

JA Solar Holdings Co., Ltd.
Form 20-F
June 01, 2007
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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, 2006

OR

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

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
DATE OF EVENT REQUIRING THIS SHELL COMPANY REPORT _____
FOR THE TRANSACTION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 0001385598

JA Solar Holdings Co., Ltd.

(Exact name of Registrant as specified in its charter)

The Cayman Islands

(Jurisdiction of incorporation or organization)

Jinglong Group Industrial Park

Jinglong Street

Ningjin, Hebei Province 055550

The People's Republic of China

(Address of principal executive offices)

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

Title of Each Class	Name of Each Exchange
American Depositary Shares, each representing 3 ordinary shares Ordinary shares, par value US\$0.0001 per share	On Which Registered The NASDAQ Stock Market LLC The NASDAQ Stock Market LLC*

* Not for trading, but only in connection with the registration of American Depositary Shares.

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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.

Ordinary shares, par value US\$0.0001 per share 80,000,000

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

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the Registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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CERTAIN TERMS AND CONVENTIONS

Unless otherwise indicated, references in this annual report to:

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

conversion efficiency are to the ability of solar power products to convert sunlight into electricity; conversion efficiency rate is commonly used in the solar power industry to measure the percentage of light energy from the sun that is actually converted into electricity;

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

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

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

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

JA Shanghai are to Shanghai JA Solar Technology Co., Ltd., our indirectly wholly-owned subsidiary in Shanghai, China;

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

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

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

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

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

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

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

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

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We conduct almost all of our business operations in China in Renminbi. Solely for your convenience, this annual report contains translations of Renminbi amounts into U.S. dollar amounts at US\$1.00 = RMB 7.8041, the noon buying rate for U.S. dollars in effect on December 29, 2006 in New York City for cable transfers of Renminbi as certified for customs purposes by the Federal Reserve Bank of New York. We make no representation that any amounts of Renminbi or U.S. dollar could be or could have been converted into each other at any particular rate or at all. See Item 3. Key Information D. Risk Factors Risks Related to Doing Business in China Fluctuation in the value of the Renminbi may have a material adverse effect on our business and on your investment. On May 25, 2007, the noon buying rate was RMB 7.6527 to US\$1.00.

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

Period	Period End	Noon buying rate (RMB per US\$1.00)		
		Average ⁽¹⁾	High	Low
2002	8.2800	8.2772	8.2800	8.2700
2003	8.2767	8.2771	8.2800	8.2765
2004	8.2765	8.2768	8.2774	8.2764
2005	8.0702	8.1826	8.2765	8.0702
2006	7.8041	7.9579	8.0702	7.8041
November	7.8340	7.8622	7.8750	7.8303
December	7.8041	7.8219	7.8350	7.8041
2007				
January	7.7714	7.7876	7.8127	7.7705
February	7.7410	7.7502	7.7632	7.7410
March	7.7232	7.7369	7.7454	7.7232
April	7.7090	7.7247	7.7345	7.7090
May (through May 25)	7.6527	7.6816	7.7065	7.6490

Source: Federal Reserve Bank of New York.

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

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FORWARD-LOOKING STATEMENTS

This annual report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this annual report that address activities, events or developments which we expect or anticipate will or may occur in the future are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements typically are identified by words or phrases such as may, will, expect, anticipate, aim, estimate, intend, believe, potential, continue, is/are likely to or other similar expressions or the negative of these words or expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

our expectations regarding the worldwide demand for electricity and the market for solar energy;

our beliefs regarding the inability of traditional fossil fuel-based generation technologies to meet the demand for electricity;

our beliefs regarding the importance of environmentally friendly power generation;

our expectations regarding governmental incentives for the deployment of solar energy;

our beliefs regarding the solar power industry revenue growth;

our expectations with respect to advancements in our technologies;

our beliefs regarding the low-cost advantage of solar cell production in China;

our beliefs regarding the competitiveness of our solar power products;

our expectations regarding the scaling of our solar power capacity;

our expectations with respect to increased revenue growth and our ability to achieve profitability resulting from increases in our production volumes;

our expectations with respect to our ability to secure raw materials in the future;

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

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

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

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

The forward-looking statements made in this annual report relate only to events or information as of the date on which the statements are made in this annual report. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

Table of Contents**PART I****ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS**

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION**A. SELECTED FINANCIAL DATA**

You should read the following selected consolidated financial and operating data in conjunction with our audited consolidated financial statements and related notes and Item 5. Operating and Financial Review and Prospects included elsewhere in this annual report.

The selected consolidated financial data presented below as of December 31, 2005 and 2006 and for the period from inception (May 18, 2005) to December 31, 2005 and the year ended December 31, 2006 have been prepared in accordance with U.S. GAAP and are derived from our audited consolidated financial statements included elsewhere in this annual report. The historical results are not necessarily indicative of results to be expected in any future period.

	For the period from inception (May 18, 2005) to December 31, 2005 RMB	For the year ended December 31, 2006 RMB US\$(¹)	
Consolidated Statements of Operations Data:			
Revenue from third parties		565,327,330	72,439,786
Revenue from related parties		131,130,774	16,802,805
Total revenues		696,458,104	89,242,591
Cost of revenues		(524,163,013)	(67,165,082)
Gross profit		172,295,091	22,077,509
Selling, general and administrative expenses	(2,638,340)	(39,656,083)	(5,081,442)
Research and development expenses	(383,468)	(1,357,610)	(173,961)
Total operating expenses	(3,021,808)	(41,013,693)	(5,255,403)
Income/ (loss) from operations	(3,021,808)	131,281,398	16,822,106
Interest expense		(5,055,382)	(647,785)
Interest income	38,965	823,995	105,585
Other income		64,414	8,254
Foreign exchange gain/ (loss)	(128,152)	1,300,008	166,580
Income/ (loss) before income taxes	(3,110,995)	128,414,433	16,454,740

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Income tax benefit/ (expense)

Net income/ (loss)	(3,110,995)	128,414,433	16,454,740
Preferred shares accretion		(1,603,399)	(205,456)
Preferred shares beneficial conversion charge		(34,732,133)	(4,450,498)
Allocation of net income to participating preferred shareholders		(5,682,574)	(728,152)
Net income/ (loss) available to ordinary shareholders	(3,110,995)	86,396,327	11,070,633
Net income/ (loss) per share:			
Basic	(0.04)	1.08	0.14
Diluted	(0.04)	1.08	0.14
Weighted average number of shares outstanding:			
Basic	80,000,000	80,000,000	80,000,000
Diluted	80,000,000	80,166,178	80,166,178

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	For the period from inception (May 18, 2005) to December 31, 2005 RMB	For the year ended December 31, 2006 RMB US\$(1)	
Consolidated Statements of Cash Flows Data:			
Cash flows(used in)or provided by			
Operating activities	(1,635,016)	(61,807,241)	(7,919,842)
Investing activities	(37,971,977)	(107,618,961)	(13,790,054)
Financing activities	50,699,555	254,840,478	32,654,692
Effect of exchange rate changes	(121,957)	(626,504)	(80,279)
	As of December 31, 2005 RMB	As of December 31, 2006 RMB US\$	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	10,970,605	95,758,377	12,270,265
Account receivable from third party customers		47,719,752	6,114,703