,595,551	49,788,422

*Each American depositary shares (ADS) represents 10 common shares

The accompanying notes are an integral part of these consolidated financial statements

RENESOLA LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
(Amounts expressed in U.S. dollars)

	Note	Years ended December 31,		
		2018	2019	2020
Net income/(loss)		\$ 5,096,480	\$ (11,680,155)	\$ 2,155,987
Other comprehensive (loss)/income, net of tax of nil:				
Foreign currency translation adjustment		(2,541,550)	226,014	1,208,482
Other comprehensive (loss)/income		(2,541,550)	226,014	1,208,482
Comprehensive income/(loss)	2(x)	2,554,930	(11,454,141)	3,364,469
Less: Comprehensive income/(loss) attributed to noncontrolling interests		3,050,313	(4,257,484)	1,292,169
Comprehensive (loss)/income attributed to ReneSola Ltd		<u>\$ (495,383)</u>	<u>\$ (7,196,657)</u>	<u>\$ 2,072,300</u>

The accompanying notes are an integral part of these consolidated financial statements

RENESOLA LTD
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amount expressed in U.S. dollars, except number of shares)

	Common shares		Treasury stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income/(loss)	Equity attributable to ReneSola Ltd	Noncontrolling interest	Total Equity
	Number of Shares Issued	Amount	Number of Shares	Amount						
Balance at January 1, 2018	381,027,002	\$ 519,225,850	-	\$ -	\$ 9,012,448	\$ (435,517,610)	\$ (2,238,218)	\$ 90,482,470	\$ -	\$ 90,482,470
Net income	-	-	-	-	-	1,759,711	-	1,759,711	3,336,769	5,096,480
Capital injection from non-controlling interests	-	-	-	-	-	(626,520)	-	(626,520)	30,945,469	30,318,949
Other comprehensive loss, net of tax	-	-	-	-	-	-	(2,255,094)	(2,255,094)	(286,456)	(2,541,550)
Share-based compensation	-	-	-	-	439,071	-	-	439,071	-	439,071
Share options exercised by employees	-	87,500	-	-	(87,500)	-	-	-	-	-
Cumulative-effect adjustment for the adoption of Accounting Standards Codification ("ASC") Topic 606	-	-	-	-	-	869,985	-	869,985	-	869,985
Balance at December 31, 2018	381,027,002	519,313,350	-	-	9,364,019	(433,514,434)	(4,493,312)	90,669,623	33,995,782	124,665,405
Net loss	-	-	-	-	-	(8,831,223)	-	(8,831,223)	(2,848,932)	(11,680,155)
Issuance of common shares	100,000,000	10,894,890	-	-	-	-	-	10,894,890	-	10,894,890
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	13,092,105	13,092,105
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	1,634,566	1,634,566	(1,408,552)	226,014
Share-based compensation	-	-	-	-	348,916	-	-	348,916	-	348,916
Balance at December 31, 2019	481,027,002	530,208,240	-	-	9,712,935	(442,345,657)	(2,858,746)	94,716,772	42,830,403	137,547,175
Net income/(loss)	-	-	-	-	-	2,778,655	-	2,778,655	(622,668)	2,155,987
Issuance of common shares	99,285,640	41,495,212	-	-	-	-	-	41,495,212	-	41,495,212
Other comprehensive (loss)/income, net of tax	-	-	-	-	-	-	(706,355)	(706,355)	1,914,837	1,208,482
Share-based compensation	-	-	-	-	369,187	-	-	369,187	-	369,187
Share options exercised by employees	1,945,980	2,796,418	-	-	(2,312,380)	-	-	484,038	-	484,038
Balance at December 31, 2020	<u>582,258,622</u>	<u>\$ 574,499,870</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 7,769,742</u>	<u>\$ (439,567,002)</u>	<u>\$ (3,565,101)</u>	<u>\$ 139,137,509</u>	<u>\$ 44,122,572</u>	<u>\$ 183,260,081</u>

The accompanying notes are an integral part of these consolidated financial statements

RENESOLA LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts expressed in U.S. dollars)

	Years ended December 31,		
	2018	2019	2020
Operating activities:			
Net income/(loss)	\$ 5,096,480	\$ (11,680,155)	\$ 2,155,987
Adjustments to reconcile net income/(loss) from continuing operations to net cash (used in)/provided by operating activities:			
Depreciation	8,402,169	7,796,003	7,342,327
Allowances for credit losses	-	6,981,682	6,667,963
Write-off of current assets	-	-	353,418
Share-based compensation	439,071	348,916	369,187
Deferred tax provision	(1,094,385)	255,538	(303,000)
Cancellation of project assets	-	6,434,935	1,460,104
Impairment loss of assets	-	6,880,115	1,432,296
Loss on disposal of property, plant and equipment	-	3,908,208	767,879
Gains on disposal of property, plant and equipment	(290,729)	(302,359)	(16,278,095)
Changes in working capital, excluding impact of dispositions:			
Accounts receivable	(5,607,302)	12,522,431	(6,774,212)
Advances to suppliers	(19,647)	102,869	92,070
Value added tax recoverable	1,673,423	3,225,883	1,609,650
Prepaid expenses and other current assets	(4,157,231)	8,585,326	(6,897,176)
Project assets	(9,737,172)	24,325,633	11,619,676
Contract costs	6,638,389	-	-
Other non-current assets	(3,138,597)	(11,316,279)	(7,581,870)
Accounts payable	(12,755,646)	8,244,250	(12,969,701)
Advances from customers	(126,851)	(13,962)	778,151
Amounts due to related parties	(16,606,095)	(12,101,847)	(252,886)
Other current liabilities	460,750	1,324,293	6,702,455
Income tax payable	408,382	379,140	(156,747)
Salary payable	(135,209)	13,081	(171,915)
Deferred project revenue	(20,536,065)	-	-
Net cash (used in)/provided by operating activities	<u>\$ (51,086,265)</u>	<u>\$ 55,913,701</u>	<u>\$ (10,034,439)</u>

The accompanying notes are an integral part of these consolidated financial statements.

RENESOLA LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS--(Continued)
(Amounts expressed in U.S. dollars)

	Years ended December 31,		
	2018	2019	2020
Investing activities:			
Purchase of property, plant and equipment	\$ (40,399,769)	\$ (13,693,749)	\$ (8,247,790)
Acquisition of business (see Note 3)	-	-	(3,896,627)
Proceeds from disposal of property, plant and equipment	-	12,096,869	7,538,516
Repayment of lending by related parties	-	-	1,218,840
Net cash used in investing activities	<u>(40,399,769)</u>	<u>(1,596,880)</u>	<u>(3,387,061)</u>
Financing activities:			
Proceeds from banks and other third-party borrowings	59,977,400	17,922,511	9,968,028
Repayment of banks and other third-party borrowings	(9,693,015)	(65,491,414)	(19,166,536)
Contribution from non-controlling interest holders of subsidiaries	30,318,948	13,092,105	-
Proceeds from issuance of ordinary shares	-	11,000,000	44,999,330
Share issuance costs	-	(105,110)	(3,504,118)
Proceeds from bonds	-	12,913,675	8,427,712
Repayment of bonds	-	(10,417,360)	(2,544,062)
Borrowings from related parties	17,273,194	793,269	12,827
Repayment of borrowings from related parties	(20,478,081)	(8,380,994)	(1,174,295)
Repayment of finance lease obligations	(4,960,478)	(6,100,711)	(2,174,035)
Proceeds from failed sale-lease back agreements	24,876,650	2,793,810	-
Repayment of failed sale-lease back financing	(11,490,104)	(7,325,456)	(4,667,878)
Net cash provided by/(used in) financing activities	<u>85,824,514</u>	<u>(39,305,675)</u>	<u>30,176,973</u>
Effect of exchange rate changes	1,258,263	1,087,262	(722,416)
Net (decrease)/increase in cash and cash equivalents and restricted cash	(4,403,257)	16,098,408	16,033,057
Cash and cash equivalents and restricted cash, beginning of year	13,429,301	9,026,044	24,697,153
Less: Cash and cash equivalents and restricted cash reclassified as assets held for sale	-	(427,299)	(53,899)
Cash and cash equivalents and restricted cash, end of year	<u>\$ 9,026,044</u>	<u>\$ 24,697,153</u>	<u>\$ 40,676,311</u>
Supplemental disclosure of cash flow information			
Interest paid, net of capitalized interest	8,274,634	9,038,779	6,193,484
Income tax paid	637,527	338,103	509,493
Non-cash investing and financing transactions			
Payables for purchase of property, plant and equipment	(36,680,431)	(22,810,701)	(8,958,993)
Payable for finance leases	(34,130,495)	(20,766,512)	(19,852,094)

The accompanying notes are an integral part of these consolidated financial statements.

RENESOLA LTD
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF OPERATIONS

ReneSola Ltd was incorporated in the British Virgin Island on March 17, 2006. On January 29, 2008, the ReneSola Ltd and its subsidiaries (collectively, the “Company”) became listed on the New York Stock Exchange (“NYSE”) in the United States. The Company was principally engaged in the manufacture and sale of solar power products including virgin polysilicon, monocrystalline and multi crystalline solar wafers and photovoltaic (“PV”) cells and modules. From 2012, the Company began entering into arrangements to develop commercial solar power projects, or project assets, which consists primarily of solar power project development, and Engineering, Procurement and Construction (“EPC”) services. On September 29, 2017, the Company announced that it completed restructuring to dispose of its manufacturing business (including polysilicon, solar wafer, solar cell and solar module manufacturing) and LED distribution business to a related party to help the Company transform its business model to focus on its solar power project business. After the completion of business restructuring in September 2017, the Company has become a solar project developer and operator, a pure solar downstream player with robust pipeline projects around the world. The Company develops and sells solar power projects or sells project SPVs (project development business), and own and operate solar power projects and sell the electricity generated by the operated solar power plants (IPP business).

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

(a) Basis of presentation

The consolidated financial statements have been prepared and presented in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The realization of assets and the satisfaction of liabilities in the normal course of business are dependent on, among other things, the Company’s ability to generate cash flows from operations, and the Company’s ability to arrange adequate financing arrangements, to support its working capital requirements.

The Company has performed a review of its cash flow forecast for at least the twelve months following the issuance date of these financial statements. The Company expects the solar power project business to generate positive cash inflow in the forecasted period. As of December 31, 2020, the Company has certain material short-term obligations that will require material financing cash outflows, such as financing lease payments and the current portion of its long-term loans. The Company has developed a plan to continue meeting its financing arrangement, which includes refinancing loans which are set to mature within one year, entering into new bank borrowings and financing leases, repaying loans with proceeds from the sale of solar power projects and disposal of certain solar power stations, and raising additional capital through equity offerings. In addition, the Company believes that the continuing efforts to stream-line the Company’s operations will enable the Company to control operating costs to be better aligned with its operations, market demand and projected sales levels.

Based on the above factors, management believes that adequate sources of liquidity exist to fund the Company’s working capital and capital expenditures requirements, and to meet its short-term debt obligations, other liabilities and commitments as they become due for at least twelve months from the issuance date of these financial statements.

(b) Basis of consolidation

The consolidated financial statements include the financial statements of ReneSola Ltd and its subsidiaries. All inter-company transactions, balances and unrealized profits and losses have been eliminated on consolidation.

A non-controlling interest is recognized to reflect the portion of a subsidiary's equity which is not attributable, directly or indirectly, to the Company. Consolidated net income (loss) on the consolidated statements of operations and comprehensive income (loss) includes the net income (loss) attributable to non-controlling interests when applicable. The cumulative results of operations attributable to non-controlling interests are also recorded as non-controlling interests in the Company's consolidated balance sheets. Cash flows related to transactions with non-controlling interests are presented under financing activities in the consolidated statements of cash flows, when applicable.

(c) Fair value measurement

The Company estimates fair value of financial assets and liabilities as the price that would be received from the sales of an asset or paid to transfer a liability (an exit price) on the measurement date in an orderly transaction between market participants.

When available, the Company measures the fair value of financial instruments based on quoted market prices in active markets, valuation techniques that use observable market-based inputs or unobservable inputs that are corroborated by market data. When observable market prices are not readily available, the Company generally estimates the fair value using valuation techniques that rely on alternate market data or inputs that are generally less readily observable from objective sources and are estimated based on pertinent information available at the time of the applicable reporting periods. See Note 9, "Fair Value Measurements," for further details.

(d) Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the reporting periods presented. Actual results could materially differ from these estimates. Significant accounting estimates are susceptible to changes with the acquisition of the information, which include revenue recognition for sales of solar power projects, inputs used to recognize revenue over time, EPC warranties, allowances for doubtful accounts, valuation of deferred tax assets, and recoverability of the carrying value of long-lived assets and project assets.

(e) Cash and cash equivalents

Cash and cash equivalents represent cash on hand and held with banks, including demand deposits, which are unrestricted as to withdrawal and use, and which have maturities of three months or less when purchased.

(f) Restricted Cash

Restricted cash consists of cash and cash equivalents held by various banks to secure certain of our notes payable and other deposits designated for the payment of amounts related to loan interest. Restricted cash also includes cash and cash equivalents held in frozen bank accounts due to judicial property preservations.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within our consolidated balance sheets as of December 31, 2019 and 2020 to the total of such amounts as presented in the consolidated statements of cash flows:

	At December 31,	
	2019	2020
Cash and cash equivalents	\$ 24,292,113	\$ 40,593,094
Restricted cash	405,040	83,217
Total cash, cash equivalents, and restricted cash	\$ 24,967,153	\$ 40,676,311

(g) Project assets

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

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

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

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

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

(h) Contract costs

The Company provides EPC services including engineering design, construction contracting and management, procurement of PV modules, balance-of-system components and other components. Contract costs generally include all direct costs, such as materials, direct labor, and subcontracts, and indirect costs identifiable with or allocable to the contracts.

Contract costs also include the costs related to the design, engineering, and costs of all PV modules and materials needed for the projects for the cooperation arrangements with third party to jointly construct the power projects for sale.

Contract costs are accumulated and are charged to operations as the related revenue from contracts is recognized. Refer to note 2 (r) Sale of project assets constructed by a third-party EPC contractor and EPC services for the corresponding revenue streams.

(i) Advances to suppliers

In order to secure a stable supply of construction materials, the Company makes advance payments to suppliers for raw material supplies and advances for purchases of long-lived assets which are offset against future deliveries. Advances to suppliers for purchases expected within twelve months as of each balance sheet date are recorded as advances to suppliers in current assets and those associated with purchases expected over longer periods of time are recorded in non-current advances to suppliers. As of December 31, 2019 and 2020, advances to suppliers in current assets were \$248,130 and \$143,482, respectively, and non-current advances to suppliers for construction materials supplies were nil. The Company does not require collateral or other security against its advances to suppliers. As a result, the Company's claims for such prepayments are unsecured, which exposes the Company to the suppliers' credit risk. The Company performs ongoing credit evaluations of the financial condition of its material suppliers.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Plant and machinery	3-5 years
Motor vehicles	4-5 years
Office equipment	3-5 years
Power stations	25 years

Estimated useful life of land is infinite and no depreciation is provided.

Construction in progress represents mainly the construction of solar power projects the Company will own and operate for electricity generation. Costs incurred in the construction are capitalized and transferred to property, plant and equipment upon completion, at which time depreciation commences.

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

(k) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the identifiable assets and liabilities acquired as a result of the Company's acquisitions of interests in its subsidiaries.

Goodwill is not depreciated or amortized but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when an event occurs, or circumstances change that could indicate that the asset might be impaired. Under ASC 350-20-35, the Company has the option to choose whether it will apply the qualitative assessment first and then the quantitative assessment, if necessary, or to apply the quantitative assessment directly. The Company chooses to directly apply the quantitative impairment test, which consists of a one-step quantitative impairment test, comparing the carrying amount of the reporting unit to the fair value of the reporting unit. If the carrying value, including goodwill, of the reporting unit exceeds the fair value of the reporting unit, goodwill impairment is measured and recognized by the amount by which a reporting unit's carrying value exceeds its fair value, limited to the total amount of goodwill allocated to that reporting unit.

Goodwill impairment test requires significant management judgment, including the identification of reporting units, assigning assets, liabilities and goodwill to reporting units and the determination of the fair value of each reporting unit. The Company estimates the fair value of the reporting unit using a discounted cash flow model. This valuation approach considers various assumptions including projections of future cash flows, perpetual growth rates and discount rates. The assumptions about future cash flows and growth rates are based on management's assessment of a number of factors, including the reporting unit's recent performance against budget, performance in the market that the reporting unit serves, as well as industry and general economic data from third party sources. Discount rate assumptions reflect an assessment of the risk inherent in those future cash flows. Changes to the underlying businesses could affect the future cash flows, which in turn could affect the fair value of the reporting unit. Management performs its annual goodwill impairment test quarterly to reviews the events and circumstances to determine if there are indicators that goodwill may be impaired.

For the year ended December 31, 2020, the Company acquires other entities on the electricity generation revenue reporting segment as disclosed in Note 3 and recognized goodwill. As of December 31, 2020, there is no event or any circumstance that the Company identified, which indicated that the fair value of the Company's reporting unit was substantially lower than the respective carrying value. There was no impairment of goodwill for the year ended December 31, 2020.

(l) Assets and liabilities held-for-sale

Assets and asset disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when management has committed to a plan of sale and the sale is highly probable, the assets are available for immediate sale in their present condition, and they are expected to qualify for recognition as a completed sale within one year from the date of classification. Assets and liabilities classified as held for sale are measured at lower of their carrying amount or fair value less costs to sell.

Long-lived assets to be sold are classified as held for sale considering the recognition criteria in ASC 360-10-45-9 in which all of the following criteria are met:

- Management, having the authority to approve the action, commits to a plan to sell the asset,
- The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- An active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated;
- The sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year;
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

(m) Interest capitalization

The Company capitalizes interest costs as part of the costs of constructing certain assets during the period of time required to get the assets ready for their intended use. The Company capitalizes interest to the extent that expenditures to construct an asset have occurred and interest costs have been incurred. The interest capitalized for project assets forms part of the cost of revenues when such project assets are sold, and all revenue recognition criteria are met. Interest is capitalized for solar power projects that are classified as property, plant and equipment and built for the Company to own and operate for electricity generation before the projects are completed and put into operation. Interest capitalization ceases once a project is substantially complete or no longer undergoing construction activities to prepare it for its intended use.

(n) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or that the useful life is shorter than originally estimated. The Company assesses recoverability of the long-lived assets by comparing the carrying amount of the assets to the estimated future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. The Company recognizes an impairment loss in the event the carrying amount exceeds the estimated future undiscounted cash flows attributable to such assets, measured as the difference between the carrying amount of the assets and the fair value of the impaired assets.

Impairment losses of long-lived assets for the years ended December 31, 2019 and 2020 were \$6,880,115 and \$1,432,296, respectively. The impairment loss in 2019 was \$6,880,115, of which \$5,532,489 represented impairment losses from property, plant and equipment which were subsequently disposed in 2019 and \$1,347,626 of which represented impairment losses from asset and liabilities held for sale. The impairment loss in 2020 was \$1,432,296, of which \$929,951 represented impairment loss from project assets with no further constructive value and \$502,345 of which represented impairment losses from asset and liabilities held for sale. Impairment losses of these assets represented the difference between the carrying amount and fair value less cost to sell as a result of committed sale plans of solar power plants originally owned and operated by the Company for electricity generation.

(o) Leases

Leases are classified as finance or operating leases. A lease that transfers to the lessee substantially all the benefits and risks incidental to ownership is classified as a finance lease. At inception, a finance lease is recorded at the lower of the present value of minimum lease payments or the fair value of the asset. Assets under finance leases are amortized on a basis consistent with that of similar useful life of fixed assets or the end of lease term, whichever is earlier. If the lease transfers ownership or contains an option to purchase the asset that the lessee is reasonably certain to exercise, the finance leases should be amortized over the useful life of the asset.

At the inception of each lease arrangement, the Company determines if the arrangement is a lease or contains an embedded lease and reviews the facts and circumstances of the arrangement to classify lease assets as operating or finance leases under ASU 2016-02, Leases (Topic 842). The Company has elected not to record any leases with terms of 12 months or less on the consolidated balance sheets.

Balances related to operating leases are included in operating lease right-of-use ("ROU") assets, operating lease liabilities current and operating lease liabilities non-current on the consolidated balance sheets. Finance leases represent a small portion of the active lease agreements and are included in finance lease ROU assets, finance lease liabilities current and non-current on the consolidated balance sheets. The ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the obligation of the Company to make minimum lease payments arising from the lease for the duration of the lease term.

Operating lease costs are recognized on a straight-line basis over the lease term. From time to time, the Company's subsidiaries are asked to prepay the lease costs for over one year. As of December 31, 2019 and 2020, the prepaid rental fees of \$688,324 and \$767,276, respectively, were recorded in operating lease right-of-use assets.

To determine the present value of future minimum lease payments, the Company use the implicit rate when readily determinable. Presently, because many of the leases do not provide an implicit rate, the Company applies its incremental borrowing rate, which is considered as the rate that the Company would negotiate when financing for a similar period, and with a similar guarantee, to obtain an asset of a similar value to the lease asset to determine the present value of the present value of minimum lease payment. The operating and finance lease ROU assets include any lease payment made and exclude lease incentives.

For a sale-leaseback transaction, when the transaction involves real estate or integral equipment, sale-leaseback accounting shall be used by a seller-lessee only if the transaction includes all of the following a) normal leaseback; b) payment terms and provisions that adequately demonstrate the buyer-lessee's initial and continuing investment in the property; and c) payment terms and provisions that transfer all of the other risks and rewards of ownership as demonstrated by the absence of any other continuing involvement by the seller-lessee.

Equipment is determined to be integral when the cost to remove the equipment from its existing location, ship and reinstall at a new site, including any diminution in fair value, exceeds 10% of the fair value of the equipment at the time of original installation.

If a sale-leaseback of real estate qualifies for sale-leaseback accounting, an analysis is performed to determine if the Company can record a sale and remove the assets from the balance sheet and recognize the lease; and if so, to determine whether to record the lease as either an operating or finance lease.

If a sale-leaseback transaction does not qualify for sale-leaseback accounting because of any form of continuing involvement by the seller-lessee other than a normal leaseback, it is accounted for as a financing arrangement.

(p) Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. If a potential material loss contingency is not probable but is reasonably possible, or is probable but the amount cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, is disclosed. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(q) Income taxes

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

(r) Revenue recognition

Solar power project development

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

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

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

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

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

For sales agreements that have energy generation performance guarantees covering a certain timeframe or the availability guarantee in the O&M contract, if there is an underperformance event, the Company may incur liquidated damages as a percentage of the EPC contract price or as a percentage of O&M fees. Such performance guarantees represent a form of variable consideration and are estimated at contract inception at their most likely amount and updated at the end of each reporting period as additional performance data becomes available and only to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

c) Sale of project asset rights

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

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

EPC Services

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

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

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

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

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

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

For EPC services, the Company provides a limited assurance only warranty for the modules, materials and construction part of the power plants. Although the Company subcontracts the construction to third party developers and purchase the raw materials and modules from third party suppliers, the Company is the primary obligor for the limited warranties such as solar module product warranty for a period of five to ten years, warranties for defects in engineering design, installation, workmanship for a period of one to two years and recorded as a liability in the Consolidated Balance Sheets. Nevertheless, the Company has a legally enforceable right to recover these warranties from the subcontractor and suppliers as these parties have contracted with the Company to assume these warranty obligations, and that the Company will also record receivables in the Consolidated Balance Sheets for expected reimbursement in amounts that the Company believe are probable. The EPC warranty expenses and expected recovery amounts related to warranties are recorded net of expense in the Consolidated Statement of Operations on the basis that the amounts provided by the subcontractor and suppliers are a reimbursement of our costs. As of December 31, 2019 and 2020, the liabilities and the related receivables are not material and the related expenses for the three years ended December 31, 2018, 2019 and 2020 are not material.

Electricity generation revenue

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

Revenue from green certificates

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

For the years ended December 31, 2018, 2019 and 2020, revenues from green certificates were \$883,741, \$1,957,109 and \$4,178,546, respectively, and are included in electricity generation revenue.

Value added tax (“VAT”)

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

(s) Other operating income (expenses)

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

(t) Foreign currency

The functional currency of ReneSola Ltd is the United States Dollar (“U.S. dollar”). The functional currency of ReneSola’s subsidiaries in the People’s Republic of China (“PRC”) is Renminbi (“RMB”). The functional currency of the overseas subsidiaries normally is the local currency in the country where the subsidiary is domiciled.

Foreign currency transactions have been translated into the functional currency at the exchange rates prevailing on the date of transactions. Foreign currency denominated monetary assets and liabilities are remeasured into the functional currency at exchange rates prevailing on the balance sheet date. Exchange gains and losses have been included in the determination of net income.

The Company has chosen the U.S. dollar as its reporting currency. Assets and liabilities have been translated using exchange rates prevailing on the balance sheet date. Income statement items have been translated using the weighted average exchange rate for the year. Translation adjustments have been reported as a component of other comprehensive income in the consolidated statement of comprehensive income/(loss).

The RMB is not a freely convertible currency. The PRC State Administration for Foreign Exchange, under the authority of the People’s Bank of China, controls the conversion of RMB into foreign currencies. The value of the RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China foreign exchange trading system market. The Company’s cash and cash equivalents and restricted cash denominated in RMB amounted to RMB31,047,475 (\$4,459,690) and RMB22,429,739 (\$3,437,515) on December 31, 2019 and 2020, respectively.

(u) Fair value of financial instruments

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as an exit price). The Company utilizes a hierarchy for inputs used in measuring fair value that gives the highest priority to observable inputs and the lowest priority to unobservable inputs. Valuation techniques used to measure fair value maximize the use of observable inputs.

When available, the Company measures the fair value of financial instruments based on quoted market prices in active markets, valuation techniques that use observable market-based inputs or unobservable inputs that are corroborated by market data. Pricing information the Company obtains from third parties is internally validated for reasonableness prior to use in the consolidated financial statements. When observable market prices are not readily available, the Company generally estimates the fair value using valuation techniques that rely on alternate market data or inputs that are generally less readily observable from objective sources and are estimated based on pertinent information available at the time of the applicable reporting periods. In certain cases, fair values are not subject to precise quantification or verification and may fluctuate as economic and market factors vary and as the Company's evaluation of those factors changes. Although the Company uses its best judgment in estimating the fair value of these financial instruments, there are inherent limitations in any estimation technique. In these cases, a minor change in an assumption could result in a significant change in its estimate of fair value, thereby increasing or decreasing the amounts of the Company's consolidated assets, liabilities, equity and net income or loss. See Note 9, "Fair Value Measurements," for further details.

(v) Earnings (loss) per ADS

Basic earnings (loss) per ADS is computed by dividing income (loss) attributable to holders of ADS by the weighted average number of ADS outstanding during the year. Diluted earnings (loss) per ADS reflects the potential dilution that could occur if securities or other contracts to issue ADS were exercised or converted into ADS.

(w) Share-based compensation

The Company recognizes expenses for services received in exchange for awards of equity instruments based on the grant-date fair value of the award as determined by the Black-Scholes option pricing model, net of estimated forfeitures. The estimated compensation cost is recognized ratably over the period the grantee is required to provide services per the conditions of the award.

For stock option modifications, the Company measures the incremental compensation cost which should be measured as the excess, if any, of the fair value of the modified award determined over the fair value of the original award immediately before its terms are modified, which is measured based on the share price and other pertinent factors at that date.

On January 1, 2018 and April 1, 2018, the Board of Directors of the Company approved two option modifications to reduce the exercise price. Pursuant to the option agreement entered with the optionees, options totaling 3,250,000 were cancelled and options totaling 3,300,000 were granted. The cancellation and replacement of the options shall be considered as an option modification. Subject to ASC 718-20-35, total compensation cost measured at the date of a cancellation and replacement shall be the portion of the grant-date fair value of the original award for which the requisite service is expected to be rendered (or has already been rendered) at the date plus the incremental cost resulting from the cancellation and replacement. The incremental compensation cost should be recognized prospectively over the remaining service period in addition to unrecognized compensation cost for original option.

See Note 14, "Share Based Compensation", for further details.

(x) Comprehensive income (loss)

Comprehensive income (loss) is the change in equity during a period from transactions and other events and circumstances from non-shareholder sources and included net income (loss) and foreign currency translation adjustments. As of December 31, 2019 and 2020, accumulated other comprehensive loss is composed of foreign currency translation adjustments.

(y) Concentrations of credit risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, advances to suppliers and other receivables. The Company places its cash and cash equivalents with reputable financial institutions. The Company conducts credit evaluations of customers and generally does not require collateral or other security from its customers. The Company establishes an allowance for doubtful accounts mainly based on the age of receivables and factors surrounding the credit risk of specific customers.

(z) Recently adopted accounting pronouncements

In 2016, the FASB issued ASU No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments” (“ASC Topic 326”), which amends previously issued guidance regarding the impairment of financial instruments by creating an impairment model that is based on expected losses rather than incurred losses. The Company adopted this ASC Topic 326 on January 1, 2020 and the Company does not expect have a significant impact on unaudited interim condensed consolidated financial statements.

The Company’s trade receivable, receivables of installment payments, deposits and other receivables are within the scope of ASC Topic 326. The Company has identified the relevant risk characteristics of its customers and the related receivables, prepayments, deposits and other receivables which include size, type of the services or the products the Company provides, or a combination of these characteristics. Receivables with similar risk characteristics have been grouped into pools. For each pool, the Company considers the historical credit loss experience, current economic conditions, supportable forecasts of future economic conditions, and any recoveries in assessing the lifetime expected credit losses. Other key factors that influence the expected credit loss analysis include customer demographics, payment terms offered to customers in the normal course of business to, and industry-specific factors that could affect the Company’s receivables. Additionally, external data and macroeconomic factors are also considered. This assessment is made at each quarter-end based on the Company’s specific facts and circumstances.

(aa) Recently issued accounting pronouncements

In December 2019, the FASB issued ASU 2019-12—Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. This ASU provides an exception to the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. This update also (1) requires an entity to recognize a franchise tax (or similar tax) that is partially based on income as an income-based tax and account for any incremental amount incurred as a non-income-based tax, (2) requires an entity to evaluate when a step-up in the tax basis of goodwill should be considered part of the business combination in which goodwill was originally recognized for accounting purposes and when it should be considered a separate transaction, and (3) requires that an entity reflect the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The standard is effective for the Company for fiscal years beginning after December 15, 2020, with early adoption permitted. The Company do not expect the adoption of ASU 2019-12 to have a significant impact on the consolidated financial statements and associated disclosures.

3. BUSINESS ACQUISITION

The Company accounted for the acquisition described below in accordance with ASC 805, “*Business Combinations*”. The result of the acquiree’s operation has been included in the consolidated financial statements since the acquisition date. The excess of the fair value of the acquired entity over the fair value of net tangible and intangible assets acquired was recorded as goodwill, which is not deductible for corporate income taxation purposes.

Acquisition of ET Cap PA Holdings LLC (“PA Holdings”) and ET Cap CA Holdings LLC (“CA Holdings”)

On November 17, 2020 (the “acquisition close date”), the Company acquired a 100% equity interests of PA Holdings and CA Holdings, a utility project with battery storage business under solar power project development stream from Nova Development Management, for a cash consideration totaling \$3.9 million. The Company acquired PA Holdings and CA Holdings to enhance its ability to provide a more diverse product portfolio such as battery storage around the world.

The final allocation on the purchase price to the fair value of the net assets acquired is as follows:

Item	As of acquisition close date	
	Amounts in US\$	
Project assets ⁽¹⁾	\$	2,874,060
Net assets acquired		2,874,060
Goodwill		1,022,567
Total consideration transferred/Net cash paid	\$	3,896,627

(1) Included in project assets therein are incurred cost such as consultant fee, legal fee and salaries which have been capitalized in accordance with ASC 970-360, as they are directly attributable and incurred in the development phase.

The Company expects to recover the amounts recorded as goodwill through synergies related to the adoption of the Company’s economic current value proposition, the ability to apply the successful operational processes and expansion planning designed for each battery project development. Additionally, this goodwill is deductible for US tax purposes over a period of 15 years.

4. ACCOUNTS RECEIVABLE, NET

	At December 31,	
	2019	2020
Accounts receivable		
– from EPC services	\$ 3,210,177	\$ 3,033,610
–from solar power project assets ⁽¹⁾	8,971,464	16,310,787
–from electricity generation revenue ⁽²⁾	3,562,181	3,270,966
Total accounts receivable	15,743,822	22,615,363
Less: allowance for credit losses	(1,908,803)	(2,427,577)
Accounts receivable, net	\$ 13,835,019	\$ 20,187,786

(1) As of December 31, 2020, receivables by post-dated checks were \$450,603 and dates of acceptance were from May 31, 2021 to November 30, 2021 and classified as current and recorded in accounts receivable.

(2) Accounts receivable from electricity generation revenue were mainly due from China's state grid companies. The amounts included the portion of feed-in tariff(s) (FIT) for the electricity sold to the state grid companies in the PRC in which the relevant on-grid solar power stations are still pending for registration to the Renewable Energy Subsidy Catalog, which the Company has submitted the application for its solar power stations started operation before July 2017 to be registered on the Catalog. The Company expects that a certain part of the FIT receivables will be recovered after twelve months from the reporting date, which are discounted at an effective interest rate. As of December 31, 2020, there are \$1,971,719 of FIT receivables classified as current and \$25,866,553 classified as non-current.

ALLOWANCE FOR CREDIT LOSSES

The Company establishes an allowance for expected credit losses based on historical observe default rates over the expected life of the receivable balance and are adjusted for forward-looking information available without undue cost of effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime expected credit losses that has been recognized for trade receivable under simplified approach.

	At December 31,	
	2019	2020
At beginning of year	\$ -	\$ 1,908,803
Provision for credit losses, net	1,908,803	518,774
At end of year	\$ 1,908,803	\$ 2,427,577

CONCENTRATION OF CREDIT RISK AND MAJOR CUSTOMERS

As of December 31, 2019, receivables from a solar power customer amounted to \$4,252,381 (31%), which was greater than 10% of the account balance. As of December 31, 2020, receivables from a solar power customer amounted to \$8,257,527 (41%), which was greater than 10% of the account balance.

For the years ended December 31, 2020 and 2019, a solar power customer accounted for 28% and 47% of the Company's total net revenues, respectively.

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	At December 31,	
	2019	2020
Receivable from disposal of property, plant and equipment ⁽¹⁾	\$ -	\$ 35,298,500
Refundable deposits ⁽²⁾	4,124,928	8,176,247
EPC Warranty reimbursement receivables	183,941	196,322
Others	2,491,414	2,417,974
Total prepaid expenses and other current assets	6,800,283	46,089,043
Allowance for credit losses ⁽³⁾	(729,629)	(1,262,709)
Total prepaid expenses and other current assets	<u>\$ 6,070,654</u>	<u>\$ 44,826,334</u>

- (1) Receivable from disposal of property, plant and equipment mainly represented disposal of Company's solar power assets which was being used for electricity generation revenue segment.
- (2) As of December 31, 2020, refundable deposits mainly represented refundable deposits for interconnection, the bidding of project asset construction rights and rooftop leases.
- (3) Allowance for credit losses mainly represented the portion of compensation receivable from Canadian authorities on closure of a certain project in Canada that the Company believes is not recoverable.

6. PROJECT ASSETS

Project assets consisted of the following at December 31, 2019 and 2020, respectively:

	At December 31,	
	2019	2020
Project assets - Module cost	\$ 4,616,399	\$ 3,877,147
Project assets - Development and construction cost	32,112,215	23,367,183
Project assets - Others	1,919,237	1,026,662
Total project assets	<u>\$ 38,647,851</u>	<u>\$ 28,270,992</u>
Current portion	32,125,312	24,992,068
Non-current portion	6,522,539	3,278,924

7. ASSETS HELD FOR SALE AND LIABILITIES HELD FOR SALE

On December 25, 2019, a subsidiary of the Company entered into a proposed acquisition agreement with Jiangxi Tongli Risheng New Energy Technology Co., Ltd (the “Buyer”) for sale of the Company’s solar power plant subsidiaries in China under the electricity generation revenue segment. The associated assets and liabilities of the solar power plant subsidiaries were consequently presented as held for sale in the consolidated balance sheet.

As of December 31, 2020, the sale of all subsidiaries of the Company classified as held for sale in 2019 has been consummated. In December 2020, the Company entered into new proposed acquisition agreements with Shanghai Qirong New Energy Technology Co., Ltd. and Shanghai Tianyu New Energy Technology Co., Ltd. (the “Buyers”) for sale of the Company’s certain other solar power plant subsidiaries in China under electricity generation revenue segment. The transaction is expected to be consummated within one year from the Company’s consolidated balance sheet date.

	At December 31,	
	2019	2020
Assets classified as held for sale		
Cash and cash equivalents	\$ 427,299	\$ 53,899
Accounts receivable, net	2,636,581	184,920
Value added tax recoverable	747,646	158,213
Prepaid expenses and other current assets	1,593,391	23,075
Property, plant and equipment, net	13,290,761	2,169,527
Operating lease right-of-use asset	1,230,574	-
Impairment of assets ⁽¹⁾	(1,347,626)	(318,619)
Total assets classified as held for sale	<u>18,578,626</u>	<u>2,271,015</u>
Liabilities classified as held for sale		
Accounts payable	58,525	-
Other current liabilities	-	1,659,753
Operating lease liabilities	1,229,918	-
Failed sales leased back and finance lease liability	7,879,923	529,012
Total liabilities classified as held for sale	<u>\$ 9,168,366</u>	<u>\$ 2,188,765</u>

(1) As a result of the acquisition agreement, the Company reassessed the value of net assets on the solar power plant to the lower of carrying amount or fair value less cost to sell. As of December 31, 2019 and 2020, the impairment loss of \$1,347,626 and \$318,619, respectively, has been applied to reduce the carrying amount of these assets classified as held for sale.

8. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net:

	At December 31,	
	2019	2020
Land	\$ 282,000	\$ 282,000
Plant and machinery	776,752	828,761
Motor vehicles	181,387	193,530
Office equipment	136,857	260,178
Power stations	159,257,486	131,355,790
Less: Accumulated depreciation	(17,333,097)	(13,728,141)
	143,301,385	119,192,118
Construction in progress	-	751,353
Property, plant and equipment, net	<u>\$ 143,301,385</u>	<u>\$ 119,943,471</u>

Construction in progress mainly represents solar power projects which are under development for self-electricity generation in China.

All power stations were self-constructed for electricity generation purpose.

Depreciation expense for the years ended December 31, 2018, 2019 and 2020 was \$8,402,169, \$7,796,003 and \$7,342,327 respectively.

9. FAIR VALUE MEASUREMENTS

The Company adopted ASC 820, "Fair Value Measurements and Disclosures," which provides a framework for measuring fair value under U.S. GAAP, and expanded disclosure requirements about assets and liabilities measured at fair value. The Company utilizes a hierarchy for inputs used in measuring fair value that gives the highest priority to observable inputs and the lowest priority to unobservable inputs as follows:

- Level 1-Observable unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2-Observable inputs other than quoted prices in active markets for identical assets or liabilities, for which all significant inputs are observable, either directly or indirectly.
- Level 3-Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities.

Recurring basis

As of December 31, 2019 and 2020, there were no assets and liabilities measured on the Company's consolidated balance sheet at fair value on a recurring basis subsequent to initial recognition.

Non-recurring basis

The carrying amount of long-term borrowing and liabilities approximates their fair value as the related interest rates approximate rates currently offered by financial institutions for similar debt instruments of comparable maturities.

The impairment loss of assets and cancellation loss of project assets for the years ended December 31, 2019 and 2020, represented non-recurring fair value measurement which the carrying amount of the related assets were either reduced to zero or reduced to a realizable lower amount per a purchase offer.

10. INCOME TAXES

The Company and its subsidiaries file separate income tax returns.

British Virgin Islands

Under the current laws of the British Virgin Islands (“BVI”), the Company’s subsidiary in BVI is not subject to tax on its income or capital gains. In addition, upon any payment of dividends by the Company, no British Virgin Islands withholding tax is imposed.

People’s Republic of China

On March 16, 2007, the National People’s Congress approved the Corporate Income Tax Law of the People’s Republic of China (the “CIT Law”) with effective on January 1, 2008. The CIT Law enacted a statutory income tax rate of 25%. Pursuant to PRC tax laws, certain PRC domiciled subsidiaries of the Company are solar power generation enterprises, which are entitled to a three-year tax exemption from Corporate Income Tax (“CIT”) from first operation year and a 50% CIT reduction for the succeeding three years thereafter.

United States of America

ReneSola US is incorporated in California, United States. It is subject to a federal corporate income tax rate of 21% for 2018, 2019, and 2020, effective from January 1, 2018 under the 2017 Tax Cuts and Jobs Act. In addition, ReneSola US is subject to California state income tax of 8.84% for 2019 and 2020, and Connecticut state income tax of 7.5% for 2019 and 2020, which is deductible for federal corporate income tax purpose.

The tax expense from continuing operations comprises:

	Years ended December 31,		
	2018	2019	2020
Income (loss) before income tax			
PRC	\$ 10,535,785	\$ (10,273,181)	\$ 2,104,024
Other jurisdictions	(5,628,096)	(301,925)	214,999
Total	4,907,689	(10,575,106)	2,319,023
Current tax expense			
PRC	(553,859)	(9,835)	(5,118)
Other jurisdictions	(351,735)	(839,676)	(441,495)
Subtotal	(905,594)	(849,511)	(446,613)
Deferred tax benefit (expense)			
PRC	748,490	-	-
Other jurisdictions	345,895	(255,538)	283,577
Subtotal	1,094,385	(255,538)	283,577
Total income tax benefit (expense)	\$ 188,791	\$ (1,105,049)	\$ (163,036)

There were no reversals or additions of unrecognized tax benefits during the years ended December 31, 2018, 2019 and 2020, respectively.

The Company classifies interest and penalties related to income tax matters in income tax expense. As of December 31, 2019 and 2020, there were no interest and penalties related to uncertain tax positions. As of December 31, 2019 and 2020, there was no accrual of uncertain tax benefits recognized by the Company. The Company does not anticipate significant increases or decreases to its liabilities for unrecognized tax benefits within the next twelve months.

According to the PRC Tax Administration and Collection Law, the statute of limitations is three years if the underpayment of taxes is due to computational errors made by the taxpayer. The statute of limitations will be extended to five years under special circumstances, which are not clearly defined, but an underpayment of taxes exceeding RMB100,000 (approximately \$14,483) is specifically listed as a special circumstance. In the case of a transfer pricing related adjustment, the statute of limitations is ten years. There is no statute of limitations in the case of tax evasion.

The principal components of deferred income tax assets and liabilities are as follows:

	At December 31,	
	2019	2020
Deferred tax assets:		
Accrued expenses	\$ 16,304	\$ 13,451
Net operating losses	8,646,423	9,491,051
Unrealized internal profit	778,566	1,125,023
Allowances for doubtful accounts	1,064,027	1,281,259
Cancellation of project assets	1,351,336	-
Impairment loss of assets	336,907	122,764
Other	161,033	157,101
Total gross deferred tax assets	12,354,596	12,190,649
Valuation allowance on deferred tax assets	(11,516,732)	(11,006,328)
Net deferred tax assets	\$ 837,864	\$ 1,184,321

As of December 31, 2020, the subsidiaries of the Company in PRC had net operating loss carry forwards of \$8,337,247, of which \$605, \$16,381, \$1,948, \$6,483,968 and \$1,834,345 will expire in 2021, 2022, 2023, 2024 and 2025 respectively.

The Company considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Company's experience with tax attributes expiring unused and tax planning alternatives.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible for tax purposes. As a result, the Company has recognized a valuation allowance of \$11,516,732 and \$11,006,328 as at December 31, 2019 and 2020, respectively.

Reconciliation between the applicable statutory income tax rate and the Company's effective tax rate for the years ended December 31, 2018, 2019 and 2020 is as follows:

	Years ended December 31,		
	2018	2019	2020
PRC applicable income tax rate	25%	25%	25%
Change in deferred tax valuation allowance	47%	(57)%	(21)%
Preferential tax rate ⁽¹⁾	(53)%	7%	(42)%
Effect of different tax rate of subsidiaries	(7)%	16%	39%
Other	(16)%	(1)%	6%
Effective income tax rate	(4)%	(10)%	7%

The following table sets forth the effect of preferential tax on China operations for the years ended December 31, 2018, 2019 and 2020, respectively:

	Years ended December 31,		
	2018	2019	2020
Preferential tax effect ⁽¹⁾	\$ 2,609,975	\$ 720,847	\$ 975,859

(1) Certain solar power project entities are fully exempted from PRC CIT for three years starting from the year in which such project generates revenue from the sale of electricity and is 50% exempted from PRC CIT for another three years. Besides, certain solar power project entities enjoy the preferential tax policies in connection with the development of the western region of China and are subject to a preferential tax rate of 15%.

11. BORROWINGS AND OTHER FINANCING ARRANGEMENTS

a) Borrowings from banks and other third parties

The Company's borrowings from banks and other third parties consist of the following:

	At December 31,	
	2019	2020
Short-term	\$ 7,173,571	\$ 31,980,868
Long-term, current portion	28,583,380	-
Subtotal	35,756,951	31,980,868
Bond payable	2,503,621	9,034,691
Long-term	3,367,061	-
Total borrowings from bank and other third parties	\$ 41,627,633	\$ 41,015,559

As of December 31, 2019, short-term borrowings of \$7,173,571, bond payable of \$2,503,621 and long-term borrowings of \$31,950,441, including current portion of \$28,583,380 were jointly guaranteed by the Company and its subsidiaries.

As of December 31, 2020, short-term borrowings of \$31,980,868 and bond payable of \$9,034,691 were jointly guaranteed by the Company and its subsidiaries.

The short-term borrowings of \$31,980,868 and bond payable of \$9,034,691 were also secured by all of the Company's estate, rights, title and interest and pledged by the shares or ownership interests of the Company and its subsidiaries, accounts receivable and VAT account of the Company and its subsidiaries.

i) Short-term borrowings

Interest rates are fixed for the short-term borrowings as of December 31, 2019 and 2020. The weighted average interest rate of short-term loans in the years ended December 31, 2019 and 2020 were 5.52% and 4.44%. The borrowings are repayable within one year.

Included in short-term borrowings there are two four-year term loans being borrowed by the Company's Korean subsidiaries in March 2013, totaling Korean Won 35.7 billion (\$30.9 million) and expected to be repaid in March 2017. In 2017, the subsidiaries extended the maturity date by three years to March 2020. In March 2020, the subsidiaries have further extended the maturity date by one year to March 2021. The proceeds from these loans were used to finance the Company's PV plant projects in Romania. The balance of the loan as of December 31, 2020 was Korean Won 28.5 billion (\$26.2 million). In February 2021, the subsidiaries have fully repaid the loans.

Interest rates are fixed for the term loans. The weighted average interest rate of term loans was 5.86%, 4.57% and 4.57% in the years ended December 31, 2018, 2019 and 2020, respectively.

ii) Bond payable

In July 2020, the Company's Luxembourg subsidiary issued a bond to an investor in France for the purpose of financing the Company's PV plant projects in Poland totaling Euro 10.6 million (\$13.1 million). The bond has a maturity date in November 2021. The balance of the bond as of December 31, 2020 was Euro 7.4 million (\$9.0 million).

Interest rates are fixed for the bond payable. The weighted average interest rate of bond payable in the year ended December 31, 2020 was 5%.

b) Financing associated with failed sale-lease back transactions

In 2019 and 2020, certain subsidiaries of the Company (the “seller-lessee”) sold self-built solar projects (“leased assets”) with carrying amount of \$4,008,534 and nil to different domestic financial leasing companies (the “buyer-lessors”) for cash consideration of \$2,793,810 and nil, and simultaneously entered into the contracts to lease back the leased assets from the buyer-lessors for 5 to 10 years. These arrangements are guaranteed by other subsidiaries of the Company and are also pledged by the shares and rights to the future power generation income of the seller-lessee. Pursuant to the terms of the agreements, the seller-lessee is required to make lease payments to the buyer-lessors over the lease period and is entitled to obtain ownership of the equipment at a nominal price upon the expiration of the lease.

As the leased assets are considered integral with real estate under ASC 360, the sale-leaseback rules related to real estate are applied. The lease transactions do not qualify as a sale-leaseback transaction as these solar projects are initially invested and built up by the seller-lessee with expected useful life of 25 years and are continually maintained by the seller-lessee. The seller-lessee has an obligation to repurchase the leased assets upon the expiry of the lease. In addition, after the lease period, the seller-lessee will keep using the assets and has no plans to sell or for early-disposal.

Accordingly, these transactions are accounted for as financing transactions in accordance with ASC 840. Internal rate of return is used in the computation of interest cost. The assets remain in the property, plant and equipment (“PPE”) and continue to be depreciated.

As of December 31, 2019 and 2020, the Company recorded \$30,036,724 and \$27,771,450 under failed sale and lease back liabilities as non-current portion and \$5,512,507 and \$4,436,040 as the current portion, which represents principal to be paid in the next year. The weighted average effective interest rate of the financing was 7.13% and 7.15% and interest costs incurred during the years ended December 31, 2019 and 2020 were \$4,415,569 and \$3,296,613, respectively. These failed sale-leaseback financings were collateralized by the underlying assets of the solar projects.

c) Finance lease

In 2019 and 2020, the Company leased module, inverter and other materials from different domestic financial leasing companies. Pursuant to the terms of the contracts, the Company is required to make lease payments to the finance lease companies and is entitled to obtain the ownership of this machinery and equipment at a nominal price upon the expiration of the lease. These arrangements are guaranteed by other subsidiaries of the Company and are also pledged by the shares and rights for the future power generation income of the leased assets. The lease is classified as finance lease. As of December 31, 2019, the carrying amount of the assets related to these finance lease contracts is \$30,984,311 and is included in PPE that is being depreciated over lives of 25 years. As of December 31, 2020, the carrying amount of the assets related to these finance lease contracts is \$33,050,116 and is included in finance lease right-of-use assets that is being depreciated over lives of 25 years. The payable related to these contracts as of December 31, 2019 and 2020 was \$20,766,512 and \$19,852,094, respectively.

As of December 31, 2019 and 2020, the net values of the leased assets are:

	As of December 31,	
	2019	2020
Modules, inverters, and other	\$ 30,984,311	\$ 33,050,116

As of December 31, 2020, future minimum payments required under the finance lease are:

	USD
Years ended December 31,	
2021	\$ 4,162,109
2022	9,586,294
2023	6,176,618
2024	2,050,922
2025	1,114,699
2026 and later	404,071
Total minimum lease payments	23,494,713
Less: Amount representing interest	(3,642,619)
Present value of net minimum lease payments	19,852,094
Current portion	3,661,015
Non-current portion	\$ 16,191,079

	At December 31,	
	2019	2020
Current portion of finance lease	\$ 4,066,696	\$ 3,661,015
Current portion of failed sale and lease back	5,512,507	4,436,040
Total current portion of failed sale-lease back and finance lease	9,579,203	8,097,055
Non-current portion for finance lease	16,699,816	16,191,079
Non-current portion for failed sale and lease back	30,036,724	27,771,450
Total non-current portion of failed sale-lease back and finance lease	\$ 46,736,540	\$ 43,962,529

d) Interest expense

Interest expense incurred for the years ended December 31, 2018, 2019 and 2020 was \$11,578,848, \$12,329,336 and \$6,464,266 of which \$2,874,944, \$3,169,518 and \$258,190 has been capitalized in the carrying value of PPE and project assets.

12. OTHER CURRENT LIABILITIES

The Company's other current liabilities are summarized below:

	At December 31,	
	2019	2020
Payables for purchase of property, plant and equipment	\$ 22,810,701	\$ 8,958,993
Interest payable	1,009,090	411,087
Other tax payables	206,591	465,393
Accrued EPC warranty liabilities	183,941	196,322
Joint settlement payable ⁽¹⁾	-	7,500,000
Other ⁽²⁾	2,953,012	2,296,838
	\$ 27,163,335	\$ 19,828,633

(1) Joint settlement payable represents the Company portion of a settlement sum payable by the Related Party, ReneSola Singapore, to OCI Company Ltd.

(2) Other as of December 31, 2020 mainly includes the payables for claims, audit fees and other professional service fees.

13. COMMON SHARES

Upon inception, the Company is authorized to issue a maximum of 500,000,000 no par value shares of a single class.

In September 2017, The Company issued 180,000,000 common shares with a fair value of \$42,480,000 to ReneSola Singapore Pte Ltd., as a result from the share repurchase and subscription agreement with Mr. Xianshou Li, for the sale of the Company's manufacturing and LED distribution businesses. Total issued shares of the Company as of December 2017 was 381,027,002.

In June 2018, the Company is authorized to issue a maximum of 600,000,000 no par value shares of a single class via approval by the Board of Directors (the "Board").

In October 2019, the Company issued and sold to Shah Capital Opportunity Fund LP 100,000,000 newly issued common shares at a market price of \$0.11 per share, for a total consideration of \$11,000,000. The newly issued shares are subject to a 180 days lockup period. Net proceeds from the transaction are intended to be used to expand the Company global project development activities. Total issued shares of the Company as of December 2019 was 481,027,002.

In December 2020, the Company is authorized to issue a maximum of 800,000,000 no par value shares of a single class via Board approval. Further as of December 31, 2020, the Company issued additional 99,285,640 common shares via offerings with several institutional investors with total net proceeds of \$41,495,212 after deducting placement agent fees and other offering expenses. Net proceeds from the transaction are intended to be used for expanding new solar project pipeline and general working capital purposes. Total issued shares of the Company as of December 2020 was 582,258,622.

14. SHARE BASED COMPENSATION

2007 Share Incentive Plan

On September 27, 2007, the Company adopted the ReneSola Ltd 2007 Share Incentive Plan (the "Plan") that provides for grant of share options, restricted shares and restricted share units to employees in the Plan. A maximum of 7,500,000 authorized but unissued shares of the Company have been reserved and allocated to the Plan, whose shares were subsequently registered and are issuable upon exercise of outstanding options granted under the Plan. The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Committee"). On July 27, 2010, the Company has amended the Plan so as to increase the number of authorized but unissued shares of the Company to 12,500,000 in accordance with the rules of the 2007 Share Incentive Plan. On December 21, 2020, the Company has amended the Plan to increase the number of authorized but unissued shares of the Company to 22,500,000 in accordance with the rules of the 2007 Share Incentive Plan.

Except as otherwise noted in the award agreements with the employee or consultant, the options can be exercised within six years from the award date, except for participant's termination of employment or service. The vesting schedule and the exercise price per share will be determined by the Committee and set forth in the individual award agreement. In the event of any distribution, share split, or recapitalization of the Company, the Committee shall make such proportionate and equitable adjustments, if any, to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan and (b) the terms and conditions of any outstanding awards. Except as may otherwise be provided in any award agreement, if a change of control occurs and a participant's awards are not converted, assumed, or replaced by a successor, such awards shall become fully exercisable and all forfeiture restrictions on such awards shall lapse.

Options to Employees

From January to December 2018, the Company granted 830,000 share options, representing 83,000 ADS to certain employees with exercise prices of \$0.26. From January to December 2019, the Company granted 5,300,000 share options, representing 530,000 ADS to certain employees with exercise prices of \$0.11 and \$0.15. From January to December 2020, the Company granted 700,000 share options, representing 70,000 ADS to certain employees with an exercise price of \$0.30 on the grant date.

Options Modification

On August 8, 2012, the Board of Directors approved an option modification to reduce the exercise price of all the options granted before August 8, 2012 to the then fair market value of the Company's ordinary shares underlying such options. All other terms of the share options granted remain unchanged. The modification resulted in incremental compensation cost of \$774,932, of which \$444,373 was recorded during the year ended December 31, 2012. The remaining \$330,559 will be amortized over the remaining vesting period of the modified options, ranging from 2013 to 2017.

On March 18, 2014, the Board of Directors approved another option modification to reduce the exercise price of certain options granted between August 8, 2012 and December 31, 2013 to the then fair market value of the Company's ordinary shares underlying such options. All other terms of the share options granted remain unchanged. The incremental compensation cost resulted from modification was not material.

On January 1, 2018, the Board of Directors approved an option modification to reduce the exercise price of certain options granted on January 1, 2014 to the then fair market value of the Company's ordinary shares underlying such options. The number of shares, the expected terms were changed from 350,000 to 400,000, from 5 years to 3 years, respectively, other terms of the share option granted remain unchanged. The modification resulted in incremental compensation cost of \$30,396, of which \$10,132 and \$10,132, \$10,132 were recorded during the years ended December 31, 2018, 2019 and 2020, respectively.

On April 1, 2018, the Board of Directors approved another option modification to reduce the exercise price of certain options granted on June 21, 2010, August 24, 2010, August 8, 2012, March 8, 2016 and August 24, 2016 to the then fair market value of the Company's ordinary shares underlying such options. The expected term was changed from 5 years to 3 years, other terms of the share option granted remain unchanged. The modification resulted in incremental compensation cost of \$233,996, of which \$58,499, \$58,499 and \$98,174 were recorded during the years ended December 31, 2018, 2019 and 2020, respectively. The remaining \$18,824 will be amortized in 2021, the remaining vesting period of the modified options.

The fair value of each option grant, as well as the fair value of option immediately before and after the aforementioned modification, is estimated on the date of grant or modification using the Black-Scholes option pricing model using the assumptions noted below.

	<u>Average risk-free rate of return</u>	<u>Weighted average expected option life</u>	<u>Volatility rate</u>	<u>Dividend yield</u>
Granted in 2018	2.04-2.62%	3.2 years	51.06-56.88%	0%
Granted in 2019	1.60-1.82%	3.2 years	47.61-57.16%	0%
Granted in 2020	0.09-0.1%	1 year	104.01-119.20%	0%

Expected volatilities based on the average of the standard deviation of the daily stock prices of the Company and other selected comparable companies in the same industry. The expected term of options represents the period of time that options granted are expected to be outstanding. The risk-free rate of return is based on the US Treasury bond yield curve in effect at the time of grant for periods corresponding with the expected term of the option.

A summary of the option activity is as follows:

	<u>Number of Options</u>	<u>Weighted Average Exercise Prices</u>	<u>Weighted Average Remaining Contractual Life</u>	<u>Aggregate Intrinsic Value</u>
Options				
Outstanding on January 1, 2018	6,165,000	0.71	1.64	-
Granted	830,000	0.26	3.50	-
Exercised	-	-	-	-
Forfeited	(1,535,000)	0.74	-	-
Outstanding on December 31, 2018	5,460,000	0.36	1.96	-
Granted	5,300,000	0.15	2.91	-
Exercised	-	-	-	-
Forfeited	(2,185,000)	0.43	-	-
Outstanding on December 31, 2019	8,575,000	0.21	0.14	-
Granted	700,000	0.30	0.97	-
Exercised	(1,945,980)	0.25	-	-
Forfeited	(25,000)	0.47	-	-
Outstanding on December 31, 2020	7,304,020	0.21	1.49	8,492,000
Vested or expected to vest at December 31, 2020	7,271,836	0.21	1.49	6,810,935
Exercisable at December 31, 2020	1,937,348	0.26	1.50	1,709,778

The weighted average grant date fair value of options granted during the years ended December 31, 2018, 2019 and 2020 was \$0.10, \$0.07 and \$0.70 respectively.

Total intrinsic value of options exercised for the years ended December 31, 2019 and 2020 was nil and 811,268, respectively. Total proceeds from options exercised were nil and 484,038 for the years ended December 31, 2019 and 2020, respectively.

Compensation cost of \$439,071, \$348,916 and \$369,187 has been charged against income during the years ended December 31, 2018, 2019 and 2020, respectively. As of December 31, 2020, there was \$822,305 in total unrecognized compensation expense related to unvested options granted under the Plan, which is expected to be recognized over a weighted-average period of 1.18 years.

15. EMPLOYEE BENEFITS

In accordance with the relevant rules and regulations in the PRC, employees of the Company are covered by benefit plans established by the local government. These plans are defined contribution plans and Zhejiang ReneSola Investment Ltd. (“ReneSola Investment”), Sichuan Bo Bo Power Engineering Co., Ltd. (“Sichuan Bo Bo”) and ReneSola Shanghai Ltd (“ReneSola Shanghai”), have respectively contributed 14%, 17% and 17% of the basic salaries of their employees to such plans. In addition, ReneSola Investment, Sichuan Bo Bo and ReneSola Shanghai are required by PRC law to respectively contribute approximately 17%, 14.8% and 16.5% of the basic salaries of their employees for medical insurance benefits, housing funds, unemployment and other statutory benefits. Other than such contributions, there is no further obligation for payments to employees under these plans.

Total contributions were \$765,379, \$1,257,335 and \$877,709 for the years ended December 31, 2018, 2019 and 2020, respectively.

16. DISTRIBUTION OF PROFIT AND RESTRICTED NET ASSETS

In accordance with the laws applicable to the Foreign Investment Enterprises established in the PRC, the Company’s PRC subsidiaries registered as wholly owned foreign enterprise have to make appropriations from their after-tax profits as determined under Chinese Accounting Standards (“CAS”) to reserve funds including general reserve fund, enterprise expansion fund and staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after-tax profits calculated in accordance with CAS. Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the respective Company. Appropriations to the enterprise expansion fund and staff bonus and welfare fund are made at the respective Company’s discretion.

In addition, in accordance with the PRC Company Laws, the Company’s PRC subsidiaries registered as Chinese domestic Companies must make appropriations from their after-tax profits as determined under CAS to non-distributable reserve funds including statutory surplus fund and discretionary surplus fund. The appropriation to the statutory surplus fund must be 10% of the after-tax profits as determined under CAS. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective Company. Appropriation to the discretionary surplus fund is made at the discretion of the respective Company.

The general reserve is used to offset future losses. The subsidiary may, upon a resolution passed by the shareholder, convert the general reserve into capital. These reserves represent appropriations of the retained earnings determined in accordance with the Chinese law.

In addition to the general reserve, the Company’s PRC subsidiaries are required to obtain approval from the local PRC government prior to distributing any registered share capital. Accordingly, both the appropriations to general reserve and the registered share capital of the Company’s PRC subsidiaries are considered as restricted net assets amounting to \$19,505,000 and \$32,500,000 as of December 31, 2019 and 2020, representing 14.2% and 17.7% of the Company’s total consolidated net assets as of December 31, 2019 and 2020, respectively.

17. EARNINGS/ (LOSS) PER ADS

Basic earnings/(loss) per ADS and diluted earnings/(loss) per ADS have been calculated as follows:

	For the years ended December 31,		
	2018	2019	2020
Numerator:			
Net income/(loss)	\$ 5,096,480	\$ (11,680,155)	\$ 2,155,987
Less: Net income/(loss) attributed to noncontrolling interests	3,336,769	(2,848,932)	(622,668)
Total net income/(loss) attributed to ReneSola Ltd	<u>\$ 1,759,711</u>	<u>\$ (8,831,223)</u>	<u>\$ 2,778,655</u>
Numerator for diluted income/(loss) per ADS	<u>1,759,711</u>	<u>(8,831,223)</u>	<u>2,778,655</u>
Denominator:			
Denominator for basic earnings/(loss) per ADS - weighted average number of ADS outstanding	38,075,293	40,595,551	49,166,354
Dilutive effects of share options, RSUs and warrants	-	-	622,068
Denominator for diluted calculation - weighted average number of ADS outstanding*	<u>38,075,293</u>	<u>40,595,551</u>	<u>49,788,422</u>
Basic earnings/(loss) per ADS	0.05	(0.22)	0.06
Diluted earnings/(loss) per ADS	<u>0.05</u>	<u>(0.22)</u>	<u>0.06</u>

*Each ADS represents 10 common shares

The Company issues ordinary shares to its share depository bank which will be used to settle stock option awards upon their exercise. Any ordinary shares not used in the settlement of stock option awards will be returned to the Company. As of December 31, 2019 and 2020, there are 208,100 and 9,774,550 ordinary shares, respectively, are legally issued to the share depository bank but are treated as escrowed shares for accounting purposes and therefore, have been excluded from the computation of earnings/(loss) per share.

The Company uses income/(loss) from as the control number in determining whether those potential common shares are dilutive or antidilutive. That is, the same number of potential common shares used in computing the diluted per-share amount for income/(loss) shall be used in computing all other reported diluted per-share amounts even if those amounts will be antidilutive to their respective basic per-share amounts.

The following ordinary share equivalents were excluded from the computation of diluted net earnings/(loss) per share for the periods presented because including them would have been anti-dilutive:

	For the years ended December 31,		
	2018	2019	2020
Share options	5,460,000	8,575,000	7,304,020

18. NON-CONTROLLING INTEREST

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

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

19. RELATED PARTY BALANCES AND TRANSACTIONS

(a) Related party balances

	At December 31,	
	2019	2020
Due from ReneSola Singapore ⁽¹⁾ and its subsidiaries	\$ 19,107,981	\$ 16,887,295
Allowance for credit losses ⁽²⁾	(4,308,679)	(9,853,290)
Due from ReneSola Singapore ⁽¹⁾ and its subsidiaries, net	14,799,302	7,034,005
Due to ReneSola Singapore ⁽¹⁾ and its subsidiaries	17,546,934	14,690,574
Due to related party balances, net	<u>\$ 2,747,632</u>	<u>\$ 7,656,569</u>

(b) Related party transactions

During the years ended December 31, 2018, 2019 and 2020, related party transactions with ReneSola Singapore Pte., Ltd and its subsidiaries were as follows:

	Years ended December 31,		
	2018	2019	2020
Purchase of modules from	\$ 12,466,413	\$ 2,534,750	\$ -
Receiving services	-	-	26,070
Rendering of service to	5,168,278	834,875	299,626
Borrowing from ⁽³⁾	17,273,194	793,269	12,827
Acquire project companies from ⁽⁴⁾	11,286,840	-	-

- (1) After the disposal of the discontinued business in September 2017, ReneSola Singapore Pte., Ltd and its subsidiaries became a related party of the Company in that both ReneSola Singapore and the Company are under common control of Mr. Li Xianshou. The balances due from ReneSola Singapore and its subsidiaries were mainly for rendering service to them. The balances due to ReneSola Singapore and its subsidiaries were mainly for modules, raw materials that the Company purchased from them and borrowings from them.
- (2) Allowance for credit losses represented long-aging receivable balances from ReneSola Singapore Pte., Ltd and its subsidiaries for which the Company deemed there was a credit risk.
- (3) Represents borrowings under an agreement between the Company (“borrower”) and ReneSola Singapore (the “lender”). The lender grants to the borrower a loan in the principal amount of up to US\$200 million with annual interest rate of 1%. There is no fixed repayment schedule of this loan.
- (4) In 2018, the Company acquired certain project companies from ReneSola Zhejiang Ltd and ReneSola Jiangsu Ltd for total cash consideration of \$11.29 million for power generation purpose, which constituted an asset purchase. Total net assets of these acquired companies were \$11.29 million.

20. COMMITMENTS AND CONTINGENCIES

(a) Operating lease accounting

The Company leases rooftop, land, other property, and equipment under non-cancellable operating leases whose initial terms are typically 3 to 25 years, with some having a term of 35 years or more, along with options that permit renewals for additional periods. At the inception of each lease, the Company determines if the arrangement is a lease or contains an embedded lease and reviews the facts and circumstances of the arrangement to classify leased assets as operating or finance under Topic 842. The Company has elected not to record any leases with terms of 12 months or less on the balance sheet.

As this time, a certain portion of active leases within the Company portfolio are classified as operating leases under the new standard. Operating leases are included in leases right-of-use (“ROU”) assets, operating lease current liabilities, and operating lease non-current liabilities in the consolidated balance sheet. The ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent our obligation to make minimum lease payment arising from the lease for the duration of the lease term.

Most leases include one or more options to renew, with renewal terms that can extend the lease term from 1 year to 5 years or greater. The exercise of lease renewal option is typically at our discretion. Additionally, many leases contain early termination clauses, however early termination typically requires the agreement of both parties to the lease. At the lease inception, all renewal options reasonably certain to be exercised are considered when determining the lease term. At this time, the Company does not have operating leases that include options to purchase or automatically transfer ownership of the lease property to the Company. The depreciable life of leased assets is limited by the expected lease term.

To determine the present value of future minimum lease payments, the Company use the implicit rate when readily determinable. At this time, many of the Company leases do not provide an implicit rate; therefore, to determine the present value of minimum lease payments, the Company use its incremental borrowing rate based on the information available at lease commencement date. The ROU assets also include any lease payments made and exclude lease incentives.

The components of lease expenses consisted of the following:

Lease cost	Classification	Year Ended December 31, 2020
Operating lease cost		
Amortization of leased assets	Depreciation, amortization	\$ 844,671
Interest on lease liabilities	Interest expense	1,618,331
Net lease cost		<u>\$ 2,463,002</u>
Lease Term and Discount Rate		
Weighted-average remaining lease term (years)		December 31, 2020
Operating leases		20
Weighted-average discount rate (%)		
Operating leases		7.11%
Other information		
Cash paid for amount included in the measurement of lease liabilities		Year Ended December 31, 2020
Operating cash flows from operating leases		\$ 2,017,891

As of December 31, 2020, future minimum payments required under the operating lease are:

	USD
Year ended December 31,	
2021	\$ 2,593,855
2022	1,815,179
2023	2,184,529
2024	1,768,723
2025	1,875,706
2026 and later	30,952,728
Total minimum lease payments	41,190,720
Less: Amount representing interest	(18,687,222)
Present value of net minimum lease payments	\$ 22,503,498
Current portion	1,092,797
Non-current portion	21,410,701

(b) Legal matters

The Company is a party to legal matters and claims in the normal course of its operations. While the Company believes that the ultimate outcome of these matters will not have a material adverse effect on its financial position, results of operations or cash flows, the outcome of these matters is not determinable with certainty and negative outcomes may adversely affect the Company.

(c) Guarantee

For the years ended December 31, 2019 and 2020, ReneSola Investment, a subsidiary of the Company, guaranteed failed sale-lease back for project companies within the Company with the amount of \$1,766,035 and nil, respectively. In addition, the Company guaranteed rooftop lease for subsidiary of the related party of the Company.

21. SEGMENT REPORTING

The solar power projects segment was formed in 2015, and involves solar power project development, EPC services and electricity generation revenue. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

The Company separated the solar power project segment into three reportable segments, including solar power project development, EPC services and electricity generation revenue. Ancillary revenues and expenses and other unallocated costs and expenses are recorded in other.

The chief operating decision maker is the chief executive officer of the Company.

The Company only reports the segment information of net revenue and gross profit, to conform to the information the chief operating decision maker receives to assess the financial performance and allocate resources. There are no differences between the measurements of the Company's reportable segment's gross profit and the Company's consolidated gross profit, as the Company uses the same profit measurement for all of the reportable segments and the consolidated entity. Furthermore, the Company's chief operating decision maker is not provided with asset information by segment. As such, no asset information by segment is presented.

The following table summarizes the Company's revenues generated from each segment:

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

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

	Year ended December 31, 2020				
	Solar power project development	Electricity generation revenue	EPC services	Other	Total
Net revenue	\$ 49,160,215	\$ 23,547,162	\$ -	\$ 795,506	\$ 73,502,883
Gross profit/(loss)	\$ 4,374,238	\$ 11,668,935	\$ -	\$ 642,609	\$ 16,685,782

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

	Years ended December 31,		
	2018	2019	2020
China	\$ 45,395,811	\$ 24,470,827	\$ 16,557,196
United States	15,445,744	9,277,514	4,388,241
Canada	-	-	15,557,800
Romania	1,824,411	3,193,215	5,709,713
UK	31,169,458	3,853,687	655,102
Turkey	2,129,085	-	-
France	941,826	730,962	152,548
Poland	-	59,884,835	10,008,838
Hungary	-	17,705,984	20,473,445
Total	\$ 96,906,335	\$ 119,117,024	\$ 73,502,883

22. SUBSEQUENT EVENTS

On January 8, 2021, the Company announced direct offering of 2,500,000 of American Depositary Shares (ADSs), each representing 10 ordinary shares, at a purchase price of \$16 per ADS. The gross proceeds were \$40 million before deducting placement agent fees and other offering expenses. The Company intends to use the net proceeds to expand its solar project pipeline (including combined solar/storage initiatives), to fund possible strategic acquisitions, and to meet general working capital needs.

On January 26, 2021, the Company announced direct offering of 10,000,000 of American Depositary Shares (ADSs), each representing 10 ordinary shares, at a purchase price of \$25 per ADS. The gross proceeds were \$250 million before deducting placement agent fees and other offering expenses. The Company intends to use the net proceeds to expand its solar project pipeline (including combined solar/storage initiatives), to fund possible strategic acquisitions, and to meet general working capital needs.

The Company performed an evaluation through April 28, 2021, which is the date the financial statements were issued, and did not identify any other material events or transactions that would require adjustment to or disclosure in these consolidated financial statements.

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

SALE PURCHASE AGREEMENT

IN RELATION TO 100% OF THE SHARES OF

LUCAS EST S.R.L.

AND

ECOSFER ENERGY S.R.L.

(the “**Targets**”)

BETWEEN

RENESOLA NEW ENERGY S.A.R.L.

(the “**Seller**”)

Solis Bond Company Designated Activity Company

(the “**Buyer**”)

and

Alternus Energy Group Plc

(the “**Guarantor**”)

TABLE OF CONTENT

1	DEFINITIONS AND INTERPRETATION	5
2	OBJECT OF THE AGREEMENT	5
3	PURCHASE PRICE	5
4	LEAKAGE	
5	PURCHASE PRICE ADJUSTMENT	
6	CONDITIONS PRECEDENT TO CLOSING	6
7	PRE-CLOSING COVENANTS	9
8	CLOSING. CLOSING PROCEDURES AND FORMALITIES	10
9	COVENANTS OF THE PARTIES	12
10	INDEMNIFICATION. REPRESENTATIONS AND WARRANTIES OF THE PARTIES	13
11	SPECIFIC INDEMNITY	15
12	INDEMNIFICATIONS AND REMEDIES. LIMITATION OF LIABILITY	16
13	TERMINATION OF THE AGREEMENT	23
14	GENERAL	23
15	CONFIDENTIAL INFORMATION	25
16	NOTICES. PROCEDURAL ASPECTS	27
17	LEGAL ADVICE	27
18	NEGOTIATIONS AND ACCEPTANCE	27

SCHEDULE 1.1 – DEFINITIONS	28
SCHEDULE 1.2 – INTERPRETATION RULES	28
SCHEDULE 2 – CONDUCT BETWEEN SIGNING AND CLOSING	28
SCHEDULE 3 - SELLER’S REPRESENTATIONS AND WARRANTIES	28
SCHEDULE 4 – BUYERS’ REPRESENTATIONS AND WARRANTIES	28
SCHEDULE 5 - CLOSING ACKNOWLEDGEMENT	28
SCHEDULE 6 – SHORT FORM TRANSFER AGREEMENT	28
SCHEDULE 7– DISCLOSURE LETTER	28
SCHEDULE 8.1 – PERMITTED LEAKAGES	28
SCHEDULE 8.2 –LEAKAGE	28
SCHEDULE 9 – DATA ROOM INDEX	28
SCHEDULE 10 – SHARES AND ASSETS ENCUMBRANCES	28

THIS AGREEMENT RELATING TO THE SHARES SALE AND PURCHASE (THE “AGREEMENT”) WAS ENTERED INTO BETWEEN:

- (1) **Renesola New Energy S.a.r.l.**, a company incorporated under the laws of Luxembourg with registered number B 168049 whose registered office is at Luxembourg, 16a Avenue de la Liberte, Grand Duchy of Luxembourg (the “**Seller**”),
 - (2) **Solis Bond Company Designated Activity Company**, a company incorporated under the laws of Ireland with registered number 679734 whose registered office is at Suite 11, Plaza 212, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15 (the “**Buyer**”),
- and
- (3) **Alternus Energy Group Plc**, a company incorporated under the laws of Ireland with registered number 642708 whose registered office is at Suite 11, Plaza 212, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15 (the “**Guarantor**”)

(each of the Seller, the Buyer and, to the extent the context in this Agreement allows it, the Guarantor are individually referred to as the “**Party**” and collectively referred to as the “**Parties**”)

WHEREAS:

- (A) **LUCAS EST S.R.L.** is a limited liability company incorporated and existing under the laws of Romania, having its registered office at Romania, Bucharest, 6-10 Stolnicului Street, Room 3, 4th floor, app. 13, District 1, registered with the Trade Registry under no. J40/21060/2008, having sole registration number 24882230 (“**Target 1**”);
- (B) **ECOSFER ENERGY S.R.L.** is a limited liability company incorporated and existing under the laws of Romania, Bucharest, 6-10 Stolnicului Street, Room 3, 4th floor, app. 13, District 1, registered with the Trade Registry under no. J40/14833/2012, having sole registration number 29351360 (“**Target 2**”);

(each of Target 1 and Target 2 are individually referred to as the “**Target**” and collectively referred to as the “**Targets**”);

- (C) The Seller holds 100% of the share capital of Target 1, respectively the Seller holds 45,001 shares issued by Target 1, having a nominal value of RON 10 each, and an aggregate nominal value of RON 450,010 (further referred to as “**Target 1 Shares**”);
- (D) The Seller holds 100% of the share capital of Target 2, respectively the Seller holds 45,001 shares in Target 2, having a nominal value of RON 10 each, and an aggregate nominal value of RON 450,010 (further referred to as “**Target 2 Shares**”);

(Target 1 Shares and Target 2 Shares will be collectively referred to as the “**Shares**”);

- (E) The Seller intends to transfer the Shares and the Buyer intends to acquire the Shares at the date of Closing hereunder, subject to the terms and conditions of this Agreement and with the observance of the provisions of Law no. 31/1990 on companies, as republished and further amended (the “**Companies’ Law**”), and the Targets’ articles of association.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, and with the intent to be bound, the Parties hereto agree as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

As used in this Agreement (including the preamble and the schedules, annexes, appendices), unless otherwise expressly stated or required, capitalized terms shall have the meanings ascribed to them in Schedule no. 1.1 attached hereto.

1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided and unless the context otherwise requires, the principles of interpretation set forth in Schedule no. 1.2 attached hereto shall apply.

2 OBJECT OF THE AGREEMENT

2.1 The Seller hereby agrees to sell all, and not less than all, the Shares (and all the rights attaching to the Shares, including the right to receive dividends whether declared and not paid until the Closing Date or that will be declared and paid after the Closing Date) held by them, free of Encumbrances, except the Shares and Assets Encumbrances, and the Buyer hereby agrees to acquire all, and not less than all, the Shares (and all the rights attaching to the Shares, including rights to dividends whether declared and not paid until the Closing Date or that will be declared and paid after the Closing Date) in exchange of the Final Purchase Price, on the terms and conditions herein, with effect from the Closing Date.

2.2 The full ownership rights over the Shares free of any Encumbrance, except the Shares and Assets Encumbrances, and together with all the rights attached thereto shall be transferred from the Seller to the Buyer, at the Closing Date, on the terms and subject to the conditions contained herein.

2.3 Save for the approval of the transfer of shares by resolution of the sole shareholder according to clause 6.1.1, the Seller (i) waives any restrictions on transfer over the Shares as such may be provided under any documents including without being limited to the articles of association of the Targets; and (ii) waives any claims related to the title over any of the Shares that may result in relation to past operations related to the Shares and share capital of the Targets.

3 PURCHASE PRICE

3.1 The initial purchase price for the transfer of the Shares under this Agreement is equal to RON [***] determined for each Target as (a) Base Purchase Price plus (b) Trade Working Capital at the Reference Date, plus (c) Tax Credit at the Reference Date including the VAT Tax Claim applicable at the respective date, plus (c) the Cash into Bank Accounts at the Reference Date, minus (d) Tax Payable at the Reference Date, minus (e) the EPC Payoff Debt, ("**Initial Purchase Price**"), divided as follows:

[***]

6 CONDITIONS PRECEDENT TO CLOSING

- 6.1 The sale and purchase of the Shares hereunder is conditioned on the following conditions precedent (the “**Conditions Precedent**”) being satisfied or waived in accordance with this Agreement by the Longstop Date:
- 6.1.1 the Seller having approved in the general meetings of shareholders of the Target the sale of the Shares towards the Buyer, with effect as of the Closing Date;
 - 6.1.2 the Targets having notified the Environmental Protection Agency under art. 10 and 15 para. (2) of GEO 195/2005, in relation to the envisaged transfer of Shares and the Environmental Protection Agency having established, if the case, environmental obligations which must be undertaken and/or shared in the context of the transfer of Shares;
 - 6.1.3 the Targets having notified Uniqa Asigurari SA on the Transaction;
 - 6.1.4 the Sellers providing the official letter from the Ministry of Culture confirming lack of historical monuments/archeological sites affecting the land where Target 2’s project is developed or any parts thereof and the official letters from ANIF and CNAIR confirming lack of litigations and restitution claims in respect of Target 1 and Target 2;
 - 6.1.5 The Seller having obtained up to date land book excerpts confirming that the Property is duly registered in favour of the Targets and is free of Encumbrances, except for the Shares and Assets Encumbrances;
 - 6.1.6 no Material Adverse Change having occurred, either individually or in the aggregate, between the Signing Date and the Closing Date or if such has occurred, has not been remedied accordingly;
 - 6.1.7 the Seller having obtained approval for the transfer of the Shares from the lender, Green Power Eighth CO., LTD under the loan agreements entered into by Lucas Est Korea and Ecosfer Korea secured by the Targets, amounting to KRW6,876,754,778 and KRW 11,773,076,581 at 31.10.2020, to the Buyer;
 - 6.1.8 the Sellers having complied and having procured that the Targets complied with their obligations set out in Schedule 2 and Clause 7 or, in case of non-performance by the Seller and/or the Targets, such non-performance it is not reasonably expected to trigger Losses to the Targets in excess of EUR 1,000,000;
 - 6.1.9 no material breach of the Sellers Representations and Warranties in this Agreement (that is, a breach that, individually or in aggregate) triggering Losses of the Targets exceeding EUR 250,000 having occurred, or, if such occurs, any such breach not having been remedied to the reasonable satisfaction of the Buyer; for the avoidance of doubt, any response issued or obligations imposed by the Environmental Protection Authority pursuant to the notice mentioned under clause 6.1.2, shall not be deemed to represent also a material breach of the Seller’s Warranties;

- 6.1.10 the Escrow Agreement and Fiduciary Agreement are executed by all relevant parties;
- 6.1.11 the Buyer has accepted the Disclosure Letter Update (if any); a Disclosure Letter Update that results in a Loss of less than 250,000 EUR and that is specifically due to a breach of the Seller's representations and warranties will be considered accepted by the Buyer in consideration of this clause and no other acceptance/ confirmation from the Buyer will be required, while any Disclosure Letter Update that is outside of these criteria will require the Buyer's express acceptance; and
- 6.1.12 approval from the Romanian Competition Council, if applicable, in substance and form reasonably satisfactory to the Seller.
- 6.2 Benefit and Satisfaction of Conditions Precedent
- 6.2.1 The Conditions Precedent are set for the benefit of the Buyer. Except for the condition under clause 6.1.12, each such Condition Precedent may only be waived by the Buyer. Waiver by the Buyer to one or several of the Conditions Precedent according to Clause 6.1 above in order to be able to complete Closing, shall be without prejudice to any of the Buyer's rights under this Agreement or to any rights to indemnification or compensation under this Agreement.
- 6.2.2 Each relevant competent Party shall use all reasonable endeavors and take all reasonable necessary actions to ensure the satisfaction of the Conditions Precedent set out in Clause 6.1, in order to perform and complete the transaction contemplated in this Agreement.
- 6.2.3 Except as otherwise set forth herein and subject to the terms and conditions set forth herein and to applicable legal requirements, each of the Parties shall cooperate and use their respective commercially reasonable efforts to take, or cause to be taken, all appropriate action, and do, or cause to be done, and assist and cooperate with the other Parties in doing, all things reasonably necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transaction, including the satisfaction of the respective conditions set forth in Clause 6.1, but in any case prior to the Longstop Date.
- 6.2.4 Each relevant competent Party shall (i) promptly, and in any event within 2 Business Days from the relevant occurrence, notify to the other Party the satisfaction of any Condition to Closing and provide reasonable satisfactory evidence thereof; and (ii) use its best reasonable efforts to make sure that each Condition to Closing is satisfied as soon as possible and, in any case, by the Long Stop Date.

- 6.2.5 Closing shall take place until the Long Stop Date, on the date and place as mutually agreed between the Parties, provided that all Conditions Precedent have been fulfilled, satisfied or otherwise waived by Buyer. The Closing shall take place at the latest on the 20th Business Day as of the date all Conditions Precedent having been fulfilled, satisfied or otherwise waived, through a video-conference call to be initiated by any Party and/or at a place to be designated and agreed by the parties, if permitted due to the Covid – 19 pandemic, at 11:00 am Central European Time.
- 6.2.6 For the avoidance of doubt the costs related to the implementation of the Conditions Precedent shall be borne (i) by each of the Targets, in respect of the Conditions Precedent which imply actions to be taken by said Target, (ii) by the Seller and/or the Buyer, as the case, for all other Conditions Precedent.
- 6.2.7 The Seller, at its sole and absolute discretion, may extend the initial Long Stop Date by up to 30 days if any of the Conditions Precedent are not fulfilled by the initial Long Stop Date by serving a written notice to the Buyer within (5) five Business Days before the initial Long Stop Date (in such a case, the extended term being deemed the Long Stop Date).
- 6.2.8 If the Conditions Precedent have not been satisfied (or waived) by the Longstop Date, as prolonged (if the case), each Party shall have the right to notify the termination of the Agreement, except for the Surviving Provisions, to the other Party, with immediate effect by simple written notice, without the fulfilment of any further formality and without the need to follow any judicial procedure, and provided that if the Conditions Precedent have not been met due to the fault of one Party, then such Party shall not have a termination right, without prejudice to the automatic termination in accordance with clause 6.2.9 below, and in the event of termination due to the exclusive fault of the Buyer, the Buyer can be held liable in accordance with the law.

The Parties hereby agree that, despite the Seller's best reasonable effort a Condition Precedent is not fulfilled due to the fact that a third party fails to provide any required document / approval in due time or otherwise determines for a Condition Precedent to not be fulfilled, the termination of the Agreement prior to Closing shall not be deemed attributable to the Seller.

For the purposes of this Agreement, the following shall be considered Surviving Provisions: except for this Clause 6.2.8, Clause 6.2.9, Clause 13, Clause 14, Clause 15, Clause 16, Clause 17, Clause 18 together with the provisions of Clause 1 and Schedule 1; all the other Clauses of this Agreement shall lapse and cease to have effect; provided that the lapsing of those provisions shall not affect any rights or liabilities of any Party in respect of any previous breach of this Agreement.

- 6.2.9 Failure by the Party entitled to serve the notice mentioned in Clause 6.2.8 within fifteen (15) Business Days after the Longstop Date, as prolonged (if the case), will trigger the automatic extension of the Longstop Date by 60 (sixty) days. Upon expiry of such additional 60 (sixty) days, if the Conditions Precedent have not been satisfied (or waived), the Agreement shall automatically terminate without the fulfilment of any formality. The provisions of Clause 6.2.8 shall apply accordingly, to the extent relevant and applicable; for the avoidance of any doubt, the impossibility of the Party at fault to terminate the Agreement in accordance with Clause 6.2.8 not having any effects as to the automatic termination under this clause. The Parties herein agree that the Agreement shall be considered lawfully terminated without the intervention of the court of law and without the fulfilment of any formality as of the Longstop Date in accordance with this clause, if the Conditions Precedent have not been satisfied (or waived) until such date.

7 PRE-CLOSING COVENANTS

7.1 Period between Signing and Closing

For the period between Signing and Closing, the Seller undertakes to comply and procure, to the extent legally possible and unless otherwise provided hereunder, that the Targets comply with the obligations set out in Schedule 2.

7.2 Access to Information Prior to the Closing

During the period from the date hereof through the Closing Date, the Targets shall, and the Seller shall cause the Targets to, give Buyer and their authorized representatives reasonable access during regular business hours to all offices, facilities, books and records of the Targets as Buyer may reasonably request; provided, that (a) Buyer and their representatives shall take such action as is deemed necessary in the reasonable judgment of the Seller and the Targets to schedule such access and visits through a designated officer from each Target and in such a way as to avoid disrupting in any material respect the normal business of the Targets, (b) the Targets shall not be required to take any action which would constitute a waiver of the attorney-client or other privilege, (c) the Targets do not need to supply Buyer with any information which, in the reasonable judgment of the Seller or the Targets, either Target or the Seller is under a contractual or legal obligation not to supply or otherwise contravenes any applicable laws, and (d) the Targets do not need to supply Buyer with any information which, in the reasonable judgment of the Seller or the Targets causes or could cause competitive harm to the business of any of the Targets if the transactions contemplated hereby are not consummated. Interim Financial Information.

Between the date hereof and the Closing, the Targets shall, and the Seller shall cause the Targets to, prepare and deliver to Buyer as soon as practicable after the end of each month, unaudited consolidated financial information of the Targets prepared in accordance with Romanian GAAP for such month.

7.3 No-shop

Between the date hereof and the Signing Date, none of the Targets or the Seller shall intentionally solicit or facilitate (including by way of providing information regarding the Targets or their businesses to any Person or providing access to any Person) any inquiries, discussions or proposals regarding, continue or enter into discussions or negotiations with respect to, or enter into or consummate any agreement or understanding in connection with any proposal regarding, any purchase or other acquisition of all or a material portion of the assets or properties of the Targets (other than the transactions in the ordinary course of business consistent with past practices), or any shares (whether newly issued or currently outstanding) of either Target, any merger, joint venture, association or recapitalization involving the Targets, the liquidation, dissolution or reorganization of the Targets, or any similar transaction, and the Seller and the Targets shall inform the Targets' and their directors, employees, agents, representatives and Affiliates to refrain from any of the foregoing. The Sellers shall promptly notify the Buyer if any such bona fide, written inquiries or proposals are received by the Targets, the Seller or, to the Seller's Knowledge, any of their respective representatives, including the nature and terms of any of the foregoing and the identity of the parties involved.

8 CLOSING. CLOSING PROCEDURES AND FORMALITIES

8.1 Closing procedures

8.1.1 Closing shall take place through the Notary Agent and Bond Trustee, as applicable, at any place and date as may be mutually agreed between the Parties hereto and, in absence of the Parties' agreement, on the 20th Business Day as of the date all Conditions Precedent having been fulfilled, satisfied or otherwise waived or by remote means, in accordance with clause 6.2.5. The date on which such Closing actually occurs shall be referred to in this Agreement as the "**Closing Date**". On Closing, the Parties shall take, or cause to be taken, all actions needed to ensure that the following actions are carried out in the order mentioned below:

- (a) the Parties shall exchange evidence of the due fulfillment of the Conditions Precedent to the extent the fulfillment was not already communicated in accordance with Clause 6.2.4 above;
- (b) the Seller shall deliver a written confirmation to the Buyer that the Seller's Representations and Warranties are true, correct, and not misleading in all material respects (and without impact on the provisions of Clause 10.1) on and as of the Signing Date and, subject to the Disclosure Letter Update (if any), the Closing Date and respectively that the Conditions Precedent under Sub-clause 6.1.6, 6.1.8, 6.1.9 are fulfilled at the Closing Date;
- (c) the Seller shall deliver to the Buyer a waiver to any and all past, present or future claims signed by Lucas Est Korea and Ecosfer Korea that these companies might have against the Targets in connection with the performance of the EPC Agreements up and until Closing;
- (d) Green Power Eighth CO., LTD shall deliver the Security Release/ Deregistration Letter(s)/ POA(s) to the Notary Agent;
- (e) the current directors of the Targets shall sign and submit to the Buyer the resignation and proof of termination, starting with the Closing Date, of their mandate, including a waiver to any and all past, present or future claims that these persons might have against the Targets in connection with the performance of the respective mandate;

- (f) the Seller and the Buyer shall sign a statement, in accordance with Article 10(2) of GEO 195/2005, reflecting the manner the environmental obligations imposed by the authorities pursuant to the notification under Article 10 (1) of GEO 195/2005 shall be undertaken and/or shared in the context of the transfer of Shares; to the extent the authority shall not revert on the matter, the statement shall mention that the entity liable for each of the Targets' environmental liabilities remains each such Target and shall reflect the parties understanding under the SPA for past actions;
- (g) the Seller shall deliver to the Buyer tax certificates relating to the Targets, not more than 30 days old, evidencing the lack of Tax arrears;
- (h) the Buyer shall deliver to the Seller (i) copies of an official extract issued by the Trade Registry indicating the name, address, shareholders, directors and registration number of the Buyer, (legalized and apostilled), (ii) copies of the resolutions passed by the relevant corporate body of the Buyer, approving the execution of the Transaction and empowering its authorized signatories to execute all agreements and other ancillary documents necessary and required to effect the consummation of the Transaction;
- (i) the Seller shall deliver to the Buyer (i) original of an official extract issued by the Trade Registry indicating the name, address, shareholders, directors and registration number of the Seller in apostilled form, (ii) copies of the resolutions passed by the board of directors of the Seller, approving the execution of the Transaction and empowering its authorized signatories to execute all agreements and other ancillary documents necessary and required to effect the consummation of the Transaction;
- (j) the Seller (in its capacity as shareholder of the Targets) together with the Buyer as future shareholder/ invitee, shall pass a shareholders' resolution at the level of each Target, pursuant to which it shall: (i) approve the change in the shareholding structure following the consummation of the Transaction; (ii) revoke all bank signatory powers, as well as all and any powers of attorney issued by the Targets which remain valid at the Closing Date, except as otherwise agreed between the Parties; (iii) accept the resignation and approve the discharge of liability of the Targets' directors except for gross negligence, willful misconduct or fraudulent acts; (iv) approve the power of attorney for the Tax Claim Appointee as per clause 5.3 above, and (v) authorize registration of the amendments to be made at the Trade Registry upon the consummation of the Transaction by way of power-of-attorney;
- (k) the Parties shall execute short forms share transfer agreements for the sale and transfer of the Shares in the form of Schedule 6 (the "**Short Form Transfer Agreements**") solely for the purpose of the registration of the transfer of the Shares from the Seller to the Buyer with the Trade Registry and the Seller shall provide the Buyer the documents which are under its control, if any, and which are required for the registration of the transfer of the Shares from the Seller to the Buyer with the Trade Registry;

- (l) the Bond Trustee shall make the relevant payments according to the provisions of Clauses 3.3 and 3.7.1 above, upon receipt of the confirmation letter provided by the Notary Agent pursuant to the Fiduciary Agreement, confirming the delivery by Green Power Eighth CO., LTD of the documents under point (d) above, and provide the Seller the irrevocable SWIFT confirmations;

(hereinafter referred to as: “**Closing Actions**”).

All of the actions set forth in Clause 8.1.1 shall constitute the closing hereof (the “**Closing**”) and will be deemed to have occurred simultaneously on the Closing Date at the hour to be mentioned in the Closing Acknowledgement; non-occurrence of any of the actions set forth in Clause 8.1.1 will render null and void and leave without effect any other action with the effect that Closing shall not occur unless such action has been waived by the Party for whose benefit it has been provided. The Parties shall sign a closing acknowledgement (“**Closing Acknowledgement**”) substantially in the form attached as Schedule 5 confirming the occurrence of Closing.

Waiver by the Buyer to one or several of the events or actions to be taken by the Seller according to Clause 8.1.1 above in order to be able to complete Closing, shall be without prejudice to any of the Buyer’s rights under this Agreement or to any rights to indemnification or compensation. If the fulfillment of Closing Actions obligations last more than one day, then for the purpose of this Agreement all actions taken will be regarded simultaneous and will be deemed to have taken place on the same day, and Closing shall be deemed to have taken place on the date when all such actions have been taken (unless the Parties agree otherwise in writing).

The Seller shall ensure that all documents, registries, stamps, keys pertaining to the Targets and that are in their possession shall be left with the Targets at the latest on Closing Date.

9 COVENANTS OF THE PARTIES

9.1 Post Closing Cooperation

- 9.1.1 After the Closing Date the Parties undertake to fully cooperate as regards any post Closing formalities/actions necessary/required to be performed by any of the Parties. Further the Buyer agrees to provide to the Seller, at the reasonable request of the Seller (as the case may be), any documents (tax, financial or otherwise) necessary to the Seller for tax purposes and the Seller agrees to ensure that, after Closing, the Targets are in the possession of originals of: (i) the technical book of the construction; (ii) all land related agreements; (iii) all other operational agreements.

- 9.1.2 The Buyer shall notify the National Authority for Energy Regulation within 30 days as of the Closing Date in relation to the transfer of Shares in accordance with this Agreement.
- 9.1.3 Without prejudice to the obligations under Clause 5.3 above, the Parties shall ensure that the Tax Claim Appointee shall use all reasonable endeavors and take all reasonable necessary actions to ensure that the VAT Tax Claim are recovered by the Targets from the Tax Authorities, in order for the Recovery Amount to be paid by the Buyer in accordance with this Agreement. Also, the Buyer undertakes that the Targets shall file the Additional VAT Tax Claim with the Romanian Tax Authority no later than 10 (ten) Business Days after the date of Closing and undertakes to observe all the obligations provided under clause 5.3 above.

10 INDEMNIFICATION, REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

10.1 Seller's Representations and Warranties

- 10.1.1 Subject to the limitations set out in this Agreement, the Seller hereby represents and warrants to the Buyer that, except as for the Disclosed Information the statements contained in Schedule 3 (Seller's Representations and Warranties) are true, accurate and not misleading in all material respects on the Signing Date and subject to the Disclosure Letter Update (if any) shall be true, accurate and not misleading in all material respects on Closing Date as if repeated at the Closing Date (unless provided otherwise in the statements below, including except as where any statement is expressed to be made only at a particular date, than it shall be considered to be given only at that date).
- 10.1.2 Any of the Seller's Representation and Warranty in this Agreement qualified by belief, knowledge, information or awareness of the Seller shall be deemed to include any act, omission, event or circumstance that the Seller or the current directors of the Targets as of the date of this Agreement and as of the Closing Date are aware of in their capacity as shareholders or current directors, respectively, of the Targets or that a reasonable shareholder could reasonably have been expected to have discovered after due reasonable enquiry of the statements / reports of the directors and managers of the Targets provided to the Seller (the "**Seller's Knowledge**").
- 10.1.3 The Seller makes no other representation and gives no other warranty to the Buyer except as set out in in Schedule 3 (Seller's Representations and Warranties).

10.2 Buyer's Representations and Warranties

- 10.2.1 The Buyer hereby represents and warrants to the Seller that the statements contained in Schedule 4 (Representations and Warranties of the Buyer) are true, accurate, complete and not misleading in all respects on the Signing Date and will be true, accurate, complete and not misleading in all respects as of Closing Date.

10.3 Buyer's Obligation to Indemnify

- 10.3.1 The Buyer hereby undertakes to indemnify the Seller for all Losses incurred as a result of: (i) any of the Buyer's representations and warranties being found untrue or misleading; and (ii) any failure to fulfill in whole or in part the obligations assumed by the Buyer under Clause 5.3.
- 10.3.2 Limitations: Except for the obligations assumed by the Buyer under Clause 5.3, for which the limitations herein are not applicable, the limitations to indemnification set forth in Clause 12 shall apply to the Buyer as it relates to this Clause 10.3.1, in that the term 'Seller' shall be replaced by 'Buyer' and 'Buyer' shall be replaced by 'Seller', throughout Clause 12 in order to apply the identical limitations to this Clause 10.3.1.

10.4 Guarantee

- 10.4.1 Subject to Clause 10.4.2, the Guarantor hereby guarantees the due and prompt performance to the Seller of the Buyer's obligation under Clause 5.4 of this Agreement, whichever recovery method is requested by the Seller, respectively to pay 90% of the VAT Tax Claim or the penalty amounting to the Recovery Amount to the Beneficiary (the obligations of the Buyer referred to in this Clause 10.4.1 being the "**Guaranteed Obligations**").
- 10.4.2 If there is a default by the Buyer in the performance of the Guaranteed Obligations in accordance with this Agreement, the Seller shall submit a written demand to the Buyer in respect of any such Guaranteed Obligation and any part of such Guaranteed Obligation remains unperformed and/or unpaid for a period of fifteen (15) Business Days, then, upon further written demand from the Seller to the Guarantor, the Guarantor shall perform such Guaranteed Obligation, unconditionally and solely based on the Seller's demand, within five (5) Business Days as of such demand, with no other formality or court intervention being necessary.
- 10.4.3 All payments to be made hereunder shall be made by the Guarantor in the currencies, funds and manner and at the places in and at which the corresponding sums were agreed to be paid or discharged pursuant to this Agreement.
- 10.4.4 All payments by the Guarantor hereunder shall be made without set-off or counterclaim and free and clear of and without deduction for or on account of any present or future taxes or other deductions whatsoever but so that if the Guarantor is compelled by law to make any such deduction the Guarantor will pay such additional amounts as are necessary to ensure that the Seller receives the full amount which it would have received if there had been no such deduction and any such additional amounts shall be disregarded in computing any limitation on the amount recoverable from the Guarantor hereunder and shall be payable notwithstanding any such limitation.

10.4.5 The Guarantor hereby warrants to the Seller on the date of this Agreement that:

- (a) the obligations set out in this Agreement constitute legal obligations that are valid and binding on the Guarantor in accordance with their respective terms;
- (b) it has full power, legal capacity and authority to enter into and to perform the obligations set out in this Agreement;
- (c) neither entering into this Agreement nor performing the obligations referred to in it has or will result in the breach of any obligation of the Guarantor under its constitution or any contract or agreement to which the Guarantor is a party; and
- (d) there is no pending or, to its knowledge (after due and careful enquiry), threatened insolvency or bankruptcy proceedings affecting it or its assets.

11 SPECIFIC INDEMNITY

11.1 Irrespective of Disclosed Information in case of the Specific Indemnities below, subject to other limitations set out in this Agreement, the Seller hereby agrees to indemnify the Buyer, from and against any and all Losses arising out of or relating to the following, each a “**Specific Indemnity**” and together the “**Specific Indemnities**”:

11.1.1 Any Tax Liability

“Tax Liability” means:

- (i) liability to make an actual payment or increased payment of, or in respect of, or on account of, Tax (including making a payment in settlement of a Tax Liability and whether or not presently payable and whether satisfied or unsatisfied at Closing), in which case the amount of the Tax Liability shall be the amount of the actual payment or increased payment; including without limitation an amount payable which arises in respect of or in consequence of: (i) any income, profits or gains earned, accrued or received (or deemed to be earned, accrued or received) on or before Closing; or
- (ii) any liability resulting from the VAT; or
- (iii) the loss of or failure to obtain, for any reason, any right to a repayment of Tax, in which case, the amount of the Tax Liability will be the amount of the repayment; or
- (iv) the use or setting off of any relief arising to the Company after Closing or to any member of the Buyer’s tax groups in circumstances where, but for such set off or use, any of the Targets would have had a liability to make a payment of or in respect of Tax for which the Buyer would have been able to make a claim against the Seller under this Tax Liability, in which case, the amount of the Tax Liability will be the amount of Tax for which the Seller would have been liable but for the setting off or use.

- 11.1.2 the loss of the title over any of the Shares as a result of a (third party) claim related to the transfers over any of the Targets' shares or any other share capital related operation that occurred prior to Closing.
- 11.2 The Parties acknowledge that to the extent the Buyer or the Targets shall recover Losses based on a claim under this Section 11 (Specific Indemnity), the Buyer or the Target shall not be entitled to recover the same Loss based on other breach of the Agreement as stated in Clause 12.9. This Section 11 is entered into for the benefit of both the Buyer and the Targets, and shall be directly enforceable against the Seller, provided that the amount of the Losses shall be recoverable only once.

12 INDEMNIFICATIONS AND REMEDIES. LIMITATION OF LIABILITY

12.1 Seller's Obligation to Indemnify

- 12.1.1 The Seller hereby undertakes to indemnify the Buyer for all Losses incurred as a result of: (i) any of the Seller's Representations and Warranties being found untrue or misleading; (ii) any of the Specific Indemnity situations under Clause 11 having occurred and (iii) any failure to fulfill in whole or in part the obligations and/or covenants assumed by the Sellers hereunder, including without limitation the pre-closing covenants in Section 7, where the breach occurred until and including the Closing Date.

12.2 Breaches and Claims. General Limitations

- 12.2.1 Subject to the qualifications under this Clause 12, any breach giving rise to a right to indemnification under this Agreement gives the right to the Party entitled to indemnification for Losses hereunder (the "**Claimant Party**") to present a Claim to the other Party (the "**Defaulting Party**") according to the terms and conditions herein.
- 12.2.2 If the Buyer become aware of a matter or circumstance which is likely to give rise to a Warranty Claim or to a Specific Indemnity Claim, the Seller shall not be liable in respect of it unless the Buyer shall give notice to the Seller specifying that matter or circumstance in detail (including, without limitation, the Buyer's estimate of the amount of such claim) within sixty (60) Business Days after the Buyer becomes aware of that matter or circumstance. The Seller shall not be liable for any Losses if the Buyer fails to give notice to the Seller as required by this paragraph.
- 12.2.3 None of the limitations in this Agreement shall apply in relation to any Loss suffered or incurred by the Buyer and/or any of the Targets as a result of gross negligence or willful misconduct of the Seller.
- 12.2.4 With respect to a Loss incurred or suffered by any Target, but where the compensation for such Loss shall be paid to the Buyer, the Buyer shall be entitled to compensation for the full Loss of the Targets (for the avoidance of any doubt, (i) in a situation where the compensation for such Loss of either Targets shall be paid to said Target, the Target(s) shall be compensated for the full amount of such Loss, or (ii) with respect to a Loss incurred or suffered by the Buyer, the Buyer shall be compensated for the full amount of such Loss).

12.3 Monetary limitations

The liability of the Seller in relation to a breach of the Seller's Representations and Warranties and the Specific Indemities shall be limited as follows:

- 12.3.1 the Seller shall not be liable in respect of any Warranty Claim or any Specific Indemnity Claim unless the amount of the damages to which the Buyer would, but for this subparagraph, be entitled as a result of that Warranty Claim or any Specific Indemnity Claim exceeds EUR 100,000, in which case the Buyer shall be entitled to claim the full amount of the Loss;
- 12.3.2 the Seller shall not be liable in respect of any Warranty Claims or any Specific Indemnity Claims, unless the aggregate of all Warranty Claims and Specific Indemnity Claims (other than the claims disregarded as contemplated by Clause 12.3.1 above) exceeds an amount equal to EUR 1,000,000, in which case the Buyer shall be entitled to claim the full amount of the Loss; and
- 12.3.3 except for warranties set out in Clause 3 (Shares and Undertakings) of Schedule 3 for which the limit shall be the aggregate of the Final Purchase Price and the EPC Payoff Debt, the maximum aggregate liability of the Seller arising out of or in connection with this Agreement shall not exceed 40% of the aggregate of the Final Purchase Price and the EPC Payoff Debt.

All claims that originate from the same facts or having the same causes shall be deemed as one Warranty Claim and one Specific Indemnity Claim for the purpose of this Agreement.

12.4 Time limitation

12.4.1 Notwithstanding the foregoing the liability of the Seller for:

- (i) without prejudice to points (ii) and (iii) below, any Warranty Claim related to a breach of the Seller's Representations and Warranties mentioned under Schedule 3 shall be triggered only for Claims notified to the Seller prior to 11:59 p.m. (CET + 1) on the date that is twenty-four (24) months after the date of Closing;
- (ii) Warranty Claim related to a breach of the Fundamental Seller's Warranties set forth under Schedule 3 – paragraphs 3 (Shares and Undertakings) and 8.5-8.16 (Real Estate – Title) and 8.26-8.34 (Planning and Zoning & Approvals), to the extent regarding the validity of the building permits/ title over construction/ rights over land shall be triggered only for Claims notified to the Seller prior to 11:59 p.m. (CET + 1) on the date that is thirty-six (36) months after the date of Closing, and

- (iii) any Claim related to a breach of the Tax Representations and Warranties or Tax related Specific Indemnities shall be triggered only for Claims notified to the Seller prior to 11:59 p.m. (CET + 1) on the date that is five (5) years as of 1st of July of the year following Closing.

The liability of the Seller towards the Buyer shall cease automatically on the date falling on the term referred to herein above.

12.4.2 The above mentioned terms are conventional time limit terms (in Romanian: “*termene de decedere*”).

12.5 Conduct of Claims

12.5.1 If a Party incurs a Loss for which it is entitled to indemnification by the other Party in accordance with this Agreement, the Claimant Party shall notify the Defaulting Party and mention the incurred Loss and reasonable details with regard to the act, fact, event or circumstance which triggered the Loss (“**Notice of Claim**”).

12.5.2 Subject to the provisions of Clause 12.5.1 being observed, the Defaulting Party shall owe and pay to the Claimant Party such amount as set forth in the Notice of Claim, unless the Defaulting Party contests it in writing, giving reasonable details for such contestation, within [60 (sixty)] days from receipt of the Notice of Claim.

12.5.3 In the event that the Defaulting Party duly contests the Notice of Claim within the 60 (sixty) days term, the Parties shall proceed to amicable settlement of the dispute and thereafter, if necessary, to the dispute resolution pursuant to Clause 14.7 hereunder

12.6 Seller’s disclosure

The Parties expressly agree and clarify that the Seller’s liabilities and the indemnification obligation are excluded to the extent that the matter or circumstance giving rise to that claim:

12.6.1 was taken into account or otherwise reflected in the Accounts;

12.6.2 is or arises from any matter or circumstance provided in the Disclosed Information or referred to in the Agreement;

12.6.3 may reasonably be deemed to be in the actual or constructive knowledge of the Buyer, based upon the Disclosed Information; for the purpose of this clause, constructive knowledge shall be deemed to include any act, omission, event or circumstance that a reasonable buyer could reasonably have been expected to have discovered/known based upon the Disclosed Information.

12.7 General Limitations

The Seller shall not be liable for any Claims to the extent such Claim arises or is increased (in this latter case, the Seller's liability shall not be triggered for the amount corresponding to the increase) if and to the extent that the Claim relates to:

- 12.7.1 events, facts or circumstances originating after Closing Date;
- 12.7.2 a change in legislation made after the date of this Agreement or any amendment to or the withdrawal of any written practice previously published by an Authority, including a Tax Authority, in either case occurring after the date of this Agreement, whether or not that change, amendment or withdrawal purports to be effective retrospectively in whole or in part;
- 12.7.3 any change, after Closing, of the date on which the Targets prepared their accounts or to the bases, methods, principles or policies of accounting of the Targets or any change to the accounts of the Targets caused by the Transaction, except if such change addresses past deviations or breaches of applicable laws and regulations; and
- 12.7.4 any act or omission of the Targets on or before Closing carried out at the written request of the Buyer or any act or omission of the Buyer or any of its Affiliates after Closing.

12.8 Insurance

The Seller shall not be liable in respect of any Warranty Claim and/or Specific Indemnity Claim to the extent that the amount of such Warranty Claim and/or Specific Indemnity Claim is confirmed by the insurer as covered by any of the Target's insurance or would have been so covered if the insurance policies in effect at Closing had been maintained after the Closing Date. The Buyer shall not pursue an otherwise valid claim against the Seller with respect to any losses which are recoverable under such insurance policies.

12.9 No double recovery

- 12.9.1 The Claimant Party is not entitled to recover more than once in respect of the same Loss irrespective of the fact that the respective Loss is the result of a breach of more than one of the representations and warranties and/or covenants under this Agreement. Recovery by any of the Buyer or the Targets shall be considered as full recovery by the Buyer of the Loss against the Seller.
- 12.9.2 If a Party pays to the other an amount in respect of a Claim ("**Claimed Amount**") and the latter subsequently recovers from another person (including but without being limited to any insurers) an amount resulting from the matter giving rise to the Claim ("**Recovered Amount**"), then such Party shall return to the paying Party an amount equal to the lower of: (i) the Claimed Amount and (ii) the Recovered Amount. The Parties agree that the Recovered Amount shall include the whole amount recovered from another person less reasonable costs incurred for obtaining the Recovered Amount.

12.10 Remedy of breaches

If the matter or circumstance giving rise to a Warranty Claim or a Specific Indemnity Claim is capable of remedy, the Seller shall be liable in respect of that Warranty Claim or of that Specific Indemnity Claim, only if the relevant matter or circumstance is not remedied in full within ninety (90) Business Days after the date on which the Seller is given notice as contemplated in this clause in relation to that matter or circumstance. The Purchaser shall procure that the Seller is given the opportunity within that ninety (90) Business Day period to remedy the relevant matter or circumstance and shall provide, and shall procure that the relevant Target shall provide, all reasonable assistance to the Seller to remedy the relevant matter or circumstance.

12.11 Contingent liabilities

The Seller shall not be liable in respect of any liability which is contingent unless and until such contingent liability becomes an actual liability and is due and payable.

12.12 Third Party Claims

12.12.1 If the Buyer and/or the Target is notified of a claim of a Third Party against the Target or against the Buyer that may lead to a liability by the Seller to the Buyer, respectively the Target, under this Agreement or Applicable Law (hereinafter referred to as “**Third Party Claim**”), the Buyer shall notify such Third Party Claim to the Seller in writing (giving reasonable details and enclosing the respective communication with the relevant Third Party, if any, as well as any other supporting documentation available to the Buyer, respectively the Target), as soon as possible, but in any case no later than 10 (ten) Business Days from the moment the Target or, if becoming aware earlier, the Buyer, has been notified of such Third Party Claim. The Seller shall not be liable for any Losses if the Buyer fails to give notice to the Seller as required by this paragraph.

12.12.2 The Buyer agrees to and shall procure that the Target will, as applicable, at any time after having notified the Seller of such Third Party Claim:

- (i) provide the Seller and the Seller’s legal counsel with all relevant documents and other information with regard to such Third Party Claim available to the Buyer or the Target; and
- (ii) only if the Seller simultaneously agree to indemnify the Buyer for such matter once the Third Party Claim is finally solved in view of its obligations and liability under this Agreement, if the case will be, if the Seller so requests (i) appoint legal counsel(s) nominated by the Seller at Seller’s own costs to act on behalf of the Buyer or the Target, as the case may be, to conduct the defence against such Third Party Claim, and also, if requested by the Seller, afford the Seller the opportunity to conduct the defence against such Third Party Claim, the Buyer procuring that the relevant Target takes such action to assess, contest, dispute, defend, appeal or compromise the Third Party Claim as the Seller may request and does not make any admission of liability, agreement, settlement or compromise in relation to the Third Party Claim without the prior written approval of the Seller, and (ii) enable the Seller to participate in (in- and out of court) discussions, negotiations for settlement and other communication with the relevant third party regarding the Third Party Claim as well as any Governmental Authority hearings of or otherwise regarding the Third Party Claim.

12.12.3 Should the Seller nominate legal counsel(s) to act on behalf of the Buyer or the Target (as applicable) in the defence of a Third Party Claim:

- (i) the Seller shall keep the Buyer, respectively the Target, informed of the proceedings, including on the strategy to be followed and by communicating all reasonable details and enclosing the relevant documentation of the relevant file, if any, as well as any other supporting documentation available to the Seller, respectively the Target, as soon as possible;
- (ii) the Seller shall not agree to any settlement or compromise of the Third Party Claim which is the subject of proceedings, or agree to any matter in the conduct of such proceedings which may affect the amount of the liability in connection with such Third Party Claim without the prior notification of the Buyer. Furthermore, in no case shall the Seller settle or compromise any pending or threatened Third Party Claim in respect of which indemnification may be sought hereunder (whether or not the Buyer or the Company is an actual or potential party to such legal proceeding) or proceed to any legal action which may result in (x) admission of fact, culpability or a failure to act, by or on behalf of the Buyer or the Company, or (y) any injunctive relief against the Buyer or the Company or that may adversely affect the Buyer or the Company without the prior approval of the Buyer, such approval not to be unreasonably withheld or delayed. If the Buyer does not give its approval, the Seller shall be relieved from any liability under this Agreement with respect to such matter; and
- (iii) the Buyer shall not, and shall procure that the Target does not make any settlement of or concession regarding a Third Party Claim without the prior written consent of the Seller, such approval not to be unreasonably withheld or delayed. To the extent the Seller can prove that it would have had appropriate defense means against the Third Party Claim which, if used, would have resulted in a more favorable outcome to the claim, the Seller shall be relieved from the obligation to bear any costs or any liabilities determined as such by a court or administrative body in excess of the amount payable under the more favorable outcome in relation to said Third Party Claim.

12.12.4 In the event of a Warranty Claim or a Specific Indemnity, the Buyer shall, until the earlier of such time as the Seller shall give any notice as contemplated by paragraph 12.12.2 (ii) and such time as any final compromise, agreement, expert determination or non-appealable decision of a court or tribunal of competent jurisdiction is made in respect of the Third Party Claim or the Third Party Claim is otherwise finally disposed of:

- (i) procure that the relevant Target consults with the Seller, and takes account of the requirements of the Seller, in relation to the conduct of any dispute, defense, compromise or appeal of the Third Party Claim;
- (ii) keep, or procure that the relevant Target keeps, the Seller promptly informed of the progress of the Third Party Claim and provide, or procure that the relevant Target provides, the Seller with copies of all relevant documents and such other information in the Buyer's or the relevant Target's possession as may be requested by the Seller; and
- (iii) procure that the relevant Target shall not cease to defend the Third Party Claim or make any admission of liability, agreement or compromise in relation to the Third Party Claim without the prior written consent of the Seller.

12.12.5 In the event that following Closing non-routine investigations or audits are performed or envisaged to be performed by the Tax Public Authorities with regard to the Targets, in connection to any and all declarations, returns, reports, statements or any kind of information for the period up to the Closing Date, the Buyer shall inform promptly the Seller about the envisaged commencement of these Tax audits or investigations not later than five (5) Business Days from the moment the relevant Target is notified in writing of this. To the extent permitted by law, the Buyer undertakes to accept Seller's representatives to be present during such investigations or audits in order to provide any assistance to and explanations required by the relevant authorities and to assess any liability arising out of any form of possible Taxation (directly or indirectly), that shall be established, calculated by the Tax Public Authorities and owed by the relevant Target following such audit or investigations. However, the Parties acknowledge that the provisions of this Clause 12.12.6 shall not apply to Tax related Claims, in which case the Buyer and/ or the Company shall always assume the defense.

12.13 Mitigation

The Buyer shall procure that all reasonable necessary steps are taken and all reasonable assistance is given to avoid or mitigate any Losses which in the absence of mitigation might give rise to a liability in respect of any Warranty Claim or Specific Indemnity under this Agreement.

Nothing in this Agreement shall be deemed to relieve the Buyer from any duty to mitigate any Loss or damage incurred by it as a result of any of Seller's Representations and Warranties being untrue or misleading.

12.14 Tax benefit

The amount of any liability of the Seller to the Buyer pursuant to this Agreement shall be reduced by any amount equal to the Tax benefit which the Buyer and/or any of the Targets directly have enjoyed in relation to the matter which is the subject of the Warranty Claim and/or Specific Indemnity Claim.

12.15 On sales

The Seller shall have no liability in respect of any Warranty Claim or Specific Indemnity Claim arising out of a matter or circumstance affecting any of the Targets if the notice given under this Clause 12 in relation to the relevant matter or circumstance is given at a time when the relevant Target has ceased to be owned by the Buyer or any Affiliate or company within Buyer's Group.

13 TERMINATION OF THE AGREEMENT

13.1 This Agreement may be terminated in accordance with Clauses 6.2.8, 6.2.9 and 8.1.1 or by mutual consent of the Parties.

13.2 In the event that Closing does not occur for reasons attributable solely to the Buyer, respectively if the Buyer unduly withdraws from the transaction by not showing up at Closing and fulfilling its obligations at and in view of the Closing despite having been requested by the Seller to do so and all Conditions Precedent being fulfilled, then the Buyer shall pay to the Seller a break-up penalty amounting to EUR 200,000 plus the reasonable expenses incurred by the Seller with legal, tax and financial advisers as well as any other specialists contracted for the purpose of the Transaction. This clause shall be considered penalty clause (in Romanian "*clauza penala*") in accordance with the Romanian Civil Code, the Seller having no obligation to prove any damage for the payment of this penalty and the amount being mandatory to be paid within maximum fifteen (15) calendar days from Seller's notification to the Buyer in this respect, without any other formality or court intervention.

13.3 Without prejudice to Clause 13.2, upon termination of this Agreement, the Parties shall no longer have any liability or obligations towards the others in respect to the Transaction, except as necessary in order to revert any actions taken based on such until that time and except for liabilities deriving from fraud, willful misconduct or gross negligence.

13.4 For the avoidance of doubt, the termination of this Agreement (whether in whole or in part and howsoever effected) shall be without prejudice to any accrued rights or obligations of the Parties up to the date of termination.

14 GENERAL

14.1 Whole Agreement

This Agreement, its schedules and other documents and certificates delivered pursuant to the terms hereof, set forth the entire agreement and understanding of the Parties with respect to the subject matter contained herein and supersede all prior agreements, promises, covenants, arrangements, communications, warranties, whether oral or written, by any officer, director, employee or representative of either Party.

14.2 Assignment

Except for a transfer by the Buyer to any of their respective Affiliates no Party may transfer or assign any of its rights or obligations pursuant to this Agreement, unless duly agreed in writing in advance by the other Party. The Seller hereby grants its express consent with respect to the transfer of this Agreement towards any Affiliate(s) of the Buyer subject to simple notice being sent to the Seller.

14.3 Waiver

The Parties agree that:

14.3.1 Except as expressly provided hereunder, no waiver of any right provided herein shall be effective unless the same is issued in writing, and such waiver shall be effective only with respect to the specific instance, for the purpose for which the same is given, and such waiver shall not operate as a waiver of any other provision of this Agreement or of any future application of the provision so waived.

14.3.2 Except as specifically provided in this Agreement, no failure or delay by any of the Parties to exercise any right or privilege under this Agreement will operate as a waiver thereof. Unless the Parties expressly agree otherwise, no extension of time for the performance of any obligation or act hereunder shall be deemed to be an extension of time for the performance of any other obligation or act.

14.3.3 Except otherwise agreed herein, no single or partial exercise of any right under this Agreement will preclude any other simultaneous or further exercise thereof or the exercise of any other right by the respective Party hereunder.

14.4 Further Assurance

Each of the Seller and the Buyer shall perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as may be necessary or reasonably required by the Parties to implement and give effect to this Agreement or as may be needed in order to revoke or reverse the publication of the resolution taken by the sole shareholder of the Targets approving the sale of all the Shares towards the Buyer (referred to in Sub-clause 6.1.5) in case the Closing does not occur in accordance with the provisions of this Agreement.

14.5 Variation

No amendment of this Agreement (or of any of the documents referred to in this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the parties to it, except for unilateral documents issued according to this Agreement which may not be amended without the consent of the other benefitting Parties.

14.6 Severability

Each of the provisions of this Agreement is severable. If any provision is held to be or becomes invalid or unenforceable in any respect under the laws of any jurisdiction it shall have no effect in that respect and the Parties shall use all reasonable endeavors to replace it by a valid and enforceable substitute provision the effect of which is as close to the intended effect as possible.

14.7 Governing Law and Jurisdiction

14.7.1 This Agreement shall be governed by, and construed in accordance with the laws of Romania.

14.7.2 Any disputes arising under, from or in relation to this Agreement shall be settled by a Romanian competent court of law seated in Bucharest.

14.8 Fees and Expenses

Each Party shall bear its own fees, costs and expenses due to the preparation, negotiation, execution and closing hereof, including, but not limited to, all fees and expenses related to any agents, representatives, attorneys-in-fact, accountants, mediators, investment banks and other advisers.

14.9 Specific Performance

Except as otherwise provided herein, the Parties agree that damages may not be an adequate remedy for the Buyer with respect to any breach by the Seller of their respective obligations hereunder and accordingly that specific performance shall be available as a remedy to the Buyer in the event of default or breach of this Agreement by the Seller.

15 CONFIDENTIAL INFORMATION

15.1 As used in this Agreement, "**Party Confidential Information**" shall mean and encompass all information and data that are entrepreneurs' confidential information including technical, commercial, financial, legal or any other nature and information about strategy or idea that is already implemented or shall be implemented in the future whether written or oral. In addition, "**Transaction Confidential Information**" shall mean the terms and conditions of this Agreement and any ancillary documents and/or information regarding the Transactions (shared/common ownership by the Parties). Party Confidential Information and Transaction Confidential Information are herein referred to together as "**Confidential Information**".

15.2 A Party shall not disclose to anyone any Confidential Information belonging to the other Party or shared by the Parties, without the prior written consent of the other Party provided, however, that subject to Clause 15.3 below, the Confidential Information may be disclosed without such prior written consent (i) to members of its corporate bodies, representatives, employees, as well as legal and financial advisors or proxies to the extent they require knowledge thereof for the purposes of due and proper fulfillment of their respective duties, or (ii) as required by Applicable law or pursuant to any request by a Authority. It is understood that such members of the corporate bodies, representatives, employees and legal and financial advisors or proxies shall be informed by the relevant Party of the confidential nature of such information and shall be obligated to treat such information as confidential. A Party shall be liable for any breach of confidentiality by members of its corporate bodies, representatives, employees and legal and financial professional advisors or proxies.

- 15.3 Information that (i) is or becomes available in the public domain through no fault of the Party; or (ii) is not acquired by the Party from sources in breach of an obligation of confidentiality, shall not be deemed the Confidential Information.
- 15.4 In the event that a Party is obligated to disclose all or a piece of the Confidential Information pursuant to the mandatory provisions of law to the entitled authorities, such Party agrees to (i) immediately notify the other Party of the existence, terms and circumstances surrounding such obligation, to the extent permitted by law (ii) consult with the other Party on the advisability of taking legally available steps to resist or narrow such obligation, and (iii) if disclosure of such Confidential Information is required or deemed advisable, at request of the other Party, exercise its best efforts to obtain a reliable assurance that confidential treatment will be accorded to the Confidential Information to be disclosed, as aforesaid. Disclosure of all or a piece of the Confidential Information pursuant to the provisions of this section shall not be deemed as a breach of this Agreement.
- 15.5 Any public announcements or statements regarding the negotiations in connection with the purposes specified in this Agreement shall be made either: (i) jointly by the Buyer and the Seller or (ii) in case of announcements or statements to be made by one of the Parties, upon prior written consent of the Buyer and the Seller; such consent shall not be unreasonably withheld.
- 15.6 Without prejudice to the right of the Seller and its Affiliates to continue to have access and use the Confidential Information regarding the Targets that are in its possession as of the Closing Date to the extent imposed in accordance with the Applicable Law and their internal regulations and procedures, the Parties acknowledge that the Confidential Information pertaining to the Targets shall constitute Confidential Information belonging to the Buyer following Closing and to the Seller prior to Closing.
- 15.7 The obligations of the Parties under this Clause 15 expire after the lapse of 3 (three) years from the Closing Date.

16 NOTICES. PROCEDURAL ASPECTS

16.1 All notifications and communications addressed to any Party shall be made in writing in English language and will be either: (i) personally delivered, (ii) transmitted by facsimile or email, (iii) transmitted by registered mail, or (iv) transmitted by courier, to the addresses specified hereunder or to another address beforehand indicated in compliance with the provisions set out in this Clause.

name: Alternus Energy Group Plc
address: Suite 11, Plaza 212, Blanchardstown Corporate Park
2, Blanchardstown, Dublin 15
fax:
email: td@alternusenergy.com
Attention of: Taliesin Durant

name: Renesola Austria
address: Renesola Engineering International GmbH Bayerngasse 1/1-
3, 1030 Vienna
fax:
email: dawid.badaczewski@renesola.at
Attention of: Dawid Badaczewski

or to such other addresses and/or numbers as a party may by notice to the other party expressly substitute; and

16.2 Notifications will be considered received by the Party to which they are addressed: (i) on the day of delivery, if the notification was personally delivered or by courier or (ii) on the date of the email or fax transmission if transmitted until 18.00 (EET) or on the next Business Day if transmitted after 18.00 (EET), with confirmation of transmission by the transmitting equipment – in the case of transmissions by fax or email or (iii) when the receipt confirmation is signed – for registered mail transmissions.

17 LEGAL ADVICE

Each Party to this Agreement confirms it has received independent legal advice relating to all the matters provided for in this Agreement, including the provisions of this Clause and it has negotiated, understands and agrees to its rights and obligations under this Agreement, and more specifically the Clauses regarding (a) limitation of liability, including those stipulated under Clauses 10.1, and Clause 12 and the provisions of Schedules 3 and 4 hereto, (b) termination of this Agreement, including under Clause 6.2.8, 6.2.9, 8.1.1, 13, (c) purchase price and payments including under Clauses 3 and 8.1, (d) loss of rights or loss of the benefit of any term including under Clause 12 and Clause 10, (e) limitation of the right to invoke any exceptions including under Clauses 14.3, (f) choice of applicable law and dispute resolution including under Clause 14.7. This Agreement is the result of the negotiation of the Parties and no rule construing ambiguities against a drafting party shall apply.

18 NEGOTIATIONS AND ACCEPTANCE

18.1 The Parties hereby confirm that:

- (a) they have reviewed and understood the provisions of this Agreement and other Transaction Documents and they agree with the terms thereof;
- (b) they have independently decided to enter into this Agreement, on the basis of their own assessment or, where it has considered necessary, based on the legal, financial or technical expertise of external independent consultants selected by it;

- (c) they are capable of understanding (each by itself or assisted by any consultants that it has considered necessary) and understand and accept the contents of all the (internal and external) Clauses and all the rights and obligations it undertakes through this Agreement;
- (d) each Clause of this Agreement has been negotiated by or on behalf of the Parties (for the purpose of this Clause “negotiation” meaning both the exchange of proposals between parties which has resulted in a final agreement in relation to certain clauses, and the unconditional acceptance by a party of the Clauses proposed by the other party); the Parties explicitly represent that they understand and accept each and all unusual standard Clauses according to Article 1203 of the Civil Code from this agreement; and
- (e) for the purpose of Article 1202 and Article 1203 of the Civil Code, the Parties expressly accept and acknowledge each and all Clauses of this Agreement, including, without limitation, the Clauses referred to in Clause 17.

18.2 Each Party hereby assumes the risk of change of the circumstances under which this Agreement is entered into, in accordance with Article 1,271 para. 3 lett. (c) of the Civil Code, and hereby waive any right to raise defenses based on hardship (in Romanian: *impreviziune*).

This Agreement has been negotiated in the English language and may be executed in any number of counterparts, each of which will be an original as regards any party whose signature appears thereon and all of which together will constitute one and the same instrument. This Agreement will become binding when one or more counterparts hereof, individually or taken together will bear the signature of all parties hereto.

List of Schedules

- Schedule no. 1.1 – Definitions
- Schedule no. 1.2 – Interpretation
- Schedule no. 2 – Conduct between Signing and Closing
- Schedule no. 3 – Seller’s Representations and Warranties
- Schedule no. 4 – Buyers’ Representations and Warranties
- Schedule no. 5 - Closing Acknowledgment
- Schedule no. 6 – Short Form Transfer Agreement
- Schedule no. 7 – Disclosure Letter
- Schedule no. 8.1 – Permitted Leakage
- Schedule no. 8.2 –Leakage
- Schedule no. 9 - Data Room Index
- Schedule no 10 – Shares and Assets Encumbrances

This Agreement is signed on 22 December 2020 by duly authorized representatives of the Parties.

[Execution page follows]

SIGNATORIES

Seller:
Renesola New Energy S.A.R.L.

Name: KE CHEN
Position: Director

Buyer
Solis Bond Company Designated Activity Company

Name: Vincent Browne
Position: Director

Guarantor
Alternus Energy Group Plc

Name: Vincent Browne
Position: Director

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

AMENDMENT AGREEMENT

TO THE

SALE PURCHASE AGREEMENT

IN RELATION TO 100% OF THE SHARES OF

LUCAS EST S.R.L.

AND

ECOSFER ENERGY S.R.L.

(the “Targets”)

BETWEEN

RENESOLA NEW ENERGY S.A.R.L.

(the “Seller”)

Solis Bond Company Designated Activity Company

(the “Buyer”)

and

Alternus Energy Group Plc

(the “Guarantor” or the “Parent”)

THIS AMENDMENT AGREEMENT (“**Amendment Agreement**”) is dated March 16, 2021 (“**Amendment Date**”) and made between:

- (A) **Renesola New Energy S.a.r.l.**, a company incorporated under the laws of Luxembourg with registered number B 168049 whose registered office is at Luxembourg, 16a Avenue de la Liberte, Grand Duchy of Luxembourg (the “**Seller**”),
- (B) **Solis Bond Company Designated Activity Company**, a company incorporated under the laws of Ireland with registered number 679734 whose registered office is at Suite 11, Plaza 212, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15 (the “**Buyer**”),

and

- (C) **Alternus Energy Group Plc**, a company incorporated under the laws of Ireland with registered number 642708 whose registered office is at Suite 11, Plaza 212, Blanchardstown Corporate Park 2, Blanchardstown, Dublin 15 (the “**Guarantor**” or the “**Parent**”)

(each of the Seller and the Buyer are individually referred to as the “**Party**” and collectively referred to as the “**Parties**”)

RECITALS

- (A) On December 22, 2020, Renesola New Energy S.A.R.L acting as seller, Solis Bond Company Designated Activity Company acting as buyer and Alternus Energy Group Plc acting as guarantor entered into a share sale and purchase agreement (“**SPA**”) regarding the acquisition of all shares in:
 - (i) **LUCAS EST S.R.L.**, a limited liability company incorporated and existing under the laws of Romania, having its registered office at Romania, Bucharest, 6-10 Stolnicului Street, Room 3, 4th floor, app. 13, District registered with the Trade Registry under no. J40/21060/2008, having sole registration number 24882230 (“**Target 1**”); and
 - (ii) **ECOSFER ENERGY S.R.L.**, a limited liability company incorporated and existing under the laws of Romania, Bucharest, 6-10 Stolnicului Street, Room 3, 4th floor, app. 13, District 1, registered with the Trade Registry under no. J40/14833/2012, having sole registration number 29351360 (“**Target 2**”).
 - (B) The Parties have agreed to a new structure of closing and of the relevant payment mechanism, as well as related adjustments of the SPA.
-

(C) Against this background, the Parties hereby mutually agree to amend the SPA as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Capitalized terms used but not otherwise expressly (re-)defined herein shall have the meanings ascribed to them in the SPA.

1.2 Unless otherwise expressly provided for in this Amendment Agreement, the rules of interpretation provided for in Schedule 1.2 of the SPA shall also apply to this Amendment Agreement.

2. AMENDMENT OF THE CLAUSES OF THE SPA

2.1 Clause 2.1 of the SPA is hereby amended and restated as follows:

“The Seller hereby agrees to sell all, and not less than all, the Shares (and all the rights attaching to the Shares, including the right to receive dividends whether declared and not paid until the Closing Date or that will be declared and paid after the Closing Date) held by it, free of Encumbrances (except for the Shares and Assets Encumbrances that are currently in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer), and, respectively, to assign all rights and obligations under the Shareholder Loans and the Buyer hereby agrees to acquire all, and not less than all, the Shares (and all the rights attaching to the Shares, including rights to dividends whether declared and not paid until the Closing Date or that will be declared and paid after the Closing Date) and, respectively, to take over all rights and obligations under the Shareholders Loans in exchange of the Final Purchase Price, on the terms and conditions herein, with effect from the Closing Date.”

2.2 Clause 2.2 of the SPA is hereby amended and restated as follows:

“The full ownership rights over the Shares free of any Encumbrances (except for the Shares and Assets Encumbrances that are currently in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer) and together with all the rights attached thereto shall be transferred from the Seller to the Buyer, at the Closing Date, on the terms and subject to the conditions contained herein.”

2.3 Clause 2.4 shall be added and shall read as follows:

*“The terms and conditions of the assignment of the Shareholder Loans towards the Buyer shall be further resumed at the level of an assignment agreement (the “**Assignment Agreement**”) substantially in the form enclosed as Schedule 12 (Assignment of Shareholder Loans) hereto.”*

2.4 Clause 3.1 of the SPA is hereby amended and restated as follows:

*“The Final Purchase Price for the transfer of the Shares and for the assignment of the Shareholders Loans under this Agreement and the Assignment Agreement is equal to RON 140,211,020 determined for each Target as (a) Base Purchase Price plus (b) Trade Working Capital at the Reference Date, plus (c) Tax Credit at the Reference date including the VAT Tax Claim applicable at the respective date, plus (d) the Cash into Bank Accounts at the Reference Date plus (e) cash deriving from the sale of the Available GC’s between the Reference Date and the 15.03.2021 (“Available GC’s Adjustment”) minus (f) Tax Payable at the Reference Date, minus (g) Leakage according to Clause 4 between the Reference Date and 15.03.2021 (“**Final Purchase Price**”), divided as follows:*

[***]

*(Target 1 Assignment Price and Target 1 Assignment Price together “**Assignment Price**”).”*

2.5 Clause 3.3. of the SPA is hereby amended and restated as follows:

“For each Target, the Final Purchase Price minus 90% of the VAT Tax Claim (RON 9,698,047.36) will be paid as follows:

3.3.1 *the amount of [***] will be paid by the Buyer (“**Up Front Buyer Payment**”), as follows:*

- (a) the amount of [***] will be transferred to the Seller at Closing, in the Seller’s Designated Bank Account.*
- (b) the amount of [***], representing Holdback Amount 1, Holdback Amount 2 and 10% of the VAT Tax Claim (the “**Holdback Amount**”), will be transferred by the Buyer, as of the date the Escrow Agreement is executed, into the Escrow Account, to be released by the Escrow Agent in accordance with clause 3.4.2 below,*

[***]

The Promissory Note will be secured with a Floating Charge (in the form as set out in Schedule 13, to be constituted by the Parent.

2.6 Clause 3.7 of the SPA is hereby repealed.

2.7 Clause 5.1 is hereby repealed.

2.8 Clause 6.1.2 is hereby amended and restated as follows:

“the Environmental Protection Agency having established, if the case, environmental obligations which must be undertaken and/or shared in the context of the transfer of Shares, in response to the Targets’ notifications to the Environmental Protection Agency under art. 10 and 15 para. (2) of GEO 195/2005;”

2.9 Clause 6.1.3 is hereby deleted and the numbering of the remaining points under Clause 6.1 is correspondingly amended.

2.10 Clause 6.1.4 is hereby deleted and the numbering of the remaining points under Clause 6.1 is correspondingly amended.

2.11 The previous Clause 6.1.7 is hereby deleted and the numbering of the remaining points under Clause 6.1 is correspondingly amended.

2.12 The previous Clause 6.1.10 is hereby deleted.

2.13 Clause 7.1 is hereby amended and restated as follows:

“Period between Signing and Closing

For the period between Signing and Closing, the Seller undertakes to comply and procure, to the extent legally possible and unless otherwise provided hereunder, that the Targets comply with the obligations set out in Schedule 2.’

For the avoidance of any doubt, the Parties expressly confirm that the below actions were expressly approved by the Buyer and are considered to have been permitted to be performed by the Targets during the period between Signing and Closing:

7.1.1 the execution by the Targets of the Shareholder Loans and the payment by the Targets to Lucas Est Korea and Ecosfer Energy Korea of all outstanding amounts under the EPC Agreements;

7.1.2 the ongoing process for the deregistration of the Shares and Assets Encumbrances from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer; and

7.1.3 the change of the Targets' directors, with the approval of the resignation of Mrs. Geng Huiyan and of Mr. Josef Kastner from their capacity as Targets' directors, with the discharge of liability, and the appointment of Mr. Vincent Browne and of Mr. John McQuillan as new directors of the Targets,

and such actions shall not be considered in any way a non-performance by the Seller and/or the Targets of their obligations set out in Schedule 2 and Clause 7 of this Agreement, a Material Adverse Change or a breach of the Sellers Representations and Warranties in this Agreement.”

2.14 Clause 8.1.1 is hereby amended and restated as follows:

“Closing shall take place at any place and date as may be mutually agreed between the Seller and the Buyer and, in absence of the parties' agreement, on the 20th Business Day as of the date all Conditions Precedent having been fulfilled, satisfied or otherwise waived or by remote means, in accordance with clause 6.2.5. The date on which such Closing actually occurs shall be referred to in this Agreement as the “Closing Date”. On Closing, the Seller and the Buyer shall take, or cause to be taken, all actions needed to ensure that the following actions are carried out in the order mentioned below:”

2.15 Clause 8.1.1 point c) is hereby amended and restated as follows:

“the Seller shall deliver to the Buyer a waiver to any and all past, present or future claims signed by Lucas Est Korea and Ecosfer Energy Korea that these companies might have against the Targets in connection with the payment of the EPC Payoff Debt or the performance of the EPC Agreements up and until Closing;”

2.16 Clauses 8.1.1 points d) and e) are hereby deleted and the numbering of the remaining points under Clause 8.1.1 is correspondingly amended:

2.17 The previous Clause 8.1.1 point h) (current Clause 8.1.1 point f)) is hereby amended and restated as follows:

“the Buyer shall deliver to the Seller (i) copies of an official extract issued by the Trade Registry indicating the name, address, shareholders, directors and registration number of the Buyer, (ii) copies of the resolutions passed by the relevant corporate body of the Buyer, approving the execution of the Transaction and empowering its authorized signatories to execute all agreements and other ancillary documents necessary and required to effect the consummation of the Transaction;”

2.18 The previous Clause 8.1.1 point i) (current Clause 8.1.1 point g)) is hereby amended and restated as follows:

“the Seller shall deliver to the Buyer (i) original of an official extract issued by the Trade Registry indicating the name, address, shareholders, directors and registration number of the Seller, (ii) copies of the resolutions passed by the board of directors of the Seller, approving the execution of the Transaction and empowering its authorized signatories to execute all agreements and other ancillary documents necessary and required to effect the consummation of the Transaction;”

2.19 The previous Clause 8.1.1 point j) (current Clause 8.1.1 point h)) is hereby amended and restated as follows:

“the Seller (in its capacity as shareholder of the Targets) together with the Buyer as future shareholder/ invitee, shall pass a shareholders’ resolution at the level of each Target, pursuant to which it shall: (i) approve the change in the shareholding structure following the consummation of the Transaction; (ii) confirm the appointment of new directors; (ii) revoke all bank signatory powers, as well as all and any powers of attorney issued by the Targets which remain valid at the Closing Date, except as otherwise agreed between the Parties; (iii) approve the power of attorney for the Tax Claim Appointee as per clause 5.3 above, and (iv) amend and restate the Targets’ Articles of Association;”

2.20 The previous Clause 8.1.1 point (l) (current Clause 8.1.1 point j)) is hereby amended and restated as follows:

“The Buyer shall make the payment of the Up Front Buyer Payment minus the Holdback Amount, as regulated at clause 3.3.1 above.”

2.21 A new point (k) is added to Clause 8.1.1 which shall read as follows:

“The Buyer, the Targets and the Seller shall enter into the assignment of the Shareholder Loans to the Buyer substantially in the form enclosed as Schedule [] (Assignment of Shareholder Loans);”

2.22 A new point (l) is hereby added which shall read as follows:

The Parent issues the Promissory Note and the Floating Charge.

2.23 A new Clause 9.1.4 is added which shall read as follows:

“After the Closing Date the Parties undertake to fully cooperate for the execution of the Escrow Agreement as soon as possible, the Buyer undertaking to make the payment of the Holdback Amount in the Escrow Account as of the date the Escrow Agreement is executed.

2.24 Schedule 1.1 – Definitions is hereby amended as follows:

- (i) A new definition of **“Deferred Purchase Price”** is added as follows: **“Deferred Purchase Price** has the meaning set forth under Clause 3.3.2.”
 - (ii) **“EPC Payoff Debt”** is repealed.
 - (iii) **“Fiduciary Agreement”** is repealed.
 - (iv) **“Floating Charge”** means the all asset floating charge dated on the Closing Date granted by the Company in favour of the Payee.
-

- (v) “Initial Purchase Price” is repealed.
- (vi) “**Notary Agent**” is repealed.
- (vii) A new definition of “**Permitted Encumbrances**” is added as follows:

“**Permitted Encumbrances** means the Encumbrances listed in Schedule 1 hereto.”
- (viii) New definitions related to the shareholder loans and assignment thereof are added as follows:

“**Assignment Agreement** has the meaning set forth under Clause 2.4;”

“**Shareholder Loans** means Target 1 Shareholder Loan and Target 2 Shareholder Loan together;”

“**Target 1 Assignment Price** has the meaning set forth under Clause 3.1.3;”

“**Target 2 Assignment Price** has the meaning set forth under Clause 3.1.4;”

“**Target 1 Shareholder Loan** means the intercompany loan dated March 8, 2021 concluded between Target 1 as borrower and the Seller as lender, under which the Target 1 owes to the Seller the amount of [***];”

“**Target 2 Shareholder Loan** means the intercompany loan dated March 8, 2021 concluded between Target 2 as borrower and the Seller as lender, under which the Target 2 owes to the Seller the amount of [***];”
- (ix) “**Transaction Documents**” means this Agreement, the Short Form Transfer Agreement, the Escrow Agreement, the Assignment Agreement, the Promissory Note, the Floating Charge and any other document expressly identified in writing by the Parties as a Transaction Document, as well as the Schedules and Appendices thereto.

2.25 Schedule 3 of the SPA – Seller’s Representations and Warranties is hereby amended as follows:

- (i) Clause 2.1 point (iv) shall read as follows: “except as otherwise provided in Clause 8.1.1, the Targets have not given any power of attorney or other authority (express, implied or ostensible) which is still in force as of Closing Date to any person to enter into any contract or commitment on its behalf and no person, as agent or otherwise, is entitled or authorized to bind or commit the Targets to any obligation as of Closing Date;”
 - (ii) Clause 3.1 shall read as follows: “The Seller is the exclusive, legal and beneficial owner of the Shares, with all rights attaching to them, and has valid, enforceable and transferrable title to the Shares free of any Encumbrances as of Closing (the Shares and Assets Encumbrances being in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer).”
-

(iii) Clause 3.3 shall be amended and shall read as follows:

“Except as provided in the Disclosed Information with respect to the Shares and Assets Encumbrances until the Closing Date (the Shares and Assets Encumbrances being in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer), the Shares are free from any additional Encumbrances and, no Person has claimed in writing to be entitled to any additional Encumbrance where the claim was sent to the Targets (and to the extent the Seller does not reasonably prove that the respective claim was not received by the Targets) and there are no agreements (other than this Agreement) or commitments which grant to any person the right to acquire any rights in respect of the Shares.”;

(iv) Clause 3.5 shall read as follows: *“There are no outstanding (i) options or other rights to purchase or subscribe to the registered capital of the Targets, (ii) obligations of the Seller to make additional payments to the Targets in relation to the Shares, or (iii) contracts of any kind relating to the issuance of any registered share capital of the Targets, or any such options or rights. There are no voting trusts, or other agreements or understandings with respect to any Shares or the Targets. All voting rights in the Targets are vested exclusively in the Shares. Upon transfer of the Shares to the Buyer pursuant to this Agreement, the Buyer will own the Shares, free and clear of any and all Encumbrances (the Shares and Assets Encumbrances being in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer)”.*

(v) Clause 6.1. shall read as follows: *“The Targets have valid legal title (free from any Encumbrance except to the Shares and Assets Encumbrances, until immediately before Closing Date and that are currently in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer, and Permitted Encumbrances, leasing agreement, or agreement for payment on deferred outstanding terms other than the EPC Agreements until immediately before Closing Date) to all material assets of the Targets which: (i) are included in their Accounts; or (ii) were at the respective Reference Date owned for the purposes of their Business; or (iii) have been acquired by it since the Reference Date, and all such assets are owned by, in the possession and control of the Targets (“Material Assets”). For the purpose of the Seller’s Warranties set out in this Schedule, Material Assets shall mean assets with a book value in excess of EUR 100,000 (in words: one hundred thousand Euro). Each asset included in the Accounts, or acquired by the Targets since the Last Accounts Date is: (a) legally owned or used solely by the Targets free of any Encumbrance except for the Shares and Assets Encumbrances, until immediately before Closing Date and that are currently in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer, and the Permitted Encumbrances; (b) where capable of possession, is in the possession or under the control of the Targets, except for the assets requiring replacement due to normal wear and tear, in the normal course of business.*

- (vi) Clause 7.4. shall read as follows: *“Except to the rights and obligations under the Shareholder Loans, neither the Seller nor any Affiliate of the Seller is entitled to a claim of any nature against the Targets, or has assigned to any person the benefit of a claim against the Targets which is still outstanding.”*
- (vii) A new clause 7.6 is added which shall read as follows: *“Except for the Shareholder Loans: (a) there are no outstanding loans granted to the Targets by the Seller or by any of its Affiliates; (b) the Seller confirms that all loans granted by it or by its Affiliates to the Targets have been settled in full prior to the Signing Date and that the Seller and its Affiliates have no past, present or future claim against the Targets in connection to such loans”.*
- (viii) Any reference to applicability of an exception for the case of “Shares and Assets Encumbrances” shall be no longer applicable and shall remain without effect starting with and including Closing Date, the Buyer expressly acknowledging that the Shares and Assets Encumbrances are currently in process of deregistration from the National Register for Movable Publicity, from the relevant land books and any other registries kept by any authorities or third parties, as approved by the Buyer. Similarly, any reference to the “EPC Agreements” as exception from outstanding rights and obligations or alike shall remain without effect starting with and including Closing Date.

2.26 Schedule 10 of the SPA “Shares and Assets Encumbrances” is replaced with Schedule 3 hereto.

2.27 **The Following Schedules hereto are added to the SPA:**

Schedule 11 – Assignment Agreement having the form of Schedule 1 hereto.

Schedule 12 – Promissory Note having the form of Schedule 2 hereto.

Schedule 13 – Floating Charge having the form of Schedule 4 hereto.

3. **FURTHER ASSURANCES**

The Parties agree to use all reasonable endeavors from time to time to execute any additional documents and to do or procure that any other acts and things are done to give full effect to the terms of this Amendment Agreement.

4. **NO OTHER AMENDMENTS**

The Agreement shall not be modified by this Amendment Agreement in any respect except as expressly set forth herein and shall remain in full force and effect according to its terms, as modified hereby.

5. **MISCELLANEOUS**

Clauses 14 (*General*), 15 (*Confidential Information*) 16 (*Notices. Procedural Aspects*), 17 (*Legal Advice*), 18 (*Negotiation and Acceptance*) of the Agreement are hereby incorporated into this Amendment Agreement and shall apply to this Amendment Agreement mutatis mutandis as if set forth in full herein.

Execution page follows

Renesola New Energy S.a.r.l.

Signed by: Ke Chen

Acting as: Director

Solis Bond Company Designated Activity Company

Signed by: Vincent Browne

Acting as: Director

Altemus Energy Group Plc

Signed by: Vincent Browne

Acting as: Director

21.07.2020

RENESOLA NEW ENERGY S.À R.L.

as Issuer

AND

EIFFEL ENERGY TRANSITION SLP

as Subscriber and the Pledge Administrator

BONDS SUBSCRIPTION AGREEMENT

Stibbe

THIS BONDS SUBSCRIPTION AGREEMENT is made on 21.07.2020,

BETWEEN

1. **ReneSola New Energy S.à r.l.**, a private limited liability company (*société à responsabilité limitée*) incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 16a, avenue de la Liberté, L-1930 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B168049, represented by Josef Kastner, who is hereby empowered for the purpose of this Agreement, as issuer (the **Issuer**); and
2. **Eiffel Energy Transition SLP**, a French limited partnership (SLP) with capital of 3,000 euros, registered with the Paris trade and commerce registrar under n° RCS 828 380 600, with registered offices located at 9, rue Newton, 75116 Paris, France, represented by its management company, EIFFEL GENERAL PARTNER SAS, a French simplified joint stock company (SAS) with capital of 1,000 euros, registered with the Paris trade and commerce registrar under n° RCS 828 053 785, with registered offices located at 9, rue Newton, 75116 Paris, France, represented by the EIFFEL INVESTMENT GROUP SAS investment management company, a French simplified joint stock company (SAS), registered with the Paris trade and commerce registrar under n° RCS 510 813 991, with registered offices located at 9, rue Newton, 75116 Paris, France, represented by Fabrice Dumonteil, duly empowered for the purpose of this Agreement, as subscriber and pledge administrator (the **Subscriber** or the **Pledge Administrator**).

The Issuer and the Subscriber are hereinafter referred to as the **Parties** and each a **Party**.

WHEREAS:

- (A) The Issuer intends to issue, from time to time, bonds, in registered form, denominated in euro and having a nominal value of one euro (EUR 1) each, up to an aggregate amount of ten million six hundred and forty thousand euros (EUR 10,640,000) divided in several tranches (the **Bonds**) for the purpose of providing bridge financing to the Issuer in connection with the funding of the construction costs, excluding VAT and internal development costs of nineteen (19) solar PV projects in Poland (the **Projects**) by seven (7) subsidiaries of the Issuer (the **SPVs**), as further detailed in the Conditions (as defined below) (the **Financing**).
- (B) The Subscriber wishes to subscribe to such Bonds, pursuant to the terms hereof and as further detailed in the Conditions (as defined below).
- (C) For the purpose of establishing security pursuant to the Security Documents (as defined below), the Parties to this Agreement appointed the Subscriber as a Pledge Administrator in accordance with article 4 point 4 of the Polish Act dated 6 December 1996 on the registered pledge and the register of pledges.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

1.1 the terms set forth hereunder shall have the following meanings for the purpose of this Agreement:

Agreement means this subscription agreement, as it may be amended from time to time.

Availability Period has the meaning given to such term in the Conditions.

Business Day means any day, other than a Saturday or a Sunday, on which commercial banks are open for general business in Luxembourg.

Conditions means the terms and conditions of the Bonds as set out in Schedule 2 (*Terms and Conditions of the Bonds*) of this Agreement.

Conditions Precedent means the Initial Conditions Precedent and the Issue Conditions Precedent.

Event of Default has the meaning given to such term in the Conditions.

Issue Date has the meaning given to such term in the Conditions.

Luxembourg means the Grand Duchy of Luxembourg.

Nominal Value means the nominal amount of a Bond, being one euro (EUR 1).

Register has the meaning given to such term in the Conditions.

Security Documents means each of document listed below:

- (a) any agreement on establishment registered pledge over shares;
- (b) any agreement on security assignment of claims;
- (c) any voluntary submission to enforcement;

established under the Polish law.

Subscription Amount means, in relation to any Bond, the Nominal Value of such Bond.

Subscription Request means a notice relating to the subscription of a specific Tranche, substantially in the form set out in Schedule 3 (*Form of Subscription Request*) of this Agreement.

Total Commitment Amount means EUR 10,640,000.

Tranche means a tranche of the Bonds as further described in Condition 3.1 of the Conditions.

2. CREATION AND ISSUANCE OF THE BONDS

The Issuer may from time to time create and issue the Bonds in several Tranches in accordance with this Agreement (in particular the conditions set in Clause 3 below), and pursuant to and subject to the terms of the Conditions, in an aggregate amount not exceeding the Total Commitment Amount.

3. SUBSCRIPTION AND PAYMENT OF THE BONDS

3.1 Subscription

In respect of each issue of Bonds, the Subscriber agrees, subject to the Conditions Precedent being met and subject to this Clause and the Conditions, to subscribe for the relevant Bonds by paying to the Issuer an amount equal to the relevant Subscription Amount.

3.2 Subscription Request

Subject to the terms of this Agreement and the Conditions, the Issuer shall deliver to the Subscriber a duly completed Subscription Request not later than on the day falling five (5) Business Days prior to the proposed Issue Date.

3.3 Conditions Precedent to signing of this Agreement

The undertakings of the Subscriber under this Agreement are conditional upon, and the Issuer may not deliver a Subscription Request unless, the Subscriber has received all of the documents and other evidence listed in Schedule 1 of this Agreement (*Conditions precedent to signing of this Agreement*) in form and substance satisfactory to the Subscriber on or before the date of this Agreement (the **Initial Conditions Precedent**). The Subscriber shall notify the Issuer promptly upon being so satisfied.

3.4 Conditions Precedent to subscription

The Issuer shall only be authorised to Issue the relevant Bonds and the Subscriber shall only subscribe for the relevant Bonds if the following conditions precedent (the **Issue Conditions Precedent**) have been satisfied on the date of the delivery of the Subscription Request:

- (a) in respect of the Batch 1 Tranche A Bonds:
 - (i) a copy certified by a duly authorized representative of the Issuer of the resolutions of the appropriate body of the Issuer:
 - (A) deciding the Issue of the Batch 1 Tranche A Bonds;
 - (B) approving the terms of, and the transactions contemplated by, this Agreement to which it is a party and resolving that it executes this Agreement to which it is a party;

(C) authorising a specified person or persons to execute this Agreement to which it is a party on its behalf.

(ii) Scanned copies of the Security Documents duly executed by all the parties to them.

(b) in respect of the Batch 1 Tranche A Bonds, Batch 2 Tranche A Bonds and Batch 2 Tranche B Bonds:

(i) no Event of Default has occurred and is continuing;

(ii) the proposed Issue Date is during the Availability Period relating to the relevant Tranche;

(iii) reception by the Subscriber of satisfactory technical and legal due diligence reports with respect to the Projects related to each Tranche to be subscribed;

(iv) signature of memorandum of understanding or a letter of interest between the Issuer (as defined in the Conditions) and a buyer related to the acquisition of the Projects related to each Tranche to be subscribed; and

(v) reception by the Subscriber of a satisfactory evidence that the cumulative equity contribution made by the Issuer, or any of its' subsidiaries related to the execution of the Projects, in the Projects which can be shown by either a capital injection, a shareholder loan made to the SPVs, history of payments for the Project rights or other payments relating to the Project acquisition, is at least equal to two hundred and forty euros per kW (EUR 240/kW) of Projects hold by the relevant SPVs;

(vi) Original copies of the Security Documents duly executed by all the parties to them.

(c) in respect of the Batch 1 Tranche B Bonds and Batch 2 Tranche C Bonds:

(i) no Event of Default has occurred and is continuing;

(ii) the proposed Issue Date is during the Availability Period relating to the relevant Tranche; and

(iii) reception by the Subscriber of a binding offer or a share purchase agreement for the acquisition of the Project related to each Tranche to be subscribed to be signed between the Issuer and the relevant bidder or any equity investor;

(iv) Original copies of the Security Documents duly executed by all the parties to them.

3.5 Payment

The Subscription Amount shall be paid by the Subscriber to the Issuer on the Issue Date in immediately available funds by transfer to the account designated by the Issuer for that purpose.

3.6 Register

Following receipt by the Issuer of the relevant Subscription Amount, the Issuer shall issue the relevant Bonds to the Subscriber and the Issuer shall update the Register on the relevant Issue Date accordingly to record such issue.

4. PURPOSE

The Issuer shall apply all proceeds received by it under the Bonds in or towards the Financing of the construction of the relevant Projects, excluding VAT and internal development costs and the Issuer shall not use such proceeds for any other purpose.

5. PRIVATE OFFERING

5.1 The Issuer and the Subscriber undertake that no action has been or will ever be taken by the Issuer and/or the Subscriber that would permit a public offer of the Bonds in any country or jurisdiction where any such action for that purpose is required. The Issuer and the Subscriber further undertake that, where such action is not required in any country or jurisdiction, they will not proceed with such public offering.

5.2 Accordingly, the Issuer and the Subscriber undertake that they will not, directly or indirectly, offer or sell the Bonds to the public or distribute or publish to the public any offering circular, prospectus, information memorandum, form of application, advertisement or other offering material, in each case with respect to the Bonds, in any country or jurisdiction.

6. REPRESENTATIONS AND WARRANTIES

The Issuer represents and warrants to the Subscriber that as at the date hereof:

- (a) it and each of the SPVs is duly incorporated and validly existing under the laws of the jurisdiction in which it was incorporated;
- (b) it has the power to enter into this Agreement and the transactions contemplated by this Agreement and to comply with all the provisions hereof and that the execution and performance of this Agreement has been duly authorised by all necessary actions of the Issuer;
- (c) there are no legal or other proceedings pending or threatened before any court, tribunal, commission or other regulatory authority and involving the Issuer or any of the SPVs or with respect to any of their assets, except for the administrative procedures described in the redflag due diligence report prepared by Solivan and date 14 April 2020 (if still pending) or any other administrative procedures initiated after 14 April 2020 of which the Issuer duly informed the Subscriber on July 13th, 2020 via the excel file called "Renesola Poland – DD QA v6 Eiffel";

- (d) all necessary or appropriate corporate, governmental or statutory approvals have been obtained (including general meeting, board of directors and management/supervisory board approvals, if applicable) and any other action required to authorise its execution and performance of this Agreement have been duly taken;
- (e) this Agreement will, when executed, constitute its legally valid and binding obligations, enforceable in accordance with their terms;
- (f) the execution of this Agreement and the fulfilment of its obligations under the same do not conflict with the laws of its incorporation or its constitutive documents and do not constitute and will not result in a breach of any agreement to which it is a party or of the Subscriber's investment restrictions or limits (or any investment eligibility rules) to which the Subscriber may be subject by application of mandatory law or regulation, contractual undertaking or any other binding obligation of the Issuer; and
- (g) no security or quasi security exists over the Issuer's shares or any shareholder loan made to the Issuer, nor (other than in favour of the Subscriber) over any shares of the SPVs or shareholder loans made to the SPVs.

7. APPOINTMENT OF THE PLEDGE ADMINISTRATOR

7.1 The Pledge Administrator

- (a) The Parties appoint the Pledge Administrator to act as the pledge administrator (*administrator zastawu*) in relation to each Security Document in its own name but on the account (*na rachunek*) of the Subscriber, in order to secure claims of the Subscriber towards the Issuer under the Bonds, in accordance with article 4 section 1 of the Polish Act dated 6 December 1996 on the registered pledge and the registry of pledges (as amended).
- (b) The Pledge Administrator shall:
 - (i) perform the duties and to exercise the rights, powers and discretions that are specifically given to it under the Security Documents, together with any other incidental rights, powers and in the Pledge Administrator's own name but on the account (*na rachunek*) of the Subscriber, in accordance with the provisions of the Security Documents; and
 - (ii) execute other rights and making decisions assigned to the Pledge Administrator in the Security Documents upon the instruction of the Subscriber.
- (c) The provisions of Title XXI of the Civil Code which relate to an agency agreement shall not apply to the relationship between the relevant Parties and the Pledge Administrator.
- (d) The Subscriber releases the Pledge Administrator from the restrictions referred to in article 108 of the Civil Code.

- (e) A Subscriber may revoke the power of attorney granted to the Pledge Administrator only if the Pledge Administrator resigns or is removed pursuant to Clause 7.3 (*Resignation of the Pledge Administrator*).

7.2 **Instructions**

The Pledge Administrator shall not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with the Clause 7.

7.3 **Resignation of the Pledge Administrator**

- (a) The Pledge Administrator may resign and appoint one of its Affiliates (as defined in the Conditions) acting through an office in Poland as successor by giving notice to the other Parties and the Issuer.
- (b) The retiring Pledge Administrator shall, at its own cost, make available to the successor Pledge Administrator such documents and records and provide such assistance as the successor Pledge Administrator may reasonably request for the purposes of performing its functions as Pledge Administrator under the Security Documents.
- (c) The resignation notice of the Pledge Administrator shall only take effect upon:
 - (i) the appointment of a successor; and
 - (ii) the transfer of all obligation in respect of the Security Documents to that successor.
- (d) Upon the appointment of a successor, the retiring Pledge Administrator shall be discharged from any further obligation in respect of the Security Documents and this Clause 7 (and any fees for the account of the retiring Pledge Administrator shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

7.4 **Delegation by the Pledge Administrator**

- (a) The Pledge Administrator may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Pledge Administrator may, in its discretion, think fit in the interests of the Subscriber.
- (c) The Pledge Administrator shall not be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

8. PARALLEL DEBT

- 8.1 Notwithstanding any other provision of this Agreement, the Issuer hereby irrevocably and unconditionally undertakes to pay to the Subscriber, as creditor in its own right, sums equal to and (subject to Clause 8.4 below) in the currency of each amount payable by the Issuer to Subscriber under the Security Documents, this Agreement and/or the Conditions as and when that amount falls due for payment under the relevant Security Documents, this Agreement and/or the Conditions or would have fallen due but for (i) any discharge resulting from a failure to take appropriate steps in insolvency proceedings affecting the Issuer to preserve its entitlement to be paid that amount (ii) any moratorium applicable upon the commencement of insolvency proceedings or (iii) modification of obligations of the Issuer to the Subscriber under the Security Documents, this Agreement and/or the Conditions resulting from an arrangement (if any) reached in insolvency proceedings affecting the Issuer.
- 8.2 The Subscriber shall have its own independent right to demand payment of the amounts payable by the Issuer under this Clause 8, irrespective of any discharge of the Issuer's obligation to pay those amounts to the Subscriber resulting from a failure by them to take appropriate steps in insolvency proceedings affecting the Issuer to preserve their entitlement to be paid those amounts.
- 8.3 Any amount due and payable by the Issuer to the Subscriber under this Clause 8 shall be decreased to the extent that the Subscriber has received (and is able to retain) payment in full of the corresponding amount under the other provisions of the Security Documents, Agreement and/or Conditions and any amount due and payable by the Issuer to the Subscriber under those provisions shall be decreased to the extent that the Subscriber has received (and is able to retain) payment in full of the corresponding amount under this Clause 8.
- 8.4 Subject to Clause 8.3 above, the rights of the Subscriber to receive payment of amounts payable by the Issuer under the Security Documents, this Agreement and/or the Conditions are several and are separate and independent from, and without prejudice to, the rights of the Subscriber to receive payment under this Clause 8. The Issuer's obligation under this Clause 8 towards the Subscriber constitutes a single and separate obligation from any other debt of the Issuer under the Security Documents, this Agreement and/or the Conditions.
- 8.5 Notwithstanding that the amounts payable by the Issuer under the Security Documents, this Agreement and/or the Conditions (the **Principal Obligations**) may be expressed in different currencies, the parallel obligation of the Issuer to the Subscriber under this Clause 8 (a **Parallel Obligation**) shall be expressed in PLN. For the purposes of establishing the amount of the Parallel Obligation from time to time, the Principal Obligations expressed in other currencies shall be converted to PLN at the spot rate.
- 8.6 This Clause 8 is the Parallel Debt Clause for the purpose of the definition of that term in the Registered Pledge Agreement

9. NOTICES

9.1 Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by email, in person or by courier to the address and/or number of the addressee indicated below:

(a) If to the Issuer, to:

Address: Luxemburg (postal code: LU 1930), at 16a avenue de la Liberte
E-Mail: josef.kastner@renesola.at; amila.hadziahmetovic@renesolapower.com
Attention: Mr. Josef Kastner & Amila Colakhodzic

(b) If to the Subscriber, to:

Address: 9 rue Newton, 75116 Paris
E-Mail: fd@eiffel-ig.com & pam@eiffel-ig.com
Attention: Fabrice Dumonteil & Pierre-Antoine Machelon

or any substitute other address, email address or attention details as one Party may notify to the other Party by not less than five (5) Business Days' notice.

9.2 Any communication made by one person to another under or in connection with this Agreement will only be effective:

- (a) if by way of email or other electronic communication, when received in legible form;
- (b) if delivered in person, at the time of delivery; or
- (c) if delivered by courier, when it has been left at the relevant address two (2) Business Days after being deposited with a courier, delivery redeemed in a correctly addressed envelope,

and, if a particular department or officer is specified as part of its attention details provided under Clause 9.1, if addressed to that department or officer. A communication given in accordance with this paragraph but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

9.3 Any notice or other document given under or in connection with this Agreement must be in English.

10. TRANSFER

This Agreement shall be binding upon and enure to the benefit of each Party and their respective successors and permitted assigns and transferees.

11. SEVERABILITY

11.1 If any provision of this Agreement is or becomes (whether or not pursuant to any judgment or otherwise) invalid, illegal or unenforceable in any respect under the law of any jurisdiction, neither the validity, legality and enforceability under the law of that jurisdiction of any other provision, nor the validity, legality and enforceability under the law of any other jurisdiction of that or any other provision shall be affected or impaired in any way thereby.

11.2 If any provision of this Agreement shall be held to be void or declared illegal, invalid or unenforceable for any reason whatsoever, such provision shall be divisible from this Agreement and shall be deemed to be deleted from this Agreement and the validity of the remaining provisions shall not be affected. In the event that any such deletion materially affects the interpretation of this Agreement then the parties shall negotiate in good faith with a view to agreeing a substitute provision which as closely as possible reflects the commercial intention of the parties.

12. COUNTERPARTS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

13. AMENDMENTS

None of the terms of this Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by or on behalf of the Parties.

14. ENTIRE AGREEMENT

This Agreement and any documents referred to in this Agreement contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements and understandings between the Parties with respect hereto.

15. GOVERNING LAW AND JURISDICTION

15.1 This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of the Grand Duchy of Luxembourg.

15.2 The courts of Luxembourg-City shall have exclusive jurisdiction to settle any dispute which may arise from or in connection with this Agreement.

(The remainder of this page is intentionally left blank)

The Parties have executed this Agreement in two counterparts on the date first written above.

RENESOLA NEW ENERGY S.À.R.L.

Name: Josef Kastner

Title: Duly Authorised Signatory - Director category A

EIFFEL ENERGY TRANSITION SLP

Name: Fabrice Dumonteil

Title: Duly Authorised Signatory

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

EXECUTION VERSION

Dated the 17th day of February 2021

OCI COMPANY LTD

and

RENESOLA LTD

SETTLEMENT AGREEMENT

THIS AGREEMENT (this “**Agreement**”) is made on the 17th day of February 2021

BETWEEN:

- (1) **OCI COMPANY LTD**, a limited company incorporated under the laws of the Republic of Korea whose registered office address is at OCI Building, 94 Sogong-ro, Jung-gu, Seoul, 04532, Republic of Korea (“**OCI**”); and
- (2) **RENESOLA LTD**, a company incorporated under the laws of the British Virgin Islands whose registered office address is at c/o Harneys Corporate Services Limited, Craigmuir Chambers, P.P. Box 71, Road Town, Tortola, VG1110, British Virgin Islands (“**Renisola BVI**”),

(each a “**Party**” and collectively, the “**Parties**”).

RECITALS

- (A) OCI, Renisola BVI and Renisola Zhejiang Ltd (aka Zhejiang Yuhui Solar Energy Source Co., Ltd) (“**Renisola Zhejiang**”) entered into a supply agreement dated 1 September 2010 (as amended on 1 May 2021, 1 October 2012, 1 March 2013 and 29 December 2015) (the “**Supply Agreement**”).
- (B) On 9 April 2019, OCI commenced arbitration proceedings against Renisola BVI and Renisola Zhejiang relating to the Supply Agreement and other related matters before the International Court of Arbitration of the International Chamber of Commerce in Case No. 24399/PTA) (the “**Arbitration**”).
- (C) On 17 November 2020, the arbitral tribunal published its award in the Arbitration and awarded OCI US\$5,359,578 plus interest and costs of the Arbitration (the “**Award**”) amounting to a total sum due to OCI as at the date of this agreement of US\$10,021,582.15.
- (D) Renisola BVI denies that the arbitral tribunal had jurisdiction to make the Award, and OCI avers that it did have such jurisdiction.
- (E) The Parties, having engaged in amicable discussions, have resolved to settle all matters, disputes, claims, rights, demands, liabilities, obligations, debts, legal fees, costs of suit, actions, or causes of action, in law or in equity, known or unknown to the Parties arising out of and/or in connection with the Award on the terms hereof.

IT IS AGREED AS FOLLOWS

1 DEFINITIONS & INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires, the following words and expressions have the following meanings:

Account means the account held by OCI, detailed in Schedule 1.

Arbitration has the meaning given to such term in Recital (B) to this Agreement.

Award has the meaning given to such term in Recital (C) to this Agreement.

Business Day means any day, other than a Saturday, Sunday or day on which commercial banks are required or authorised to be closed in Hong Kong or in New York City.

Claims means any actions, claims, rights, demands and set-offs, whether in this jurisdiction or any other, whether or not presently known to the Parties or to the law, and whether in law or equity, arising out of, under or in connection with the Supply Agreement, the Award, the Arbitration, or the underlying facts relating to the Arbitration.

Cure Period means in the case of any Instalment, three (3) Business Days commencing on the day after the due date for payment of that Instalment.

Final Instalment means the sum referred to in clause 3.1(c).

Instalment means each payment instalment set out in clause 3.1 and includes the Final Instalment.

Payment Default means any default in payment of any Instalment but, for the avoidance of doubt, a payment made within any applicable Cure Period shall not constitute a Payment Default.

Related Parties means a Party's parent, subsidiaries, affiliates, companies within the same corporate group, assigns, transferees, representatives, principals, agents, officers or directors. For the avoidance of doubt, in the context of Renesola BVI, the term "Related Parties" includes Renesola Zhejiang.

Settlement Sum means US\$7,500,000 (*Seven Million and Five Hundred Thousand United States Dollars*).

Supply Agreement has the meaning given to such term in Recital (A) to this Agreement.

1.2 References herein to clauses and schedules are references to clauses and schedules of this Agreement.

2 EFFECT OF THIS AGREEMENT

2.1 The Parties hereby agree that this Agreement shall immediately be fully and effectively binding on them.

3 PAYMENT

[***]

3.2 If any Instalment has not been paid in full on or before its due date in accordance with clause 3.1, and such failure to pay is caused by an administrative or technical error, then provided such Instalment is paid within the Cure Period, Renesola BVI shall be deemed to have fully complied with the relevant sub-clause of clause 3.1 in every respect.

4 DEFAULT INTEREST

- 4.1 If any amount on any Instalment is not paid on its due date (or within any applicable Cure Period), interest shall accrue each day from the due date up to the date of actual payment of such overdue amount at a rate of 8% per annum compounded annually. The Parties agree that the payment of such interest is not a penalty.

5 INTERIM AND OTHER MATTERS

- 5.1 Provided always that Renesola BVI pays each Instalment on its due date (or within any applicable Cure Period), OCI and its Related Parties shall not exercise or enforce, and shall not cause to be exercised or enforced (directly or indirectly), any rights, claims, remedies, actions or privileges, or take, commence or continue any other suit, action or proceedings against Renesola BVI and its Related Parties in any jurisdiction whatsoever in connection with the Claims.
- 5.2 In the event of a Payment Default, OCI may seek recovery of any outstanding amounts due to OCI through the enforcement of the Award against Renesola BVI and/or Renesola Zhejiang or alternatively under the terms of this Agreement as it may choose at its absolute discretion. For the avoidance of doubt, if OCI is required to enforce the Award, then it shall be entitled to all outstanding amounts due under the Award without any discount but subject always to the provisions of clause 13.7.
- 5.3 Upon the date of this Agreement:
- (a) Renesola BVI and its Related Parties shall be deemed to have irrevocably and unconditionally released and discharged OCI from any and all Claims and Renesola BVI shall indemnify OCI and its Related Parties against any such Claims;
 - (b) Renesola BVI shall undertake, and shall be deemed to have undertaken, on behalf of itself and on behalf of its Related Parties not to sue, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted any Claims concerning the Supply Agreement in any jurisdiction whatsoever, and to indemnify (and keep indemnified) OCI and its Related Parties against any such Claims; and
 - (c) Renesola BVI agrees, as part of its consideration for entering into this Agreement, that it will not bring any challenges to the Award nor resist the enforcement of the Award on any grounds, including those referenced in its correspondence of 5 February 2021, should OCI elect to pursue such enforcement in the circumstances referenced in clause 5.2 above.

6 FULL AND FINAL SETTLEMENT, WAIVER AND COVENANT NOT TO SUE

- 6.1 Upon payment of the Settlement Sum (plus any interest under this Agreement), OCI and its Related Parties:
- (a) shall, and shall be deemed to have irrevocably and unconditionally released and discharged Renesola BVI and its Related Parties from any and all Claims; and
 - (b) shall undertake, and shall be deemed to have undertaken not to sue, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted any Claims against Renesola BVI and its Related Parties in any jurisdiction whatsoever, and to indemnify (and keep indemnified) Renesola BVI and its Related Parties against any such Claims.
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7 CONFIDENTIALITY

7.1 The existence of and the terms of this Agreement, and the substance of all negotiations in connection with it, are confidential to the Parties and their advisers, who shall not disclose them to, or otherwise communicate them to, any third Party without the written consent of the other Party other than:

- (a) to the Parties' respective auditors, insurers and lawyers on terms which preserve confidentiality;
- (b) pursuant to an order of a court of competent jurisdiction, or pursuant to any proper order or demand made by any competent authority or body where they are under a legal or regulatory obligation to make such a disclosure;
- (c) as may be required under required applicable law, rules, regulations or the rules of any listing authority or stock exchange on which a Party's shares or those of any company within its corporate group are subject (collectively, "**Law**"); however the Parties agree that in the event that such a disclosure is required by a Party, neither Party (nor any of their respective Related Parties) shall make or issue any announcement, press release, communication, circular or disclosure in connection with the existence or subject matter of this Agreement which identifies the other Party as the counterparty hereto, unless required under any applicable Law, in which case (to the extent permitted by applicable Law and reasonably practicable) the disclosing Party shall give the other Party a written notice of such intention at least 24 hours before any such disclosure; or
- (d) as far as necessary to implement and enforce any of the terms of this Agreement or any contribution claims in relation thereto.

7.2 Each of the Parties agrees not to, and agrees to procure that all individuals within their employ or control and/or its Related Parties do not, make any statements, written or verbal, or cause or encourage others to make any statements, written or verbal, that defame, disparage or in any way criticise the personal or business reputation, practices, or conduct of the Parties, and where applicable, their employees, directors and officers in respect of the matters arising out of or in connection with the Award. The Parties acknowledge and agree that this prohibition extends to statements, written or verbal, made to anyone, including but not limited to, the news media, investors, potential investors, any board of directors or advisory board or directors, industry analysts, competitors, strategic partners, vendors, employees (past and present) and clients.

8 WARRANTIES & AUTHORITY

8.1 OCI warrants and represents that: (i) neither it nor its Related Parties have directly or indirectly sold, transferred, assigned or otherwise disposed of its or their interest in the Claims; and (ii) it is not aware, having made reasonable enquiries of itself and of its Related Parties, of any Claims, or factual circumstances that might result in any Claims being raised, other than those the subject of the Award.

8.2 Each Party warrants and represents to the other with respect to itself that it has the full right, power and authority to execute, deliver and perform this Agreement.

9 ASSIGNMENT

9.1 This Agreement and any rights under it may not be assigned, novated or otherwise transferred by any Party without the prior written consent of the other Party.

10 ENTIRE AGREEMENT

- 10.1 This Agreement constitutes the entire agreement between the Parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
- 10.2 Each Party agrees that it shall have no remedies in respect of any statement, representation, assurance or warranty (whether made innocently or negligently) in relation to the Agreement's subject matter that is not set out in this Agreement.

11 CONFIRMATION & ACKNOWLEDGEMENTS

- 11.1 The Parties acknowledge and agree that:
- (a) each or any of them may independently enforce this Agreement against the other;
 - (b) this Agreement is intended to be legally binding; and
 - (c) they have freely entered into this Agreement after having the opportunity to carefully consider its contents and to obtain legal advice on all matters relating to this Agreement.

12 NO ADMISSION

- 12.1 This Agreement is entered into for and in connection with the settlement of the Claims and in the light of other considerations. It is not, and shall not be represented or be construed by the Parties or any of them as an admission of liability or wrongdoing by any Party or their respective Related Parties or any other person or entity.

13 GENERAL

- 13.1 If any provision or part of a provision of this Agreement or a clause of this Agreement is determined to be illegal or unenforceable each of the remaining provisions within that clause and the remainder of this Agreement shall be severable and enforceable in accordance with its terms.
- 13.2 Any amendments to this Agreement must be made in writing with express reference to this Agreement, and must be signed by the Parties or their authorised representatives.
- 13.3 This Agreement may be executed in any number of counterparts, which shall together constitute one Agreement. Any Party may enter into this Agreement by signing any such counterpart but this Agreement shall be of no effect unless and until each Party has executed at least one counterpart. In the event that any signature is delivered by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the Party executing with the same force and effect as if such ".pdf" signature page were an original thereof.
- 13.4 Each of the Parties shall do all things necessary including promptly deliver or cause to be delivered such instruments and other documents as are reasonably necessary or desirable and shall promptly take any other action reasonably requested by any other Party in order to allow for and give effect to the provisions of this Agreement.
- 13.5 No failure or delay by any Party in exercising any right, power or privilege to which it is entitled under this Agreement shall operate as a waiver nor shall any single or partial waiver of any such right, power or privilege preclude any other or further exercise.
-

- 13.6 Each of the Parties shall bear its own costs in relation to the negotiation or execution of this Agreement.
- 13.7 In the event that OCI elects to seek recovery of any outstanding amounts through the enforcement of the Award against Renesola BVI and/or Renesola Zhejiang or alternatively under the terms of this Agreement pursuant to clause 5.2 or otherwise, any and all payments made pursuant to this Agreement are not refundable and shall be credited in diminution of any Claims of OCI in connection with the Award, first against principal and any other liquidated sums stated in the Award and thereafter against post-award interest (and shall be accounted for these purposes as at the date any such payment was made).

14 VARIATION

- 14.1 Any variation of this Agreement shall be in writing and signed by or on behalf of each Party.

15 GOVERNING LAW AND JURISDICTION

- 15.1 This Agreement shall be governed by, and shall be construed in accordance with the laws of England and Wales.
- 15.2 Any dispute, controversy, difference or claim arising out of or relating to this contract, including the existence, validity, interpretation, performance or breach thereof or any dispute regarding non- contractual obligations arising out of or relating to it shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (“SIAC”) under the SIAC Rules in force when the Notice of Arbitration is submitted. The law of this arbitration clause shall be the law of England and Wales. The seat of arbitration shall be Singapore. A sole arbitrator shall be appointed under the SIAC Rules and the Parties agree that the proceedings shall be conducted under the Expedited Procedure (as defined therein). The arbitration proceedings shall be conducted in English. Nothing in this clause shall prevent any Party from seeking any interim or interlocutory relief in aid of arbitration, or in connection with enforcement proceedings, from any court of competent jurisdiction. The prevailing Party shall be entitled to its costs on an indemnity basis.
- 15.3 For the avoidance of doubt, and bearing in mind the time and costs incurred by OCI dealing with such issues in the Arbitration, in the event of a Payment Default, Renesola BVI acknowledges and agrees that it will not resist enforcement of the terms of this Agreement on any grounds in any future proceedings, including in relation to the jurisdiction of a SIAC Tribunal to enforce the terms of this Agreement.
- 15.4 Furthermore, in the event of a Payment Default, and should proceedings be necessary to enforce the terms of this Agreement, Renesola BVI agrees that it will not object to any application made by OCI for security for costs or security for the amount in dispute.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties have hereto set their hands the day and year first above written.

SIGNED by /s/ J R Joo / SVP)

for and on behalf of)

OCI COMPANY LTD)

)

SIGNED by /s/ Ke Chen, CFO)

for and on behalf of)

RENESOLA LTD)

)

**Certification by the Chief Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of ReneSola Ltd (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Yumin Liu, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2021

By: /s/ Yumin Liu
Name: Yumin Liu
Title: Chief Executive Officer



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28 April 2021

By email

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+44 (0) 20 3752 3604
039181.0064.RAG

ReneSola Ltd
Craigmuir Chambers
PO Box 71
Road Town
Tortola
British Virgin Islands

Dear Sir or Madam

Annual Report on Form 20-F

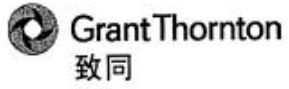
We hereby consent to the filing of this letter as an exhibit to the Company’s annual report on Form 20-F for the year ended December 31, 2020 with the U.S. Securities and Exchange Commission, and to the reference therein to our firm under the headings “Item 10. Additional Information—E. Taxation” and “Item 16G. Corporate Governance” in the annual report.

Yours faithfully

Harney Westwood & Riegels LLP

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Reg. No. OC302285, VAT No. 795563084.
A list of partners is available for inspection at our offices.
Bermuda legal services provided through an association with Zuill & Co.
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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated April 28, 2021, with respect to the consolidated financial statements included in the Annual Report of ReneSola Ltd. on Form 20-F for the year ended December 31, 2020. We consent to the incorporation by reference of said report in the Registration Statements of ReneSola Ltd. on Form S-8 (Nos. 333-153647 and 333-175479).

Grant Thornton

/s/ Grant Thornton
Shanghai, the People's Republic of China
April 28, 2021
