Trina Solar LTD
Form 424B5
June 06, 2014

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Filed Pursuant to Rule424(b)(5)
Registration No.333-196517

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered[1]	Amount to be Registered[2]	Proposed Maximum Offering Price per ADS	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee[3]
Ordinary shares, par value US$0.00001 per ordinary share	506,000,000	$11.00	$111,320,000	$14,339

(1) These shares are represented by the Registrant's American depositary shares, each of which represents 50 ordinary shares.

(2) Assuming the underwriter exercises its option to purchase an additional 1,320,000 American depositary shares in full.

(3) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated June 4, 2014)

Trina Solar Limited
8,800,000 American Depositary Shares
Representing
440,000,000 Ordinary Shares

This is an offering of 8,800,000 American depositary shares, or the ADSs, of Trina Solar Limited, or Trina. Each ADS represents 50 ordinary shares, par value $0.00001 per share. The ADSs are listed on the New York Stock Exchange under the symbol "TSL." The last reported sale price of the ADSs on June 5, 2014 was $11.60 per ADS.

Concurrently with this offering, we are offering up to $150 million aggregate principal amount of convertible senior notes, or the convertible notes, in accordance with Rule 144A under the Securities Act of 1933 to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act) and outside the United States to non-U.S. persons in reliance on Regulation S of the Securities Act, assuming no exercise of the initial purchasers' option to purchase additional convertible notes (or up to $172.5 million aggregate principal amount of our convertible notes if the initial purchasers in the convertible notes offering exercise their option in full), pursuant to a separate offering memorandum. The offering of our common shares pursuant to this prospectus is contingent upon the closing of the convertible notes offering, and the concurrent offering of our convertible notes is contingent upon the closing of the offering of the common shares hereunder. In connection with the concurrent issuance of the convertible notes, we have entered into zero strike call option transactions with one or more of the initial purchasers in the convertible notes offering or their affiliates, whom we refer to as the option counterparties. The call options are intended to facilitate privately negotiated derivative transactions with respect to our ADSs between the option counterparties (or their affiliates) and investors in the convertible notes by which those investors will be able to hedge their investment in the convertible notes. See "Description of Call Options."

Investing in our common shares involves a high degree of risk. See "Risk Factors" on page S-22 to read about factors you should consider before buying the ADSs.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per ADS	Total
Public offering price	$ 11.00	$ 96,800,000
Underwriting discounts and commissions	$ 0.44	$ 3,872,000
Proceeds, before expenses, to Trina	$ 10.56	$ 92,928,000

The underwriters have the option to purchase up to an additional 1,320,000 ADSs from Trina at the initial price to public less the underwriting discount and commissions, if any, within 30 days of the date of this prospectus supplement to cover over-allotment. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $4,452,800, and our total proceeds, before expenses, will be $106,867,200.

The underwriters expect to deliver the ADSs against payment in New York, New York on June 11, 2014.

Deutsche Bank Securities **Barclays** **J.P. Morgan** **Goldman Sachs**
HSBC

Prospectus Supplement dated June 5, 2014

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document comprises two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement. However, if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in the accompanying prospectus the statement in the document having the later date modifies or supersedes the earlier statement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. The information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus supplement and the accompanying prospectus, or of any sale of ADSs. This prospectus supplement is an offer to sell only the ADSs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so.

In this prospectus supplement, unless otherwise indicated or unless the context otherwise requires,

"we," "us," "our," "our company" and "Trina" refer to Trina Solar Limited, its predecessor entities and its subsidiaries;

"Trina China" refers to Changzhou Trina Solar Energy Co., Ltd.;

"TST" refers to Trina Solar (Changzhou) Science and Technology Co., Ltd.;

"ADSs" refers to American depositary shares, each of which represents 50 of our ordinary shares;

"China" or "PRC" refers to the People's Republic of China, excluding, for the purpose of this prospectus supplement and the accompanying prospectus, Taiwan and the special administrative regions of Hong Kong and Macau;

"RMB" or "Renminbi" refers to the legal currency of China, "$" or "U.S. dollars" refers to the legal currency of the United States, and "€" or "Euro" refers to the legal currency of the European Union;

"shares" or "ordinary shares" refers to our ordinary shares, par value $0.00001 per share; and

"issued and outstanding" refers to our shares that have been issued, outstanding and paid in full, for the avoidance of doubt, excluding shares that have been set aside in relation to any share incentive plan or convertible debt security.

We use the noon buying rate in The City of New York for cable transfers of Renminbi and Euros as certified for customs purposes by the Federal Reserve Bank of New York to translate certain Renminbi amounts into U.S. dollars not otherwise recorded in our consolidated financial statements and included elsewhere in this prospectus supplement. Unless otherwise stated, the translation of Renminbi and Euros into U.S. dollars was made by the noon buying rate in effect on December 31, 2013, which was RMB6.0537 to $1.00 and €0.7257 to $1.00. We make no representation that the Renminbi, Euros or U.S. dollar amounts referred to in this prospectus supplement could have been or could be converted into U.S. dollars, Renminbi or Euros, as the case may be, at any particular rate or at all. See "Risk Factors Risks Related to Our Company and Our Industry Fluctuations in exchange rates could adversely affect our business." On May 30, 2014, the noon buying rate was RMB6.2471 to $1.00 and €0.7331 to $1.00.

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

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PROSPECTUS SUPPLEMENT SUMMARY

This prospectus supplement summary highlights selected information included elsewhere in or incorporated by reference into this prospectus supplement and the accompanying prospectus and does not contain all the information that you should consider before making an investment decision. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the "Risk Factors" sections and the financial statements and related notes and other information incorporated by reference, before making an investment decision.

Overview of Our Business

We are a large-scale integrated solar-power products manufacturer and solar system developer based in China with a global distribution network covering Europe, Asia, North America, Australia and Africa. Since we began our solar-power products business in 2004, we have integrated the manufacturing of ingots, wafers and solar cells for use in our photovoltaic, or PV, module production. Our PV modules provide reliable and environmentally-friendly electric power for residential, commercial, industrial and other applications worldwide. We also develop, design, construct, operate and sell solar power projects that primarily use the solar modules we manufacture.

We produce standard monocrystalline PV modules ranging from between 205 watts, or W, and 215 W to between 260 W and 270 W in power output and multicrystalline PV modules ranging from 240 W to 310 W in power output. We build our PV modules to general specifications, as well as to our customers' and end-users' specifications. We sell and market our products worldwide, including China, the United States and Germany, where government incentives have accelerated the adoption of solar power. In recent years, we have also increased our sales in newer and emerging solar power markets, which include the United Kingdom, India, Australia and Japan, as well as other markets in Asia, Africa, the Middle East, Latin America, and the Caribbean Islands. We have established regional headquarters and offices located in Europe, North America and Asia to target sales and distribution in those markets. We primarily sell our products to wholesalers, power plant developers and operators and PV system integrators, including Solar City, TEBA Sunoasis Co., Ltd., Anesco Limited, Sanshin Electronics Co., Ltd., and China Huadian Engineering Co., Ltd.

As of March 31, 2014, we had an annual manufacturing capacity of ingots of approximately 2,000 megawatts, or MW, wafers of approximately 1,600 MW, cells of approximately 2,500 MW and modules of approximately 3,000 MW. In order to fill the gap between our needs for PV cells and our ingots and wafer manufacturing capacities that was created by strong market demand, and to achieve export cost advantages to certain markets, we contract toll services from third party manufacturers to process ingots and wafers and source wafers from our suppliers and strategic partners. Subsequently, we have developed relationships with various domestic and international suppliers of ingots and wafers.

We purchase polysilicon from our network of over ten suppliers, including several leading global producers of polysilicon, and have developed strong relationships with our suppliers. To reduce raw material costs, we continue to focus our research and development, or R&D, on improving solar cell conversion efficiency and enhancing manufacturing yields. Our R&D platform has been further enhanced by our R&D laboratory that we were commissioned by the PRC Ministry of Science and Technology to establish in the Changzhou PV Park, or the PV Park, located adjacent to our headquarters. We began using the R&D laboratory in the PV Park in March 2012, and in November 2013 it was accredited by China's Ministry of Science and Technology.

We began our R&D efforts in solar power products in 1999. We began our system integration business in 2002, our PV module business in late 2004 and our production of solar cells in April 2007. In 2011, 2012, 2013 and the three months ended March 31, 2014, we generated net sales of $2,047.9 million, $1,296.7 million, $1,775.0 million and $444.8 million, respectively. We recorded a net

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loss of $37.8 million, $266.6 million and $72.2 million in 2011, 2012 and 2013, respectively, and net income of $26.5 million in the three months ended March 31, 2014.

Industry Background

Solar energy generation systems use interconnected solar cells to generate electricity from sunlight through a process known as the photovoltaic effect. Although solar power technology has been used for several decades, the global solar power market has grown significantly only in the past several years. The global solar power market continues to develop, in part aided by declining industry average selling prices, making solar power more affordable to users. According to Solarbuzz, global PV end-market demand exceeded 37 gigawatts, or GW, in 2013, with annual growth of over 20% compared to 2012. This provided a strong return to growth compared to 2012, when PV demand grew by only 10% year-over-year, the lowest annual growth rate in a decade. According to Solarbuzz, the global PV market is expected to reach approximately 100 GW of annual demand in 2018, which we believe will be driven largely by declining per watt average selling prices, falling PV system installation costs and government initiatives, especially in new and emerging solar markets.

In 2011, weakened global economic conditions affected the availability of financing for downstream buyers in the European markets, which slowed demand for solar power projects. In 2012, the overall reduction in government support for traditional European feed-in-tariffs caused a marked decline in the growth rate of global solar demand. These market conditions were exacerbated by an over-supply of solar power products, which adversely affected the prices of solar power products. Consistent with market trend, the average selling price of our PV modules decreased from $1.33 per watt in 2011 to $0.78 per watt in 2012 and further decreased to $0.64 per watt in 2013. The decrease in prices, coupled with continued government support and an increase in demand for solar projects in non-European markets, caused global demand growth to rebound during 2013. During the first quarter of 2014, our average selling price increased to $0.67 per watt, indicating higher end market demand compared to previous years and a sign that global supply and demand are approaching equilibrium.

We believe that although the expiration of incentive policies in several European countries and the imposition of tariffs on Chinese imports into the European Union will result in a decrease in demand for solar products regionally, global demand will have a positive upward trend.

Our Competitive Strengths

We believe that the following competitive strengths enable us to compete effectively and to capitalize on the rapid growth in the global solar power market:

A leading global vertically integrated solar-power products manufacturer with growing project development business

We are one of the largest vertically integrated solar power products manufacturers in the world. According to Solarbuzz, we were the world's second largest producer of crystalline silicon modules in 2013. Since we began our solar-power products business in 2005, we have integrated the manufacturing of ingots, wafers and solar cells for use in our PV module production. As of March 31, 2014, we had an annual manufacturing capacity of ingots of approximately 2,000 MW, wafers of approximately 1,600 MW, cells of approximately 2,500 MW and modules of approximately 3,000 MW. Since 2007, we have shipped approximately 8,000 MW of modules globally. Our total module shipments during 2013 were 2,584 MW, representing an annual growth of 62.1% compared to our total shipments in 2012, and we had total shipments of 558.0 MW during the three months ended March 31, 2014, of which 23.8 MW were shipped to our own downstream power plants in the United Kingdom. We anticipate shipping between approximately 3,600 MW and 3,800 MW during 2014, of which 400 MW to 500 MW of PV modules are expected to be shipped to our downstream projects. We believe our vertically

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integrated business model allows greater quality control, shorter production cycles and improved process coordination, which together result in cost savings at every step in the value chain.

We believe that our end-to-end manufacturing capabilities allow us to successfully expand into the rapidly growing downstream solar power project market. During 2013 and early 2014, we successfully completed and sold a 50 MW project in Wuwei, Gansu Province, in China, and also identified a number of project opportunities in order to lay the foundation of our solar power project business in 2014 and into the future. We anticipate completing between 400 MW and 500 MW of projects during 2014, including significant projects in the PRC, Europe, Japan and the Middle East. Our downstream solar project pipeline also includes a number of other projects that will be completed in 2015 and beyond, most of which are located within the PRC, and we are constantly looking for opportunities to add to our project pipeline. The expansion of our solar power project business is an essential part of our goal to become the premier solar power product manufacturer and solar power project developer and owner in the world.

In addition to our leading and low-cost manufacturing operation based in China, we also maintain an extensive global sales and distribution network in Europe, North America, Australia, the Middle East and South America. Through our network of international offices, we are able to efficiently coordinate our production and sales efforts to meet the needs of a diverse set of worldwide customers.

Leading innovative technology with strong R&D capabilities and superior product quality

We believe we are one of the technology leaders in the global PV industry. In 2012, we introduced our proprietary "Honey" cell technology and have manufactured a number of new products based on this technology, including "Honey Ultra", which set a new world record earlier in 2014 for efficiency in a monocrystalline silicon module at 326 W. This technology breakthrough was achieved in our R&D laboratory in the PV Park and has been independently certified by TUV Rheinland, a leading authoritative certification institution. We believe our "Honey" technology has enabled high efficiency in our solar cells and modules, along with other popular products such as our double glass modules and Trinasmart, which provides maximizing and monitoring technologies to take full advantage of roof space and increase overall power output. In addition, in 2014 our Interdigitated Back Contact cell, which our researchers jointly developed with the Australian National University, achieved a cell efficiency of 24.4%. This level of efficiency was independently tested by the Fraunhofer CalLab, a leading authoritative certificate institution in Germany. As a result of our superior product quality, we believe we are one of the most recognized brands for high quality products in the PV market.

Our superior R&D team continuously develops innovative and cutting-edge solar power products and technologies, which gives us an important advantage over our competitors that is not easy to duplicate. As of March 31, 2014, we had a total of 718 employees involved in our R&D activities. Among them, 225 employees under our technology development department are dedicated to R&D. We also have a team of 493 employees under our engineering department and they are responsible for manufacturing technology development and further fine-tuning our production processes. Due to the efforts of our R&D team, as of March 31, 2014, we held 574 issued patents and had an additional 280 patent applications that were pending in China. Our R&D team is located in close proximity to our manufacturing department, and as our R&D team improves our existing products or develops new products, these two teams work together to transfer these innovations from the R&D laboratory to the production line quickly. Thus our investments in R&D have resulted in continual improvements in the performance of our high-quality solar products, allowing us to sell our solar products at higher prices while providing greater efficiency and value to our customers over the life of our products. Through our R&D efforts, we have also developed a variety of new and innovative system solutions, including ground-mounted, roof-top and building-integrated PV systems, on-grid and off-grid systems, for residential, commercial and industrial applications, using our high efficiency cells and modules.

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We strive to produce the highest quality and best performing solar PV products for our customers. Our integrated manufacturing process allows us to carefully control quality throughout the production process and our strong R&D team develops products of a consistently high quality. We source consistent quality raw materials from our long-term trusted and reputable suppliers, such as Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. and Changzhou GCL Photovoltaic Technology Co., Ltd. In May 2010, we partnered with TÜV Rheinland Group, Underwriters Laboratories Inc. and China General Certification Center, three leading certification bodies, to allow them to perform product certification tests at our Changzhou PV testing center and other facilities. This not only demonstrates the reliability of our testing processes, but also allows us to introduce our newest certified product lines in the shortest time to our customers. As a result of the superior quality of our solar products, we have long-standing relationships with highly reputable customers and we regularly win orders from customers with the industry's most demanding standards. Our solar products are also the product of choice for a number of top solar companies in the Japanese market, which is renowned for its stringent quality standards.

Strong brand recognition with sizable and diversified global customer base

Because of our superior product quality, we believe our brand is one of most recognized in the global PV market. We have received a number of industry awards in recognition of our product innovation and quality, including the 2013 Solar Industry Award in the System Integration category, we have been named by Fast Company magazine in their 2013 list of The World's Top 10 Most Innovative Companies in China and we were recognized by The Boston Consulting Group as one of the 2013 BCG Global Challengers. We have developed a top-tier global customer base, which includes both local Chinese customers and international customers, such as Solar City, TEBA Sunoasis Co., Ltd., Anesco Limited, Sanshin Electronics Co., Ltd. and China Huadian Engineering Co., Ltd. We have established a diversified customer base comprised of approximately 400 customers spread across more than 35 countries. As a result of the diversity of our customer base, we anticipate continued growth of our business even as the European solar power market loses market share to growing solar power markets, such as China, the United States and Japan.

Competitive cost structure

We have been able to decrease our annual non-silicon cost per watt despite our high production standards and superior product quality. Our annual non-silicon cost decreased from $0.66 per watt in 2011 to $0.56 per watt in 2012 and further to $0.45 per watt in 2013. Our non-silicon cost for the three months ended March 31, 2014 was $0.38 per watt. We have been able to successfully decrease our operational costs largely because of our economies of scale, efficient use of resources as we enhance production automation and our ability to control equipment costs. Our integrated value chain also allows us to eliminate margin stacking and provides greater supply chain visibility, and our flexible supply chain allows us to optimize manufacturing utilization levels, resulting in more efficient capital expenditures. We will continue to reduce our production costs by enhancing our product efficiencies and manufacturing yields.

Prudent and balanced risk management

Since the inception of our solar power products business in 2005, our management has adopted a prudent approach to risk management, which has guided our capacity expansion, entry into new markets, financing plans, R&D activities and our daily operations. Periodically, we organize risk management workshops in which management team members participate, through which our prudent and balanced risk management philosophy is disseminated throughout our management team. We believe that this prudent approach has served our company well in the volatile solar power products industry and has led to relatively stable performance compared to our peers, during both the boom and

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the recession periods that the industry has gone through in recent years. We have received recognition for our consistent performance and healthy balance sheet management in many solar industry analyst surveys and publications, which is a direct result of our prudent and balanced approach of risk management.

We have also applied our prudent risk management philosophy to our entrance into the downstream solar power plant project market. To support this prudent approach, we have developed a thorough and detailed simulation tool to assist in evaluating and selecting solar power projects. Based on this approach, we have ventured into the solar project markets of China, Japan and the United Kingdom because we view each as being politically stable and a growing market that we are familiar with and have historically been successful in. Consistent with our risk management approach, we have also engaged local development teams, reputable engineering, procurement and construction, or EPC, vendors and lending banks, and have formed experienced management teams in each country. By so doing, we aim to minimize the development, construction and asset management risks associated with the downstream solar business as we gain experience and expertise.

Solid balance sheet with strong credit profile

We place great emphasis on maintaining a strong balance sheet, comfortable cash balance and healthy credit profile. As of December 31, 2013, we had total cash and cash equivalents of $486.7 million and achieved positive operating cash flow in 2013 during a challenging solar industry environment. We have lower debt to equity and debt to asset ratios than most of our peers as of December 31, 2013. Further, as of March 31, 2014, we had total cash and cash equivalents of $463.5 million. We intend to employ an asset-light expansion strategy by increasing our access to capacity through selective acquisitions rather than investments in greenfield projects, which will minimize our required borrowings and capital expenditures.

Due to our solid financial profile, we are ranked highly as a borrower from leading financial institutions and thus have access to larger credit lines and better financial resources from these banks. For example, we are able to get underwritten non-recourse project financing for our downstream projects, including projects in the United Kingdom and Japan. In addition, because of our solid financial profile, we are able to successfully maintain and consistently renew credit lines as they become due. Our ready access to financing resulting from our solid balance sheet and strong credit profile mitigate many of the difficult aspects of the capital intensive industry in which we operate, which helps establish trust and leads to solid long-term relationships with our key customers.

Experienced international management team with a long and proven track record in manufacturing, project development and risk management

We have a strong executive management team led by our chairman and chief executive officer, Mr. Jifan Gao. Our management has proven experience in the solar industry, corporate management and development and in the execution of growth strategies. Mr. Gao founded our company in 1997, and has more than 20 years of management experience in solar and other industries. Under Mr. Gao's vision, we have established a management with international background and experience. Our chief financial officer, Ms. Teresa Tan, has over two decades of experience in senior accounting and finance management roles. Our business operations are led by Mr. Zhiguo Zhu, our senior vice president and president of module business unit, Mr. Qi Lin, our vice president and president of PV systems business unit, and Dr. Haiyan Sun, our vice president and president of energy storage PV applications business unit. They each have extensive experience in finance, operations and general management with leading global and Chinese companies. These leaders of our business operations are complemented by regional managers who provide on-the-ground leadership and possess the vision and knowledge required for us to grow our business across the various markets that we operate in.

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Our senior management team has a track record of steering our company through varying market conditions in order to maximize value for shareholders. Our management team is strong and competent, both individually and as a whole. They work together to oversee all aspects of our business, including project development, construction, financing and asset management. Because of the knowledge and insights of our leadership, as we further develop our downstream business we are able to source good projects, secure optimal project financing at reasonable terms, construct the highest-quality projects, and hold and operate our assets in the most efficient and economical manner.

Our Strategies

Our objective is to become a global leader in the development and manufacture of solar power products and solar power systems. We intend to achieve this objective by pursuing the following strategies:

Maintain our leadership position in PV market

We intend to maintain and strengthen our leadership position in the PV market, with the goal of becoming the premier solar power product manufacturer and solar power project developer and owner in the world. We believe that our current leadership position is largely the result of the following:

our vertically integrated business,

our growing project development business,

our strong R&D capabilities and innovative technology,

the superior quality of our PV products,

our strong brand recognition,

our diversified customer base,

our competitive cost structure,

our prudent risk management,

our solid balance sheet and strong credit profile, and

the strength of our management team.

We intend to build on our strengths to further solidify our leadership position. For example, we intend to further increase user awareness and the reputation of our brand names in our largest markets, including in China, Japan, the United States and Europe, by continuing to provide high quality products and by efficiently executing our sales and project development plans within those markets. We will also work to establish positive brand-name recognition in emerging markets, such as Africa, Central and South America and South and Southeast Asia, by investing resources at the distributor and end-user levels. We plan to prudently expand our sales force coverage to better reach and address to our customers in both existing and new markets.

Prudent use of flexible manufacturing capacity and expansion through asset-light model

We will continue to efficiently manage our production capacity in order to meet the growing demand for our PV products. We have been running at or near full capacity for the past year and anticipate continuing to do so for the near future. To meet the strong demand for our PV products, we plan to adopt an asset light approach to capacity expansion in order to minimize capital expenditures. We have already commenced execution of this strategy through the acquisition of manufacturing capacity in Hubei Hongyuan PV Science and Technology Co., Ltd., and our subsidiary established with Yabang Investment Holding Group Co., Ltd. We plan to continue acquiring additional capacity as our

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needs increase for as long as our management views expansion through selective acquisitions to be more financially attractive than investments solely in greenfield projects. We will also continue contracting toll services from third party manufacturers to process ingots and wafers and sourcing wafers from our suppliers and strategic partners in order to fill the gap between our PV cell and module manufacturing capacities on the one hand, and our ingot and wafer manufacturing capacities on the other. Further, we will continue to use proven equipment sourced locally and fine-tune our existing equipment and machinery to control the cost of expansion.

Leverage our manufacturing capabilities for downstream expansion in our targeted key markets

We strategically entered the downstream solar project development market in 2013 and intend to develop this market rapidly in the short term. We plan to use our high quality module supply capabilities, together with our global solar industry franchise, to facilitate the expansion of our downstream solar project development business as our new growth driver. We believe that we can achieve synergies among our module sales and our solar project development business, as well as receive income from both capital gains from project sales and stable power generation. We will decide whether to sell the projects upon completion or to hold and operate the completed projects for a period of time on a project-by-project basis, depending on expected returns.

In entering the downstream solar project development market, we selectively chose to begin in China, Japan and the United Kingdom markets. We chose China because it is our home market and has a high level of regulatory support across levels of government, including a national solar installation plan targeting to install 14 GW of solar power in 2014 announced by the Chinese National Energy Administration in February 2014. We have a strong market presence in China and are well positioned to participate in the growth of its sustainable solar markets. We decided to construct solar project in Japan because of the high likelihood of attractive returns in Japan as a result of its strong government support, which is evidenced by high feed-in tariffs received. Further, we believe the United Kingdom is a stable, low risk and liquid market. We currently anticipate completing construction on 400 MW to 500 MW of new projects, during 2014, including approximately 310 MW in the PRC, over 70 MW in Europe, including the United Kingdom, as well as significant projects in Japan and the Middle East.

Continue to manage our cost structure

We plan to continue reducing manufacturing costs by carefully managing the manufacturing process and by seeking to improve operating efficiencies. For example, we recently upgraded our furnaces from G5 to G6, which will allow us to grow silicon crystal more efficiently. We also recently purchased the equipment to recycle sawing slurry internally rather than processing by third-party vendors. Additionally, as our business continues to expand, greater economies of scale will allow us to reduce our per unit fixed costs. We also plan to reduce per unit variable costs due to improvements in operational efficiencies and synergies built across production lines. As we continue to carefully manage our operations we will identify additional areas in which we can improve efficiency and reduce costs.

In addition, we plan to devote more resources to our R&D to further enhance our product development capabilities. We focus our R&D efforts on improving our ingot, wafer, solar cell and solar module manufacturing capabilities. Our R&D team and manufacturing department also work in close proximity, and as we improve our products or develop new products, these two teams collaborate to bring these innovations into production quickly. As improvements are integrated into the production process, they often result in greater operating efficiency and, over time, reduce our operating costs. We thus intend to continue to develop innovative technologies and cutting-edge PV products while managing our manufacturing process and operating costs.

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Our Challenges

We believe that the following are some of the major risks and uncertainties that may materially affect us:

volatile market and industry trends, in particular, the growth for solar power projects may decline, may reduce our revenues and earnings;

fluctuations in polysilicon prices may affect our margins;

we rely on a limited number of third-party suppliers and manufacturers for silicon-based raw materials for our products and toll services;

our raw material costs and our excess inventory may increase;

the determination by U.S. and European Union authorities that our export sales are in violation of international fair trade rules could impede our access to important export markets;

we have been named as a defendant in certain legal and administrative actions;

a significant reduction or elimination of government subsidies and economic incentives or change in government policies;

demand for our products may be adversely affected by the effects of the credit environment on our customers; and

failure to expand our business into the solar power projects market due to reasons such as lack of financing.

Recent Developments

Our Solar Module Business

During the three months ended March 31, 2014, we had total shipments of 558.0 MW, of which 23.8 MW were shipped to our own downstream power plants in the United Kingdom. This marked an increase of 42.1% compared to total shipments of 392.6 MW during the three months ended March 31, 2013. During the three months ended March 31, 2014, our average selling price was $0.67 per watt, compared to $0.63 per watt during the first three months ended March 31, 2013.

The following table sets forth our manufacturing capacity and production output in MW equivalent of module production as of March 31, 2014 for each of our facilities:

Manufacturing Facility	Annual Manufacturing Capacity as of March 31, 2014[1]	Production Output for the Three Months Ended March 31, 2014[1][2]	Estimated Maximum Annual Manufacturing Capacity as of December 31, 2014
Silicon ingots	2,000 MW	450 MW	2,200 MW
Silicon wafers	1,600 MW	380 MW	1,700 MW
Solar cells	2,500 MW	620 MW	3,000 MW

PV modules	3,000 MW	740 MW	3,800 MW

(1) Approximate figures.

(2) Includes modules produced but not shipped as of March 31, 2014.

During the first quarter of 2014, our top five customers collectively accounted for 50.4% of our net sales and our largest customer contributed 15.3% of our net sales.

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The following table sets forth our total net sales by geographical region, based on record country of sales, for the three months ended March 31, 2014:

Region	Three Months Ended March 31, 2014 Total Net Sales (in thousands, except for percentages)	Percent
Europe		
United Kingdom	$ 34,542	7.8%
Germany	5,119	1.2
Italy	460	0.1
Spain	273	0.1
Others	7,024	1.5
Europe Total	47,418	10.7
China	112,163	25.2
United States	118,869	26.7
Japan	114,285	25.7
Others	52,076	11.7
Total	$ 444,811	100.0%

On June 3, 2014, the U.S. Department of Commerce released its preliminary determination that subject imports from China are benefitting from illegal government subsidies and therefore potentially subject to the imposition of countervailing duties. See "Risk Factors Risks Related to Our Company and Our Industry The determination by U.S. and European Union authorities that our export sales are in violation of international fair trade rules could impede our access to important export markets" for details.

Our Solar Power Projects

As of March 31, 2014, we had solar power projects with a total value of $92.5 million, including held-for-sales projects and self-owned and operated projects. The value of our held-for-sales projects was approximately $45.4 million, mainly consisting of two solar power plants with a total capacity of 23.8 MW in the United Kingdom that were connected to the grid in April 2014. The value of our self-owned and operated projects was $47.1 million, mainly consisting of a 16 MW solar power station in Greece, 14 MW of which has begun operations, a 2 MW solar power station in Italy and a 4 MW solar power station in the United States, each of which began generating revenues in 2013.

During the three months ended March 31, 2014, we completed solar power projects with a total capacity of 23.8 MW in Europe. As of March 31, 2014, we had a total project pipeline of approximately 478 MW, including projects with approximate capacities of 310 MW in China, 128 MW in Europe, 30 MW in Japan and 10 MW in the Middle East.

In the first quarter of 2014, we successfully sold our 50 MW solar power plant in Wuwei, Gansu Province to Huadian Fuxin Energy Corporation Limited.

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Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

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

	Three Months Ended March 31,			
	2013	%	2014	%
	(in thousands, except for share, per share, ADS, per ADS, operating data and percentages)			
Consolidated Statement of Operations Data				
Net sales	$ 260,222	100.0%	$ 444,811	100.0%
Cost of goods sold	255,798	98.3	353,298	79.4