

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GCL-Poly Energy Holdings Limited

保利協鑫能源控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

DISCLOSEABLE TRANSACTION DISPOSAL OF ENTIRE INTERESTS IN A SUBSIDIARY

On 25 July 2012, GCL Solar Energy, Inc., an indirect wholly-owned subsidiary of the Company, acting as the Seller, entered into the Sale and Purchase Agreement with the Buyer pursuant to which the Seller agreed to sell and the Buyer agreed to purchase the Equity Interests for a consideration of approximately US\$266 million. Pursuant to the terms of the Sale and Purchase Agreement, the Seller and the Buyer have agreed, among other things, that (i) the Seller will provide a Seller parent guarantee to be entered into by the Company in favour of the Buyer; and (ii) in relation to the indemnity provisions in the Sale and Purchase Agreement, the Seller, the Buyer and an escrow agent will enter into a special indemnity escrow agreement. The closing of the purchase of the Equity Interests took place simultaneously with the execution and delivery of the Sale and Purchase Agreement on 25 July 2012.

As the applicable percentage ratios under the Listing Rules in respect of the Sale and Purchase Agreement are greater than 5% but less than 25%, the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 25 July 2012, GCL Solar Energy, Inc., an indirect wholly-owned subsidiary of the Company, acting as the Seller, entered into the Sale and Purchase Agreement with the Buyer, pursuant to which the Seller agreed to sell and the Buyer agreed to purchase the Equity Interests for a consideration of approximately US\$266 million (equivalent to approximately HK\$2,075 million) (the “Disposal”). Pursuant to the terms of the Sale and Purchase Agreement, the Seller and Buyer have agreed, among other things, that (i) the Seller will provide a Seller parent guarantee to be entered into by the Company in favour of the Buyer; and (ii) in relation to the indemnity provisions in the Sale and Purchase Agreement, the Seller, the Buyer and

an escrow agent will enter into a special indemnity escrow agreement. The closing of the purchase of the Equity Interests have taken place simultaneously with the execution and delivery of the Sale and Purchase Agreement on 25 July 2012.

The Seller owns 100% of the equity interests in the Target Company (the “Equity Interests”), which, in turn, owns 100% equity interests in the Project Holdco, which in turn, owns 100% equity interests in each of the Project Companies. Each of the Project Companies is currently developing and constructing a photovoltaic solar generating facility, namely Alpaugh 50 Project and Alpaugh North Project, with a total planned capacity of 92 MW(DC) in California, the U.S..

2. THE SALE AND PURCHASE AGREEMENT

(a) Date

25 July 2012

(b) Parties

Seller : the Seller, an indirect wholly-owned subsidiary of the Company. The Seller is an investment company and its subsidiaries principally engaged in developing, owning and operating photovoltaic solar generating facilities.

Buyer : the Buyer, a company incorporated in New York, the U.S. with its principal business to develop, own and operate renewable and other energy assets.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Buyer and its ultimate beneficial owners are independent of the Company and are not connected persons of the Company.

(c) Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Seller agreed to sell and the Buyer agreed to purchase the Equity Interests, which represents the entire equity interests of the Target Company. The Target Company is the legal and beneficial owner of the entire equity interests in the Project Holdco, which in turn is the legal and beneficial owner of the entire equity interests in the Project Companies.

(d) Consideration and Payment Terms

Pursuant to the Sale and Purchase Agreement, the consideration of the Equity Interests is approximately US\$266 million (equivalent to approximately HK\$2,075 million) (the “Consideration”), which shall be paid in full at Closing. The Consideration shall be satisfied in cash and shall include the following:

- (i) funding of US\$20 million by the Seller into the Special Indemnity Escrow Account as defined and further described in the paragraph “Special Indemnity” below;

- (ii) repayment of the outstanding principal amount, interests and all expenses in respect of a bridge loan in relation to the Projects incurred at or immediately prior to the Closing;
- (iii) payment for any project costs (as defined in the Sale and Purchase Agreement) in respect of the Projects paid or incurred by the Seller to be payable to third parties at Closing;
- (iv) payment for any project costs (as defined in the Sale and Purchase Agreement) in respect of the Projects incurred by the Target Group to be payable to third parties; and
- (v) the remaining part of the Consideration after deducting the payments as described in paragraphs (i) to (iv) above.

The Consideration for the Disposal was determined after competitive biddings were received and selected by the Company. The Directors consider that the Consideration was fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

(e) Guarantee

Under the terms of the Sale and Purchase Agreement, the Company is required to enter into a guarantee as the Seller's parent guarantee in favour of the Buyer. The Company, acting as the guarantor, has entered into the guarantee on 25 July 2012 to guarantee the full and punctual payment and performance of the obligations of the Seller under the terms of the Sale and Purchase Agreement.

(f) Special Indemnity

Under the terms of the Sale and Purchase Agreement, the Seller, the Buyer and an escrow agent entered into a special indemnity escrow agreement pursuant to which US\$20 million of the Consideration will be deposited to a special indemnity escrow account (the "Special Indemnity Escrow Account") opened by the escrow agent. The escrow agent is a banking institution with business in the U.S.. The amount in the Special Indemnity Escrow Account will be released to the Seller on 31 May 2013 subject to any distribution against indemnity claims payable to the Buyer or any other indemnified parties for (i) certain duties to be imposed on imported modules in respect of the Projects subject to the imposition of antidumping or countervailing duties pursuant to the U.S. Department of Commerce and U.S. International Trade Commission proceedings pending as of the date of the Closing; and (ii) any bonus depreciation (as defined in the Sales and Purchase Agreement) due to the failure of the Projects to be placed in service for federal income tax purpose by 31 December 2012.

(g) Other Material Terms of the Sale and Purchase Agreement

After the Closing, if the Buyer receives any cash grant from any relevant U.S. government authority in respect of the Projects, the Buyer will, if such cash grant is over a specified amount as stated in the Sales and Purchase Agreement, within 30 days after the receipt of the cash grant pay to the Seller a portion of the cash grant in addition to the Consideration. The

portion of the cash grant payable by the Buyer to the Seller is calculated in accordance with the terms of the Sale and Purchase Agreement but the amount payable to the Seller in relation to the cash grant shall not, in any event, exceed US\$3,000,000.

(h) Closing

Closing of the purchase of the Equity Interests took simultaneously with the execution and delivery of the Sale and Purchase Agreement on 25 July 2012.

Upon Closing, the Target Group ceased to be subsidiaries of the Company.

3. INFORMATION ON THE TARGET GROUP

The Target Company is a limited liability company incorporated in Delaware, the U.S. on 4 April 2012, and is an indirect wholly-owned subsidiary of the Company immediately prior to the Closing. It is principally engaged in investment holding and its major assets are its equity interests in the Project Holdco.

The Project Holdco is a limited liability company incorporated in Delaware, the U.S. on 4 April 2012. It is principally engaged in investment holding and its major assets are its equity interests in the Project Companies.

The two Project Companies, namely SPS Alpaugh 50, LLC and SPS Alpaugh North, LLC, are limited liability companies incorporated in Delaware, the U.S. on 7 December 2009 and 12 November 2009, respectively. The principal businesses of the Project Companies are to develop and construct the Alpaugh 50 Project and the Alpaugh North Project, which are photovoltaic solar generating facilities with a total planned installed capacity of 92 MW(DC) in California, the U.S. The Projects are under construction by an independent engineering, procurement and construction contractor. The Projects are expected to be completed by end of 2012. Upon commencement of operation of the facilities, the Project Companies will sell electricity to an electricity company for a term of 25 years.

According to the unaudited financial statements of the Target Company as at 24 July 2012 prepared under the International Financial Reporting Standard, the total assets was approximately US\$250 million. No turnover, profit or loss before and after taxation and extraordinary items had been recorded as the Target Company was incorporated on 4 April 2012.

4. FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, as a result of the disposal of the Target Group, the Company will recognize an estimated gain before tax of approximately US\$16 million (equivalent to approximately HK\$124.8 million) which was based on the carrying value of the assets of the unaudited management accounts of the Target Group.

The net proceeds generated from the disposal will be approximately US\$101 million (equivalent to approximately HK\$788 million), after deducting all expenses to be incurred in relation to the Disposal. The net proceeds will be applied as general working capital and/or funds for investments in future solar projects of the Group.

5. REASONS FOR ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Company is an investment company and its subsidiaries are principally engaged in the manufacturing of polysilicon and wafers for the solar industry as well as the development, management and operation of environmentally friendly power plants. The Group had completed the construction of solar projects with an aggregated capacity of approximately 18 MW(DC) in the U.S. which were all disposed to tax equity partners, including Wells Fargo Bank and Bank of America. The Directors consider that the Disposal is a good opportunity for the Company to take profit by realising part of its investment.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement are determined on an arm's length basis and on normal commercial terms, and the Sale and Purchase Agreement is fair and reasonable and in the interest of the Company and its shareholders as a whole.

6. LISTING RULES IMPLICATIONS

As the applicable percentage ratios under the Listing Rules in respect of the Sale and Purchase Agreement are greater than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

7. DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Alpaugh 50 Project”	a solar generating project with a planned capacity of up to approximately 66 MW(DC) to be located in California, the U.S.
“Alpaugh North Project”	a solar generating project with a planned capacity of up to approximately 26 MW(DC) to be located in California, the U.S.
“Board”	the board of Directors
“Buyer”	a company incorporated in New York, the U.S. with its principal business to develop, own and operate renewable and other energy assets
“Company”	GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange

“Closing”	the closing of the Disposal, which take place on 25 July 2012
“Consideration”	US\$266 million
“Director(s)”	the director(s) of the Company
“Disposal”	the sell of the Equity Interests
“Equity Interests”	the entire equity interests in the Target Company
“GCL Solar Energy, Inc.”	a corporation incorporated in California, the U.S. and is an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW(DC)”	Megawatt, direct current
“PRC”	the People’s Republic of China
“Project Company/ Companies”	SPS Alpaugh 50, LLC, a Delaware limited liability company, SPS Alpaugh North, LLC, a Delaware limited liability company, each a “Project Company”, and collectively, the “Project Companies”
“Project Holdco”	GCL Alpaugh Project HoldCo, LLC, a Delaware limited liability company
“Projects”	collectively the Alpaugh 50 Project and the Alpaugh North Project
“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 July 2012 entered into between the Seller and the Buyer in respect of the Equity Interests
“Seller”	GCL Solar Energy, Inc.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GCL Alpaugh Equity HoldCo, LLC, a Delaware limited liability company

“Target Group” collectively the GCL Alpaugh Equity HoldCo, LLC, GCL Alpaugh Project HoldCo, LLC, SPS Alpaugh 50, LLC and SPS Alpaugh North, LLC

“US\$” U.S. dollars, the lawful currency of the United States

This announcement contains translations between U.S. and Hong Kong dollar amounts at US\$1=HK\$7.8, being the exchange rate prevailing on 25 July 2012. The translations should not be taken as a representation that the US dollars could actually be converted into Hong Kong dollars at that rate or at all.

By order of the Board
GCL-Poly Energy Holdings Limited
Zhu Gong Shan
Chairman

Hong Kong, 26 July 2012

As at the date of this announcement, the Board comprises Mr. Zhu Gong Shan (Chairman), Mr. Sha Hong Qiu, Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Bao Dong, Ms. Sun Wei and Mr. Zhu Yu Feng as executive Directors; Mr. Chau Kwok Min, Cliff and Mr. Zhang Qing as non-executive Directors; Mr. Qian Zhi Xin, Ir Dr. Raymond Ho Chung Tai, Mr. Xue Zhong Su and Mr. Yip Tai Him as independent non-executive Directors.