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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 FINANCE LEASE AGREEMENT

THE FINANCE LEASE AGREEMENT

The Board announces that on 10 December 2015, Jiangsu Zhongneng and Dao Sheng International entered into the Finance Lease Agreement pursuant to which Dao Sheng International agreed to acquire the Assets from Jiangsu Zhongneng at a consideration of RMB1,105,000,000 (equivalent to approximately HK\$1,337,050,000) and lease back the Assets to Jiangsu Zhongneng for a term of five years under a finance lease arrangement.

The following agreements have been entered into for the purpose of securing the Secured Obligations of Jiangsu Zhongneng under the Finance Lease Agreement:

- (a) the Guarantee Agreement dated 10 December 2015 between the Company as guarantor in favour of Dao Sheng International, pursuant to which the Company agreed to guarantee the Secured Obligations; and
- (b) the Charge Agreement dated 10 December 2015 between Jiangsu Zhongneng and GCL-Poly Suzhou as chargors and Dao Sheng International as chargee, pursuant to which Jiangsu Zhongneng and GCL-Poly Suzhou agreed to charge the Receivables in favour of Dao Sheng International.

Subsequent to the entering into of the Guarantee Agreement and the Charge Agreement, Jiangsu Zhongneng, GCL-Poly Suzhou, Dao Sheng International and PSB will enter into the Receivables Management Agreement, pursuant to which PSB will provide management services in respect of the Specified Accounts.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios applicable to the Finance Lease Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transaction contemplated under the Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE FINANCE LEASE AGREEMENT

Date: 10 December 2015

Parties: (1) Jiangsu Zhongneng
(2) Dao Sheng International

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Dao Sheng International and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Consideration: The Assets will be acquired by Dao Sheng International at the consideration of RMB1,105,000,000 (equivalent to approximately HK\$1,337,050,000)

Term: Five years, commencing from the Commencement Date

Interest: 7.5% per annum (inclusive of 17% value added tax, the net of value added tax interest rate is 6.62% per annum) during the Lease Period, provided that such rate may be adjusted downward after negotiations between the parties in case of a reduction in the market financing cost

The above interest rate was determined after arms' length negotiation between the parties taking into account, among other things, the prevailing market rate, the principal amount of the lease payment and the Lease Period

Lease payment: Dao Sheng International agreed to lease back the Assets to Jiangsu Zhongneng subject to the lease payment payable by Jiangsu Zhongneng to Dao Sheng International in accordance with the following schedule:

- (i) RMB380,000,000 on or before the third anniversary of the Commencement Date;
- (ii) RMB365,000,000 on or before the fourth anniversary of the Commencement Date; and
- (iii) RMB360,000,000 on or before the end of the Lease Period.

Early repayment: After the expiry of the third anniversary of the Commencement Date, Jiangsu Zhongneng is entitled to fully repay the principal amount prior to the end of the Lease Period by paying all outstanding principal together with the interest accrued up to the third anniversary of the Commencement Date. The early repayment right can be exercised once in each year after the expiry of the third anniversary of the Commencement Date

Handling fee: Jiangsu Zhongneng is liable to pay Dao Sheng International a handling fee in the sum of RMB11,050,000, being 1% of the Consideration

Early termination: The Finance Lease Agreement shall be terminated automatically if within three months of the date of the Finance Lease Agreement (i) the legal title to the Assets cannot be transferred to Dao Sheng International; or (ii) if the Consideration is not paid by Dao Sheng International.

Ownership: During the Lease Period, the ownership of the Assets will vest in Dao Sheng International. Upon expiry of the Lease Period and subject to the payment of the lease payment, interest and other payables (if any) in full, including an agreed amount of RMB100, the title of and all rights in the Assets shall vest in Jiangsu Zhongneng

Security

The Guarantee Agreement and the Charge Agreement have been entered into for the purpose of securing the Secured Obligations of Jiangsu Zhongneng under the Finance Lease Agreement, details of which are set out below:

The Guarantee Agreement

The Company entered into the Guarantee Agreement with Dao Sheng International dated 10 December 2015, pursuant to which the Company agreed to guarantee the Secured Obligations. The guarantee obligation of the Company shall subsist during the Lease Period and two years thereafter.

The Charge Agreement

Jiangsu Zhongneng, GCL-Poly Suzhou and Dao Sheng International entered into the Charge Agreement dated 10 December 2015, pursuant to which Jiangsu Zhongneng and GCL-Poly Suzhou agreed to charge the Receivables in favour of Dao Sheng International. Under the Charge Agreement, the parties agreed that the Receivables shall be charged in favour of Dao Sheng International for the purposes of securing the Secured Obligations, and the Receivables shall be managed by PSB pursuant to the Receivables Management Agreement.

In addition, after the execution of the Charge Agreement, Jiangsu Zhongneng and GCL-Poly Suzhou shall notify their respective debtors that any payment by way of cash shall be made into the relevant Specified Accounts and any payment by way of bank acceptance bills shall, if requested by PSB, be sent to PSB.

Subsequent to the entering into of the Guarantee Agreement and the Charge Agreement, Jiangsu Zhongneng, GCL-Poly Suzhou, Dao Sheng International and PSB will enter into the Receivables Management Agreement, pursuant to which PSB will provide management services in respect of the Specified Accounts.

Pursuant to the Receivables Management Agreement, during the Lease Period, PSB shall, among other things:

- (a) notify Dao Sheng International on a monthly basis or at such time as may be requested by it the activities of the Specified Accounts; and
- (b) notify Dao Sheng International in the event that any claim is made by third party against the funds in the Specified Accounts,

without the prior consent of Jiangsu Zhongneng and GCL-Poly Suzhou.

Jiangsu Zhongneng and GCL-Poly Suzhou shall notify PSB and Dao Sheng International from time to time the Estimated Monthly Revenue and the Estimated Monthly Deposit pursuant to the terms of the Receivables Management Agreement. PSB shall be entitled to ensure the following:

- (a) 30% of the deposits be retained in the Specified Accounts if (i) the Actual Monthly Revenue is lower than 80% of the Estimated Monthly Revenue for two consecutive months; or (ii) the Actual Monthly Deposit is lower than 80% of the Estimated Monthly Deposit;
- (b) 50% of the deposits be retained in the Specified Accounts if (i) the Actual Monthly Revenue is lower than 70% of the Estimated Monthly Revenue for two consecutive months; or (ii) the Actual Monthly Deposit is lower than 70% of the Estimated Monthly Deposit; and
- (c) 100% of the deposits be retained in the Specified Accounts if (i) the Actual Monthly Revenue is lower than 60% of the Estimated Monthly Revenue for two consecutive months; or (ii) the Actual Monthly Deposit is lower than 60% of the Estimated Monthly Deposit,

provided that if the funds retained by PSB in the Specified Accounts shall be more than the outstanding lease payment payable by Jiangsu Zhongneng to Dao Sheng International under the Finance Lease Agreement then no further funds shall be retained by PSB in the Specified Accounts.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As the principal business of Jiangsu Zhongneng is the production and sale of polysilicon, which requires funding to facilitate its operation, the finance lease arrangement pursuant to the Finance Lease Agreement with a term of five years and an annual interest rate at 7.5% per annum (inclusive of 17% value added tax, the net of value added tax interest rate is 6.62% per annum) is expected to improve the financing structure of Jiangsu Zhongneng in terms of longer term of financing, comparatively lower interest rate over existing borrowings.

The Directors are of the view that the terms of the Finance Lease Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

Jiangsu Zhongneng is a wholly-owned subsidiary of the Company whose principal business is the production and sale of polysilicon. The Group's business primarily consists of the manufacturing and sale of polysilicon and wafer products and developing, owning and operating downstream solar farms both within the PRC and overseas.

INFORMATION ON DAO SHENG INTERNATIONAL

Dao Sheng International is a company incorporated in the PRC, the principal business of which is provision of financial services, including finance lease services.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios applicable to the Finance Lease Agreement exceeds 5% and all of the percentage ratios are less than 25%, the transaction contemplated under the Finance Lease Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Actual Monthly Deposit” | the actual monthly deposit made into the Specified Accounts as a result of receiving the Actual Monthly Revenue |
| “Actual Monthly Revenue” | the actual monthly revenue from the sale of wafer to customers pursuant to the Charge Agreement |
| “Assets” | the assets of Jiangsu Zhongneng subject to the Finance Lease Agreement, comprising equipment, plant and machinery for the production of polysilicon |
| “Board” | the board of Directors |
| “Charge Agreement” | the charge agreement dated 10 December 2015 between Jiangsu Zhongneng, GCL-Poly Suzhou and Dao Sheng International in relation to the charge of the Receivables by Jiangsu Zhongneng and GCL-Poly Suzhou in favour of Dao Sheng International |
| “Commencement Date” | the date when Consideration is paid by Dao Sheng International to Jiangsu Zhongneng, being the date on which the Lease Period commences |
| “Company” | GCL-Poly Energy Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange |
| “Consideration” | the consideration in the sum of RMB1,105,000,000 payable by Dao Sheng International to Jiangsu Zhongneng for the acquisition of the Assets under the Finance Lease Agreement |
| “Dao Sheng International” | Dao Sheng International Financial Leasing Co., Ltd.* (道生國際融資租賃股份有限公司), a company established in the PRC with limited liability |
| “Director(s)” | the director(s) of the Company |
| “Estimated Monthly Deposit” | the estimated monthly deposit to be made into the Specified Accounts based on the Estimated Monthly Revenue |
| “Estimated Monthly Revenue” | the Estimated Sales Price multiplied by the Estimated Monthly Sales Volume |

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| “Estimated Monthly Sales Volume” | the estimated monthly sales volume of wafer to be sold to customers pursuant to the Charge Agreement |
| “Estimated Sales Price” | the estimated sales price of wafer to be sold to customers pursuant to the Charge Agreement |
| “GCL-Poly Suzhou” | 保利協鑫(蘇州)新能源有限公司 (GCL-Poly (Suzhou) New Energy Limited*), a company established in the PRC and a wholly-owned subsidiary of the Company |
| “Group” | the Company and its subsidiaries |
| “Guarantee Agreement” | the guarantee agreement dated 10 December 2015 between the Company and Dao Sheng International in relation to the guarantee of the Secured Obligations by the Company in favour of Dao Sheng International |
| “Jiangsu Zhongneng” | 江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*), a wholly-owned subsidiary of the Company |
| “HK\$” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Lease Period” | a period of five years from the date upon which the Consideration is paid by Dao Sheng International to Jiangsu Zhongneng |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange from time to time |
| “PRC” | The People’s Republic of China |
| “PSB” | The Postal Savings Bank of China |
| “Receivables” | the accounts receivable of Jiangsu Zhongneng and GCL-Poly Suzhou arising from their respective sales as specified in the Charge Agreement |
| “Receivables Management Agreement” | the receivables management agreement to be entered into between Jiangsu Zhongneng, GCL-Poly Suzhou, Dao Sheng International and PSB in relation to the provision of the management services in respect of the Specified Accounts by PSB |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Secured Obligations” | the payment obligations of Jiangsu Zhongneng under the Finance Lease Agreement, including the repayment of the lease payment, accrued interest and overdue interest (if any) thereon, together with any damages in the event of any breach of the Finance Lease Agreement including expenses and legal fees |

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| “Share(s)” | ordinary shares of HK\$0.10 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Specified Accounts” | the bank accounts opened in the name of Jiangsu Zhongneng and GCL-Poly Suzhou, respectively, with PSB which are subject to the Receivables Management Agreement |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

This announcement contains translation between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.21, being the exchange rate prevailing on 10 December 2015. The translation should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

By order of the Board
GCL-Poly Energy Holdings Limited
保利協鑫能源控股有限公司
Zhu Gongshan
Chairman

Hong Kong, 10 December 2015

As at the date of this announcement, the Board comprises Mr. Zhu Gongshan, Mr. Ji Jun, Mr. Zhu Yufeng, Mr. Yeung Man Chung, Charles and Mr. Zhu Zhanjun as executive directors; Mr. Shu Hua as a non-executive director; Ir. Dr. Raymond Ho Chung Tai, Mr. Yip Tai Him and Dr. Shen Wenzhong as independent non-executive directors.