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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)

- (1) VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) AN INCREASE IN AUTHORISED SHARE CAPITAL;**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER;**
- (5) ALLOTMENT AND ISSUE OF CONSIDERATION SHARES AND**
- (6) SPECIFIC MANDATE FOR THE NEW ISSUE; AND**
- (7) SUSPENSION AND RESUMPTION OF TRADING**

Financial adviser to GCL-Poly Energy Holdings Limited



ICBC International Capital Limited

VERY SUBSTANTIAL ACQUISITIONS AND CONNECTED TRANSACTIONS

On 3 June 2009, the Company entered into the Acquisition Agreements, pursuant to which, the Company will acquire 100% of the equity interest in Jiangsu Zhongneng subject to the terms of the Acquisition Agreements.

The Acquisition Agreements consist of (1) Acquisition Agreement A, pursuant to which, the Company will acquire 64% of the equity interest in Jiangsu Zhongneng through the acquisition of Sale Share A, subject to the terms thereof; and (2) Acquisition Agreement B, pursuant to which, the Company will acquire 36% of the equity interest in Jiangsu Zhongneng through the acquisition of Sale Shares B, subject to the terms thereof.

Pursuant to Acquisition Agreement A, Consideration A is HK\$19,912,733,756, which will be satisfied at Completion A, by way of the allotment and issue of Consideration Shares A, being 9,051,242,615 new Shares, to Vendors A at an issue price of HK\$2.2 for each Consideration Share A.

Pursuant to Acquisition Agreement B, Consideration B is US\$830,615,000 (or the equivalent of approximately HK\$6,437,266,250), which will be satisfied at Completion B: (a) as to US\$200 million, by payment in cash (the source of which will be derived from funds made available to the Company from the US\$300 million loan facility to be obtained by GCL Solar or its subsidiaries); (b) as to US\$350 million, by the issue of the Secured Notes and; (c) as to US\$280,615,000, by way of the allotment and issue of Consideration Shares B, being 988,530,112 new Shares, to Vendor B at an issue price of HK\$2.2 for each Consideration Share B. It is a condition precedent to Completion B that GCL Solar or its subsidiaries shall obtain loan facilities of US\$300 million, US\$200 million of which is to be made available to the Company on terms to be agreed between GCL Solar and the Company to pay the cash portion of Consideration B.

The original purchase costs of Sale Shares A and Sale Shares B were approximately US\$677 million and US\$439 million respectively.

The relevant Percentage Ratios of the aggregate of the Acquisitions are more than 100%. The Acquisitions therefore constitute a very substantial acquisition of the Company under the Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mr. Zhu is an executive Director and the chairman of the Company. Mr. Zhu and his family own 34.47% of the total issued share capital of the Company through a family trust. Mr. Zhu and his family are therefore Controlling Shareholders of the Company as at the date of this announcement. Happy Genius, which currently holds 60.74% of the entire issued share capital of GCL Solar and 82% of the entire issued share capital of both Sun Wave and Greatest Joy, is principally an investment holding company ultimately beneficially wholly-owned by Mr. Zhu and his family. Therefore it is an associate of Mr. Zhu and his family and a connected person of the Company for the purposes of the Listing Rules.

Mr. Yu is an executive Director. Mr. Yu, through his wholly-owned subsidiaries, Bonus Billion and Joy Big (both of which are members of Vendors A), owns 0.23% of the total issued share capital of GCL Solar. Both Bonus Billion and Joy Big are principally investment holding companies ultimately beneficially wholly-owned by Mr. Yu. Therefore, they are associates of Mr. Yu and connected persons of the Company for the purposes of the Listing Rules.

Accordingly, the transactions contemplated under the Acquisition Agreements also constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Zhu is a Director and through Highexcel Investments Limited is the Controlling Shareholder of the Company, and through Happy Genius, is the Controlling Shareholder of GCL Solar, Greatest Joy and Sun Wave, Mr. Zhu and his associates are required to abstain from voting on the resolutions relating to the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM. As Mr. Cheng Zai Zhong (being one of the ultimate beneficial owners of Thornton Asset Management Service Centre Limited) currently owns 3,520,000 Shares, Thornton Asset Management Service Centre Limited and its associates are also required to abstain from voting on the resolutions relating to the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM. As Ms. Chan Wai Ho (being the wife of Mr. Chang Tsong Zung, who is one of the members of Vendors A and the brother of Mr. Zhang Songyi) currently owns 242,000 Shares which she acquired more than six months prior to the date of this announcement, Mr. Chang Tsong Zung and his associates are also required to abstain from voting on the resolutions relating to the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM.

Since Mr. Yu and his associates will not be Shareholders until after Completion, they will not be entitled to vote at the EGM.

WHITEWASH WAIVER

Assuming no further Shares will be issued by the Company prior to the allotment and issue of the Consideration Shares upon Completion, the interests held by Mr. Zhu, his associates and parties acting in concert with any of them (namely Mandra Materials, Mandra Esop, Mandra Silicon and Mr. Zhang Songyi), will increase from approximately 34.47% to approximately 56.17% of the issued share capital of the Company as enlarged by the Consideration Shares. Mr. Zhu and parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Happy Genius upon Completion. Mr. Zhu will apply to the Executive for the Whitewash Waiver.

It is a condition precedent to Completion that the Whitewash Waiver be granted by the Executive and approved by the Independent Shareholders at the EGM. The Whitewash Waiver, if granted by the Executive, would be subject to the approval of the Independent Shareholders by way of poll at the EGM.

On 1 June 2009, Mr. Zhu's interest in Highexcel Investments Limited was transferred to Golden Concord Group Limited. Pursuant to Note 6 to Rule 26.1 of the Takeovers Code, the Executive granted to Golden Concord Group Limited and parties acting in concert with it a waiver from the obligation to make a general offer for the Shares arising from the transfer of the shares in Highexcel Investments Limited. Highexcel Investments Limited and Golden Concord Group Limited are indirectly wholly owned by Asia Pacific Energy Fund Limited, which in turn is held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu and his family. Save and except for the aforesaid transfer, Mr. Zhu has confirmed that he and/or parties acting in concert with him have not acquired any voting rights in the Company within the six-month period prior to the date of this announcement and up to and including the date of this announcement.

INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY AND ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES AND THE ADDITIONAL SHARES

The Board proposes to increase the authorised share capital of the Company from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 Shares of HK\$0.10 each. At the EGM, an ordinary resolution will be proposed to approve the increase of the authorised share capital of the Company.

At the EGM, ordinary resolutions will also be proposed to approve the allotment and issue of the Consideration Shares and the Additional Shares pursuant to Rule 13.36(1)(a) of the Listing Rules.

GENERAL

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. None of the members of the Independent Board Committee has any material interest in the Acquisitions.

With the approval of the Independent Board Committee, the Company has appointed First Shanghai Capital Limited as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

A circular containing, amongst other information, (i) further details of the Acquisitions; (ii) a letter from the Independent Board Committee advising the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and advising the Independent Shareholders on how to vote, taking into account the recommendations from the Independent Financial Adviser; (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and advising the Independent Shareholders on how to vote; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable in accordance with the Takeovers Code.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 4 June 2009 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 June 2009 following the publication of this announcement.

INTRODUCTION

The Board announces that (A) the Company and Vendors A; and (B) the Company and Vendor B entered into their respective conditional Acquisition Agreements each dated 3 June 2009, pursuant to which, the Company will acquire 100% of the equity interest in Jiangsu Zhongneng subject to the terms of the Acquisition Agreements. The Acquisition Agreements consist of (1) Acquisition Agreement A, pursuant to which, the Company will acquire 64% of the equity interest in Jiangsu Zhongneng through the acquisition of Sale Shares A, subject to the terms of Acquisition Agreement A; and (2) Acquisition Agreement B, pursuant to which, the Company will acquire 36% of the equity interest in Jiangsu Zhongneng through the acquisition of Sale Shares B, subject to the terms of Acquisition Agreement B.

The terms of the Acquisition Agreements are described in more detail below.

ACQUISITION AGREEMENT A

Date

3 June 2009

Parties

Vendors A: (i) Happy Genius
 (ii) Mandra Esop
 (iii) Mandra Materials
 (iv) Mandra Silicon
 (v) Other Shareholders of GCL Solar

Purchaser: The Company

Assets acquired under Acquisition Agreement A

The Company has conditionally agreed to purchase Sale Shares A and Vendors A have conditionally agreed to sell Sale Shares A, in respect of which they are the legal and beneficial owners.

Sale Shares A, in respect of which Vendors A will be the legal and beneficial owners immediately before Completion, comprise 100% of the issued share capital of GCL Solar, of which (a) Happy Genius holds 57.56%, (b) Mandra holds 10.62%, (c) Mandra Silicon holds 2.07% and (d) the Other Shareholders of GCL Solar hold 29.75%.

Consideration A

Consideration A is HK\$19,912,733,756, which will be satisfied upon Completion A, by way of the allotment and issue of Consideration Shares A to Vendors A at an issue price of HK\$2.2 for each Consideration Share A.

Consideration A was determined after arm's length negotiations amongst the Company and Vendors A after taking into account a number of factors including the business prospects, financial position and performance of the Target Group, the future synergies to be derived by the Group after the successful integration of the Target Group, the reasons and benefits to be derived from the Acquisitions as described below, and also the agreed valuation of the Target Group.

The agreed valuation of the Target Group is approximately 10.4 times the audited consolidated net profit of Target Group A (attributable to both equity holders and minority interests of Target Group A) for the year ended 31 December 2008 which was RMB2,232.6 million. This valuation was determined based upon arm's length negotiations amongst the Company and Vendors A, which took into account recent valuations of listed companies operating in a similar industry.

Consideration Shares A

Consideration Shares A represent approximately 885.05% of the existing issued share capital of the Company and 81.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The issue price for Consideration Shares A of HK\$2.2 per Consideration Share A represents:

- a discount of approximately 12.0% to the closing price of HK\$2.5 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 1.70% to the average closing price of approximately HK\$2.238 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- a premium of approximately 1.15% to the average closing price of approximately HK\$2.175 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

Consideration Shares A, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that Consideration A is fair and reasonable and Acquisition A is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, Consideration Shares A.

Conditions precedent in respect of Acquisition A

Completion A is conditional upon:

- (1) the following conditions having been fulfilled or waived by the Company in accordance with Acquisition Agreement A:
 - (a) the approval by the Independent Shareholders at the EGM, of the Acquisitions, the allotment and issue by the Company of the Consideration Shares, the Whitewash Waiver and the increase of the authorised share capital of the Company to HK\$2,000,000,000 comprising Shares of HK\$0.10 each, with voting being taken by way of poll;
 - (b) the grant of the Whitewash Waiver by the Executive;
 - (c) the listing of, and permission to deal in, the Consideration Shares having been granted by the Stock Exchange and not having been revoked prior to Completion;
 - (d) the execution by each member of Vendors A of a lock-up agreement in an agreed form;
 - (e) the concurrent closing of Acquisition B in accordance with Acquisition Agreement B;
 - (f) there having been, since the date of Acquisition Agreement A, no material adverse effect on Target Group A (taken as a whole);
 - (g) GCL Solar or its subsidiaries having obtained and closed on a loan facility in the aggregate amount of US\$300 million prior to or concurrently with Completion A in terms that are reasonably satisfactory to Happy Genius and the Company;
 - (h) GCL Solar or its subsidiaries having made available US\$200 million from part of the funds to be borrowed pursuant to paragraph 1(g) above to the Company in such terms to be agreed between GCL Solar and the Company;

- (i) each of the representations and warranties made by Vendors A in Acquisition Agreement A being true and correct in all material respects (if such representations and warranties are not qualified as to materiality) and being true and correct (if such representations and warranties are qualified as to materiality) on and as of the Closing Date; and
 - (j) the Company having received the tax deed of indemnity to be entered into between Happy Genius and the Company in a form satisfactory to the Company (acting reasonably) duly executed by Happy Genius;
- (2) the following conditions having been fulfilled or waived by Vendors A in accordance with Acquisition Agreement A:
- (a) the conditions described in paragraphs 1(a), 1(b), 1(c), 1(e), 1(g) and 1(h) above;
 - (b) there having been, since the date of Acquisition Agreement A, no material adverse effect on the Group (taken as a whole); and
 - (c) each of the representations and warranties made by the Company in Acquisition Agreement A being true and correct in all material respects (if such representations and warranties are not qualified as to materiality) and being true and correct (if such representations and warranties are qualified as to materiality) on and as of the Closing Date.

Save and except for conditions (1)(a), (b) and (c) above which cannot be waived by any party to Acquisition Agreement A, if any of the above conditions shall not have been fulfilled or waived (as the case may be) on or before a date that is 120 days after the date of Acquisition Agreement A, Acquisition Agreement A shall automatically terminate, whereupon all rights and obligations of the parties to Acquisition Agreement A shall cease to have effect except in respect of any accrued rights and obligations of the parties and certain surviving provisions.

Completion A

Completion A will take place on a day agreed between the Company and Vendors A on which all conditions precedent have been fulfilled or waived (as the case may be), and in any event, on such date prior to the date that is 120 days after the date of Acquisition Agreement A and at such location as may be agreed between Happy Genius and the Company and notified to the other members of Vendors A no less than five days prior to the agreed date (or such other date as the parties may agree in writing).

ACQUISITION AGREEMENT B

Date

3 June 2009

Parties

Vendor B: Happy Genius

Purchaser: The Company

Assets acquired under Acquisition Agreement B

The Company has conditionally agreed to purchase and Vendor B has conditionally agreed to sell Sale Shares B.

Sales Shares B comprise the entire issued share capital of Greatest Joy, owned as to 100% by Vendor B, upon or prior to Completion B, and the entire issued share capital of Sun Wave, owned as to 100% by Vendor B, upon or prior to Completion B. Currently, 82% of the issued share capital of each of Greatest Joy and Sun Wave is owned by Vendor B and 18% of the issued share capital of each of Greatest Joy and Sun Wave is owned by Mandra Silicon. Mandra Silicon is wholly-owned by Woo Foong Hong Limited, a wholly-owned subsidiary of Moonchu Foundation for Culture and Education (a tax exempt charity established by, but not beneficially owned by, Mr. Zhang Songyi, Ms. Mui Bing How (who is Mr. Zhang Songyi's wife) and Mr. Chang Tsong Zung (who is Mr. Zhang Songyi's brother). It is contemplated that Mandra Silicon will transfer its interest in each of Greatest Joy and Sun Wave to Vendor B upon or prior to Completion B.

Pursuant to Acquisition Agreement B, part of Consideration B (being US\$350 million) will be satisfied upon Completion B by the issue of the Secured Notes to Happy Genius. At Completion B, Happy Genius will transfer a portion of the Secured Notes received from the Company to the Holders as a partial consideration for a concurrent redemption of the Exchangeable Bonds. Happy Genius has made certain representations and warranties to the Holders relating to the Company and the Company's business ("Holders Representations and Warranties") in a trust deed entered into between Happy Genius and DB Trustees (Hong Kong) Limited (in its capacity as both trustee and as security agent) (the "Trust Deed"). The Company has entered into an agreement with Happy Genius pursuant to which in the event that a claim is made by the trustee under the Trust Deed based on a claimed breach of representation or warranty related to the Company, its outstanding securities or its business, the Company makes the Holders Representations and Warranties to Happy Genius at the date of that agreement and as at the date of Completion B.

Consideration B

Consideration B is US\$830,615,000 (or the equivalent of approximately HK\$6,437,266,250), which will be satisfied upon Completion B: (a) as to US\$200 million, by payment in cash; (the source of which will be derived from funds made available to the Company from the US\$300 million loan facility to be obtained by GCL Solar or its subsidiaries); (b) as to

US\$350 million, by the issue of the Secured Notes; and (c) as to US\$280,615,000, by way of the allotment and issue of Consideration Shares B, at an issue price of HK\$2.2 for each Consideration Share B.

Consideration B was determined after arm's length negotiations amongst the Company and Vendor B after taking into account a number of factors including the business prospects, financial position and performance of the Target Group, the future synergies to be derived by the Group after the successful integration of the Target Group, the reasons and benefits to be derived from the Acquisitions as described below, and also the agreed valuation of the Target Group.

The agreed valuation of the Target Group is approximately 10.4 times the audited consolidated net profit of Target Group A (attributable to both equity holders and minority interests of Target Group A) for the year ended 31 December 2008, which was RMB2,232.6 million. This valuation was determined based upon arm's length negotiations amongst the Company and Vendor B.

Consideration Shares B

Consideration Shares B represent approximately 96.66% of the existing issued share capital of the Company and 8.94% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares. The issue price for Consideration Shares B of HK\$2.2 per Consideration Share B represents:

- a discount of approximately 12.0% to the closing price of HK\$2.5 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a discount of approximately 1.70% to the average closing price of approximately HK\$2.238 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- a premium of approximately 1.15% to the average closing price of approximately HK\$2.175 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day.

Consideration Shares B, when allotted and issued, shall rank pari passu in all respects with the Shares then in issue including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that Consideration B is fair and reasonable and Acquisition B is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, Consideration Shares B.

Secured Notes

The terms of the Secured Notes have been negotiated on arm's length basis. The principal terms of the Secured Notes are summarised below.

Issuer:	Company.
Holders:	Holder, as of the date of the redemption, of the Exchangeable Bonds.
Secured Notes principal amount:	US\$350,000,000.
Guarantors:	Each member of the Target Group (excluding Jiangsu Zhongneng, Taixing and GCL Solar Power) and each subsequently acquired, organised, direct or indirect, parent company or wholly-owned subsidiary of GCL Solar HK, Sun Wave and Greatest Joy, not established under the laws of the PRC (the " Guarantor " and collectively, the " Guarantors ").
Security:	<p>The Secured Notes will be secured by perfected first priority security interests over the following equity interests, properties and assets in favour of DB Trustees (Hong Kong) Limited, the security agent on behalf of each of the Holders to the extent legally permissible under applicable laws and regulations of the relevant jurisdictions:</p> <ul style="list-style-type: none">(a) 36% of the equity interests of Jiangsu Zhongneng, including dividends and any other rights accruing in respect of the shares;(b) 100% of the equity interests of each of the Guarantors; and(c) 100% of the tangible and intangible properties and assets of each of the Company and the Guarantors.
Maturity date:	18 months from the date of issue (the " Maturity Date ")
Scheduled amortisation:	<p>Principal amount under the Secured Notes shall be repaid in 3 equal installments on the following dates:</p> <ul style="list-style-type: none">(a) on the last business day of the 6-month period after the date of issue;(b) on the last business day of the 12-month period after the date of issue; and(c) on the Maturity Date.

Accretion rate:	5% per annum, payable concurrently with any payment of the underlying principal of the Secured Notes.
Interest:	10% per annum, payable semi-annually in arrears.
Voluntary prepayments:	The Secured Notes may be prepaid (together with all interest, fees and expenses due on the prepayment date) upon five days' notice, in minimum amounts of no less than US\$25,000,000, at the option of the Company at any time.
Mandatory prepayments:	<p>100% of the net proceeds from the following activities will be required to be paid to the Holders:</p> <ul style="list-style-type: none"> (a) issuances of equity and equity contributions to the Company by any member of the Target Group and subsidiaries thereof (except that where US\$175,000,000 or more has been repaid, 50% of the net proceeds will be required to be paid to the Holders); (b) any issuance of debt or equity-linked products by any member of the Target Group and subsidiaries thereof; and (c) all non-ordinary course sales or other dispositions of assets by any member of the Target Group and subsidiaries thereof in excess of US\$1,000,000.
Ranking:	The Secured Notes constitute secured, direct, unconditional and senior obligations of the Company and Guarantors which will at all times rank pari passu in right of payment with all other existing and future senior obligations of the Company and Guarantors, and senior in right of payment to all existing and future subordinated obligations of the Company and Guarantors, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Transferability:	Subject to applicable securities law restrictions, each of the Holders shall be permitted at any time to assign and transfer its rights in the Secured Notes and the definitive agreements to any third party.

Conditions precedent in respect of Acquisition B

Completion B is conditional upon:

- (1) the following conditions having been fulfilled or waived by the Company in accordance with Acquisition Agreement B:
 - (a) the purchase by Vendor B from Mandra Silicon of the 18% of the issued share capital of each of Greatest Joy and Sun Wave owned by Mandra Silicon;
 - (b) the approval by the Independent Shareholders at the EGM, of the Acquisitions, the allotment and issue by the Company of the Consideration Shares, the Whitewash Waiver and the increase of the authorised share capital of the Company to HK\$2,000,000,000 comprising Shares of HK\$0.10 each, with voting being taken by way of poll;
 - (c) the grant of the Whitewash Waiver by the Executive;
 - (d) the listing of, and permission to deal in, the Consideration Shares having been granted by the Stock Exchange and not having been revoked prior to Completion B;
 - (e) there having been, since the date of Acquisition Agreement B, no material adverse effect on Target Group B (taken as a whole);
 - (f) the concurrent closing of the sale and purchase of not less than 90% of the issued share capital of GCL Solar between the Company and Vendors A;
 - (g) GCL Solar or its subsidiaries having obtained and closed on a loan facility in the aggregate amount of US\$300 million prior to or concurrently with Completion B in terms that are reasonably satisfactory to Vendor B and the Company;
 - (h) GCL Solar having made available US\$200 million from part of the funds to be borrowed pursuant to paragraph 1(g) above to the Company in such terms to be agreed between GCL Solar and the Company;
 - (i) each of the representations and warranties made by Vendor B in Acquisition Agreement B being true and correct in all material respects (if such representations and warranties are not qualified as to materiality) and being true and correct (if such representations and warranties are qualified as to materiality) on and as of the Closing Date; and
 - (j) the Company having received the tax deed of indemnity to be entered into between Vendor B and the Company in a form satisfactory to the Company (acting reasonably) duly executed by Happy Genius;

- (2) the following conditions having been fulfilled or waived by Vendor B in accordance with Acquisition Agreement B:
- (a) the conditions described in paragraphs 1(b), 1(c), 1(d), 1(f), 1(g) and 1(h) above;
 - (b) there having been since the date of Acquisition Agreement B, no material adverse effect on the Group (taken as a whole); and
 - (c) each of the representations and warranties made by the Company in Acquisition Agreement B being true and correct in all material respects (if such representations and warranties are not qualified as to materiality) and being true and correct (if such representations and warranties are qualified as to materiality) on and as of the Closing Date.

Save and except for conditions (1)(b), (c) and (d) above which cannot be waived by any party to Acquisition Agreement B, if any of the above conditions shall not have been fulfilled or waived (as the case may be) on or before a date that is 120 days after the date of Acquisition Agreement B, Acquisition Agreement B shall automatically terminate, whereupon all rights and obligations of the parties to Acquisition Agreement B shall cease to have effect except in respect of any accrued rights and obligations of the parties and certain surviving provisions.

Completion B

Completion B will take place on a day agreed between the Company and Vendor B on which all conditions precedent have been fulfilled or waived (as the case may be), and in any event, on such date prior to the date that is 120 days after the date of Acquisition Agreement B, and at such location as may be agreed between Vendor B and the Company (or such other date as the parties may agree in writing).

INCREASE IN AUTHORISED SHARE CAPITAL, ALLOTMENT AND ISSUE OF THE CONSIDERATION SHARES AND SPECIFIC MANDATE FOR THE NEW ISSUE

As at the date of this announcement, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each, of which 1,022,679,487 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes to increase the authorised share capital of the Company from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 Shares of HK\$0.10 each.

At the EGM, an ordinary resolution will be proposed to approve the increase of the authorised share capital of the Company.

The Directors believe that the increase in the authorised share capital of the Company is necessary so that the Company shall have sufficient authorised share capital to issue the Consideration Shares. Depending on market conditions, the Group may also carry out future fund raising exercises of the Company by issuing the Additional Shares to raise capital, the proceeds of which will be used for repayment of the Secured Notes and US\$300 million bank borrowings arising from the Acquisitions. The proposed increase in authorised share capital

of the Company will facilitate the issue of the Additional Shares. In the event that Completion does not take place, a placing will not be carried out.

At the EGM, ordinary resolutions will also be proposed to approve the allotment and issue of the Consideration Shares and the Additional Shares pursuant to Rule 13.36(1)(a) of the Listing Rules.

In relation to the proposal to approve the specific mandate for the New Issue, the Directors will be authorised to allot and issue the Additional Shares if certain conditions, as further described below, are satisfied. The maximum number of Additional Shares which may be issued and allotted pursuant to the New Issue will represent 216.34% of the Company's current registered issued share capital.

As the New Issue is conditional on the Acquisitions and the Whitewash Waiver, Shareholders interested in the Acquisitions and the Whitewash Waiver of the Company will be required to abstain from voting on the ordinary resolution in relation to the specific mandate for the New Issue to be considered at the EGM.

Terms of the New Issue

Maximum number of the Additional Shares

The maximum number of Additional Shares which can be allotted and issued pursuant to the New Issue is 2,212,490,442 Shares which represents 20% of the total number of issued Shares if enlarged by the issue of the Consideration Shares.

Issue of the Additional Shares pursuant to the New Issue

If the specific mandate for the New Issue is approved, the Directors can allot and issue all or some of the Additional Shares at any time and from time to time before the expiry date of the New Issue as described below on such terms and conditions as the Directors consider to be appropriate and in the best interests of the Company and subject to the other conditions, including size, timing and price, as mentioned below.

The price at which any or all of the Additional Shares may be allotted and issued by the Directors under the New Issue will be determined by reference to the prevailing market price of the Shares at the time of offering and all other relevant market considerations. Such price will in any event not represent a discount of 20% or more to the benchmarked price (as set out in Rule 13.36(5) of the Listing Rules) of the Shares.

Approval of the Independent Shareholders

The specific mandate for the New Issue is subject to the approval being obtained from the Independent Shareholders by way of an ordinary resolution at the EGM.

Other conditions

Any allotment and issue of any Additional Shares pursuant to the New Issue is subject to the following conditions:

- (a) any Additional Shares to be allotted and issued pursuant to the New Issue having been offered to investors who are independent of and not connected with the Company and the Directors, chief executive and substantial shareholder of the Company and its subsidiaries and/or any of their respective associates or any connected persons; and
- (b) the listing of, and permission to deal in, any Additional Shares to be allotted and issued pursuant to the New Issue having been granted by the Stock Exchange.

Lapse of the specific mandate for the New Issue

The proposed specific mandate for the New Issue, if approved by the Independent Shareholders at the EGM, will lapse on the date falling six months after the passing of the ordinary resolution to approve the specific mandate for the New Issue at the EGM, irrespective of whether any Additional Shares covered by the New Issue have been allotted and issued in full or not.

Investors should be aware that any issue of Additional Shares pursuant to the New Issue is subject to the satisfaction of a number of terms and conditions which are more particularly set out above. There is no assurance that any of the conditions will be fulfilled. Investors should therefore exercise caution when dealing in the Shares.

The Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the proposed specific mandate for the New Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the New Issue.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER COMPLETION

The following table sets out the shareholding interests in the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that none of the Controlling Shareholder of the Company, Vendors A or Vendor B (and their associates) sell their Shares and the Company does not issue any new Shares):

Beneficial Shareholders	Note	As at the date of this announcement		Immediately after Completion	
		Number of issued Shares	Approximate (%)	Number of issued Shares	Approximate (%)
Mr. Zhu and his associates and parties acting in concert with any of them (namely Mandra Materials, Mandra Esop, Mandra Silicon and Mr. Zhang Songyi)	1	352,518,443	34.47	6,213,787,609	56.17
Morgan Stanley	2	160,696,000	15.72	160,696,000	1.45
Poly (Hong Kong) Investments Limited	3	134,791,044	13.18	134,791,044	1.22
Bonus Billion	4	–	–	6,108,934	0.06
Joy Big	4	–	–	13,723,098	0.12
Chang Tsong Zung	5	242,000	0.02	14,611,601	0.13
Thornton Asset Management Service Centre Limited	6	3,520,000	0.34	32,250,582	0.29
Other Public Shareholders	7	370,912,000	36.27	4,486,483,346	40.56
		<u>1,022,679,487</u>	<u>100.00</u>	<u>11,062,452,214</u>	<u>100.00</u>

Notes:

- (1) The 45.79% interests of Mr. Zhu and his family are held by Highexcel Investments Limited (before and after Completion) and Happy Genius (upon Completion), which are indirectly wholly-owned by Asia Pacific Energy Fund Limited, which in turn is ultimately held on trust by Credit Suisse Trust Limited for Mr. Zhu and his family. The 10.38% interests of Mr. Zhang Songyi are held by Mandra Materials, Mandra Esop and Mandra Silicon.

- (2) The interests of Morgan Stanley in the Company are held through:
 - (a) MS China 3 Limited which holds 160,080,000 Shares and is a wholly-owned subsidiary of Morgan Stanley Emerging Markets Inc. which in turn is wholly-owned by Morgan Stanley. Morgan Stanley is therefore deemed to be interested in the 160,080,000 Shares held by MS China 3; and
 - (b) Morgan Stanley & Co. Inc. which holds 616,000 Shares and is a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley is therefore deemed to be interested in the 616,000 Shares held by Morgan Stanley & Co. Inc.
- (3) The interests of Poly (Hong Kong) Investments Limited are held through its indirect wholly-owned subsidiary, Power Jade Holdings Limited.
- (4) The interests of both Bonus Billion and Joy Big are held by Mr. Yu.
- (5) Ms. Chan Wai Ho (being the wife of Mr. Chang Tsong Zung, who is one of the members of Vendors A and the brother of Mr. Zhang Songyi) is a public Shareholder who currently owns 242,000 Shares which she acquired more than six months prior to the date of this announcement.
- (6) Mr. Cheng Zai Zhong (being one of the ultimate beneficial owners of Thornton Asset Management Service Centre Limited, which is one of the members of Vendors A) is a public Shareholder who currently owns 3,520,000 Shares.
- (7) The 40.56% Shares held by the other public Shareholders are held: (a) as to 29.07% by the Other Shareholders of GCL Solar (other than Bonus Billion, Joy Big, Mr. Chang Tsong Zung and Thornton Asset Management Service Centre Limited), (b) as to 8.14% by the Holders, which Shares shall be transferred to the Holders by Happy Genius immediately after Completion, pursuant to the redemption of the Exchangeable Bonds, and (c) as to 3.35% by the remaining public Shareholders. No member of Vendors A (other than Happy Genius, Mandra Materials, Mandra Esop and Mandra Silicon) will hold 10% or more of the issued share capital of the Company immediately after Completion.

INFORMATION ON THE VENDORS AND THE TARGET GROUP

Vendors

To the best understanding, knowledge and belief of the Directors, Vendors A and Vendor B are either principally engaged in investment holding activities or are individual investors.

To the best understanding, knowledge and belief of the Directors, Happy Genius is principally an investment holding company ultimately beneficially wholly-owned by Mr. Zhu and his family. Due to the existing business relationship between Mr. Zhang Songyi (who is one of the ultimate beneficial owners of Mandra Materials and Mandra Esop) and Mr. Zhu by virtue of: (i) both Mr. Zhang Songyi and Mr. Zhu being directors of GCL Solar; (ii) Mr. Zhang Songyi having an US\$1.75 million investment in a wind turbine blade producing business in which Mr. Zhu is also an investor; and (iii) Mr. Zhang Songyi being a 10.38% shareholder of the Company after Completion, Mr. Zhang Songyi, Mandra Materials, Mandra Esop and Mandra Silicon are deemed to be parties acting in concert with Mr. Zhu. The Directors confirm that to the best of their knowledge, information and belief having made all reasonable enquiry, Vendors A (other than Happy Genius, Mandra, Mandra Silicon, Bonus Billion, Joy Big, Thornton Asset Management Service Centre Limited and Mr. Chang Tsong Zung) are third parties independent of (a) the Company and (b) connected persons of the Company for the purposes of the Listing Rules.

The Target Group

The Company will acquire from Vendors A and Vendor B in aggregate 100% of the equity interest in Jiangsu Zhongneng. Jiangsu Zhongneng is the major operating company of the Target Group.

The Target Group is one of the leading PRC suppliers of polysilicon and wafers to companies operating in the solar industry. Polysilicon is the primary raw material for wafers used in the solar and electronics industries.

The Target Group manufactures polysilicon at its production facilities, which are located in Xuzhou, Jiangsu Province, China. It produced 1,094 MT of polysilicon during the first three months of 2009, which translates to an annual production volume run rate of 4,376 MT, only 17 months after commencing commercial production. To the best knowledge of the Directors, there are only a small number of incumbent producers in the world with decades of experience, which are capable of achieving this production scale within such a short period of time.

The Target Group has implemented proven technology in its polysilicon production facilities. It utilises a modified Siemens process to produce polysilicon and, starting from Xuzhou Phase II onwards, its production facilities have been designed to produce both solar and electronic grade polysilicon. The table below sets out the details of the Target Group's production facilities, the commencement dates of commercial operations and achievement of fully-ramped capacity production for each phase:

Production facility	Planned annual production capacity	Planning/ construction commencement	Commencement of commercial production	Achievement of fully-ramped production capacity
Xuzhou Phase I	1,500 MT	July 2006	October 2007	March 2008
Xuzhou Phase II	1,500 MT	August 2007	July 2008	December 2008
Xuzhou Phase III	15,000 MT	December 2007	December 2008	December 2009 ⁽¹⁾

⁽¹⁾ As scheduled

The Target Group commenced construction of its Xuzhou Phase I production facility, which produces solar grade polysilicon in July 2006, and produced its first batch of polysilicon in September 2007. The Target Group intends to fully ramp up its Xuzhou Phase III production facility by December 2009. By then, the Target Group's total annual polysilicon production capacity will reach 18,000 MT. With further technical improvements, it is anticipated that its total annual polysilicon production capacity will reach 21,000 MT by December 2010, making it one of the largest polysilicon manufacturers in the world in terms of production capacity.

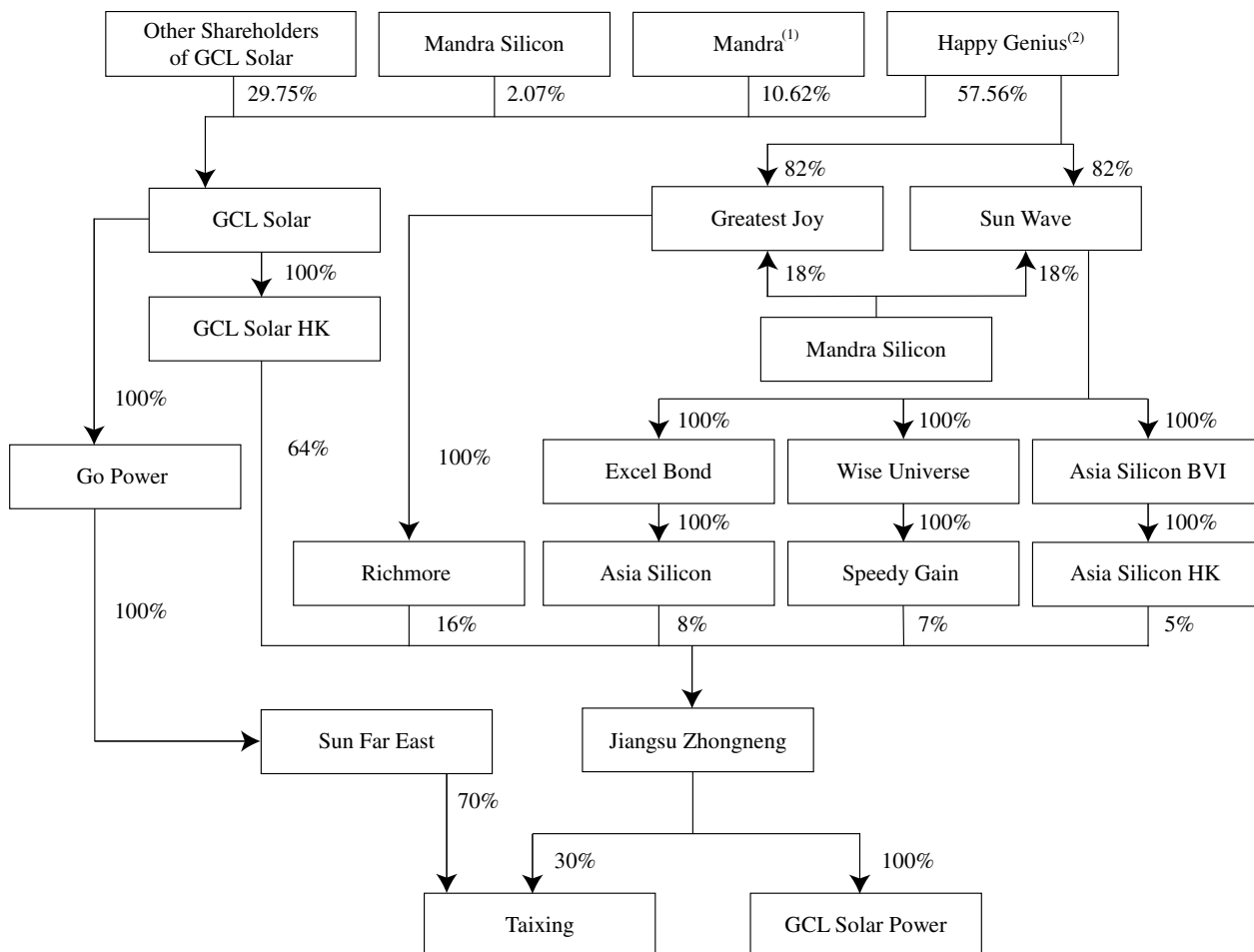
TCS is one of the main and most costly production inputs used in the production of polysilicon, and to date, the Target Group has relied on third party suppliers for most of its TCS requirements. To reduce reliance on TCS from third party suppliers, which is relatively more costly to purchase, the Target Group is increasingly incorporating TCS production into its production process. The Target Group integrated the hydrochlorination process for its Xuzhou Phase I production facility and Xuzhou Phase II production facility in February and September 2008 respectively. The hydrochlorination process for its Xuzhou Phase III started operating in December 2008 and will be further ramped up during 2009. The hydrochlorination process recycles STC, which is a by-product of the polysilicon production process, into TCS and this process is critical in enabling the Target Group to reduce its production costs. The Target Group also owns Taixing which is a TCS production facility with an annual capacity of 20,000 MT located in Taizhou, Jiangsu Province, China. Taixing commenced commercial production in September 2008 and the Target Group has already successfully used the TCS produced by Taixing in its polysilicon production process. For the year ended 31 December 2008 and the three months ended 31 March 2009, approximately 20.9% and 37.3% of the Target Group's TCS consumption was produced in-house.

In addition, the Target Group began selling wafers manufactured using polysilicon produced by the Target Group through tolling arrangements with third party manufacturers during the second quarter of 2008. The Target Group has entered into long-term polysilicon and wafer supply agreements with cell and module manufacturers that provide for aggregate sales of approximately 15.4 GW of wafers and approximately 33,311 MT of polysilicon. Prior to its entry into such supply contracts, the Target Group sold all of its polysilicon on the spot market to major Chinese solar manufacturers.

For the year ended 31 December 2007, the Target Group sold 153 MT of polysilicon, all of which was sold in the last quarter of 2007. For the year ended 31 December 2008, the Target Group sold 1,530 MT of polysilicon and 39.2 MW of wafers.

The structure of the Target Group before and after Completion

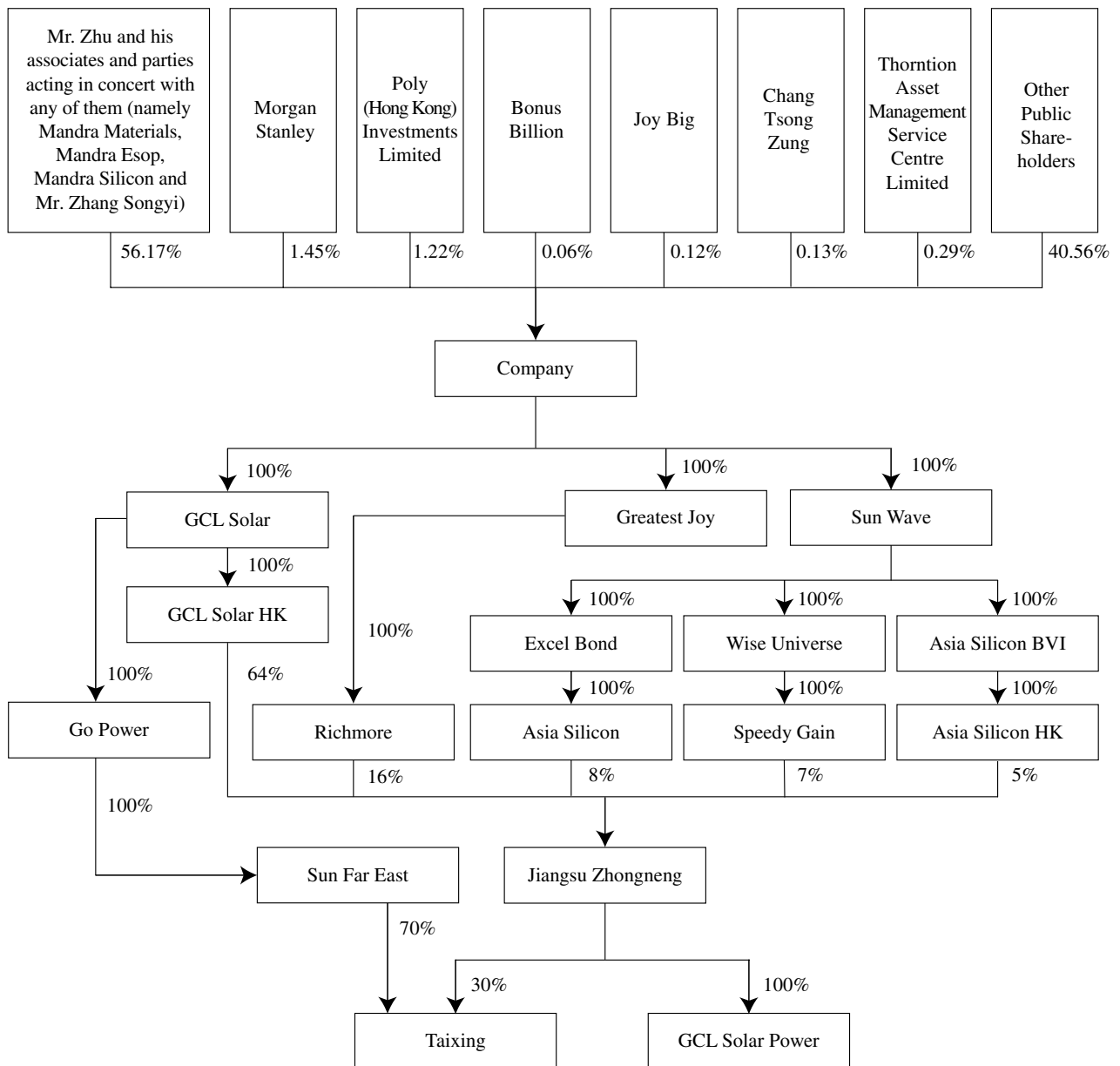
The following diagram illustrates the shareholding of the Target Group immediately before Completion:



Notes:

- (1) Mandra Materials and Mandra Esop are ultimately owned and controlled by Mr. Zhang Songyi and his wife.
- (2) An investment holding company ultimately beneficially wholly-owned by Mr. Zhu and his family.

The following diagram illustrates the shareholding of the Target Group immediately after Completion:



FINANCIAL INFORMATION OF THE TARGET GROUP

	2007 Target Group A Consolidated RMB'000 (audited)	2008 Target Group A Consolidated RMB'000 (audited)
(Loss) profit before tax	(24,302)	2,262,377
Income tax expense	(24,353)	(29,740)
Net (loss) profit for the year ended 31 December	(48,655)	2,232,637
Net assets value as at 31 December	128,712	2,307,284
	Target Group B Combined (Note 1) RMB'000 (audited)	Target Group B Combined (Note 1) RMB'000 (audited)
(Loss) before tax	–	(473,359)
Income tax expense	–	(28,423)
Net (loss) for the year ended 31 December (Note 2)	–	(501,782)
Net assets (liabilities) as at 31 December	1	(501,780)

Note:

1. The financial information of Target Group B are extracted from the financial statements of Greatest Joy and Sun Wave.
2. The net loss of Target Group B for the year ended 31 December 2008 mainly represents an impairment loss and amortisation of intangible assets upon the acquisition of Jiangsu Zhongneng, net its share of results of its 36% equity interest in Jiangsu Zhongneng.

REASONS AND BENEFITS OF THE ACQUISITIONS TO THE GROUP

The Group is one of the largest foreign-owned independent power cogeneration plant operators in the PRC and is principally engaged in the development, management and operation of power cogeneration plants in the PRC. In addition, the Group's power generation plants fall into one of the categories of environmentally friendly power plants that are encouraged by the PRC government. The Directors believe that various incentives provided by the PRC government to encourage environmentally friendly power plants such as higher on-grid tariffs, higher utilisation hours, higher dispatch priority, and preferential tax treatments are beneficial to the Company as an environmentally friendly energy enterprise. Furthermore, the Group plans to develop and acquire additional environmentally friendly

power plants using clean and renewable fuels, including plants using solar technology. With the vision of providing environmentally friendly energy worldwide, the Directors consider that the Acquisitions will facilitate the Group's access to technology for large scale renewable energy related operations, after which the Group may then further develop its operations in the renewable energy industry.

The Directors believe that the Acquisitions will lead to the diversification of the Group's current utility business portfolio. In tapping into the renewable energy industry, the Group expects to create integration synergies, through raising its downstream competitiveness as well as expanding its upstream business operations. Furthermore, the Directors consider that the Acquisitions will create attractive business opportunities for the Group by enabling the Group to commercialise solar energy products for the commercial and retail market.

The Directors believe the following factors relating to the industries in which the Target Group operates are beneficial to the growth of the Group, as described in more detail below:

Solar market

Solar power is one of the most rapidly growing renewable energy sources in the world today. Over the past decade, the solar market has expanded significantly. According to European Photovoltaic Industry Association, total solar photovoltaic installed capacity has grown from approximately 1 GW in 1998 to 14.7 GW in 2008 (31% CAGR) on the back of increased demand for clean and renewable energy, to become a commercially strong industry. Despite this robust growth, solar still only accounts for less than 1% of global electricity generation, thus providing significant room for future development. Solar power systems generally comprise a multitude of solar modules, which are made up of multiple solar cells.

Polysilicon market

Polysilicon is the primary raw material used by the solar and electronics industries. The solar industry produces solar wafers, cells, modules and systems that convert energy from sunlight into electricity. The electronics industry produces semiconductors for use in electronic applications. Historically, the electronics industry has been the dominant user of polysilicon. Recent rapid growth of the solar industry has put it on an equal footing with the electronics industry in terms of polysilicon consumption. In 2007, for the first time, the solar industry consumed approximately 54% of the global polysilicon production while the electronics industry consumed the remaining 46%, according to Solarbuzz. As a result of this rapid expansion, sales to the solar industry is now the main driver affecting the price, profit and growth of the polysilicon market.

The considerable growth in the solar industry over recent years has resulted in greater demand for polysilicon. Although the raw material, MG-Si, is in abundance, there are significant barriers to entry to the market to produce high-purity polysilicon. Polysilicon production requires highly sophisticated processes and technological know-how. Furthermore, a significant scale of operations of at least 3,000–5,000 MT is required in order to achieve a competitive cost position.

Solar wafer industry

Polysilicon is used as feedstock for the production of monocrystalline and multicrystalline ingots. These ingots are then sliced into wafers by wire saws, which will then be used for solar cell and module production. Many companies compete in the solar wafer market. Some of the major wafer producers use a part or all of their wafer output for the in-house production of solar cells. In addition, various existing and new wafer manufacturers are expanding their production capacity to meet growing market demand. The main barriers to entry for wafer manufacturing currently include significant capital expenditure, access to high performance manufacturing equipment, availability of polysilicon, solid customer relationships with leading solar cell producers worldwide and significant manufacturing experience required to achieve optimal manufacturing efficiency. Relationships with the leading established solar cell producers are critical to gaining feedback on wafer performance and fine-tuning wafer production to ensure a sustainable technological lead.

Strengths of the Target Group

The Directors believe that the Target Group is able to compete effectively and to capitalise on the long-term growth in the market for polysilicon and wafers in the solar industry due to the Target Group's competitive strengths described in more detail below:

Proven capability in constructing and ramping up polysilicon production capacity

The Target Group has proven its capability in constructing and ramping up polysilicon production capacity. The construction and shipment of its first batch of polysilicon from its Xuzhou Phase I and Xuzhou Phase II production facilities were completed within 15 months and 11 months, respectively. For the three months ended 31 March 2008, 30 June 2008, 30 September 2008 and 31 December 2008, the Target Group produced 302 MT, 359 MT, 565 MT and 624 MT of polysilicon, respectively, and in the three months ended 31 March 2009, the Target Group produced 1,094 MT of polysilicon. The Directors believe that the Target Group is one of the few manufacturers of polysilicon in China to have attained commercial production of approximately 400 MT per month. With the ramp up of Xuzhou Phase III by the end of 2009, the Target Group expects its annual production capacity to reach 18,000 MT. Together with technological improvements, annual production capacity is expected to increase to 21,000 MT, making the Target Group one of the largest polysilicon producers worldwide in terms of production capacity.

Proven capability in reducing production costs

The hydrochlorination process has been successfully integrated into all the polysilicon production facilities in Xuzhou and is critical in enabling the Target Group to reduce its production costs. Taixing which is a TCS production facility with an annual capacity of 20,000 MT also contributes to ensuring a steady supply of TCS. The Target Group has been able to reduce polysilicon production cycle times, electricity consumption and the use of raw materials in order to enhance production efficiency. The Target Group has thus far been able to shorten production cycles by adjusting reactor parameters as well as optimising electricity usage.

In-house research and development capabilities

The Target Group possesses proprietary technology and know-how of hydrochlorination which allows the Target Group to reduce production costs. The Target Group has successfully applied for eight patents in connection with the hydrochlorination process and reactor technology and there are 11 other patent applications pending approval. The senior management team spearheads the research and development efforts of the Target Group and sets strategic directions for the advancement of products and production processes, focusing on efforts to improve product quality, reduce manufacturing costs and broaden product markets. The Target Group has set up a research and development centre in China and intends to set up another research and development centre in the United States in order to develop other technologies that can assist the Target Group in addressing the future trends of the solar market.

Contracted long-term customers

The Target Group has entered into polysilicon and wafer supply agreements with cell and module manufacturers that provide for aggregate sales of approximately 15.4 GW of wafers and approximately 33,311 MT of polysilicon.

Cost effective production process, facilities and operations

The Directors believe that the advanced production processes and the equipment which the Target Group is installing at its China production facilities will enable the Target Group to achieve an effective cost structure that will converge with those of leading polysilicon producers worldwide. The Target Group intends to maximise its production efficiency by leveraging on the competitive costs of its skilled workforce, engineering and technical resources, and production equipment and facilities. In addition, the close proximity of its Xuzhou production facilities to both solar and electronics product manufacturers located in the Jiangsu province, a key area for the solar and electronics manufacturing industries in China, allows customer proximity and facilitates efficient inventory management.

Experienced management team

The Target Group's management team consists of an experienced and diversified group of entrepreneurs and professionals who have positioned the business of the Target Group to take advantage of the increased demand for polysilicon and the growing need for cost-effective alternative energy. The Directors believe that the members of its senior management team have a proven track record of establishing and successfully managing enterprises as well as constructing and operating large-scale power and chemical plants.

Based on the above, the Directors (excluding the Directors who form part of the Independent Board Committee and whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS OF THE ACQUISITIONS UNDER THE LISTING RULES

The relevant Percentage Ratios of the aggregate of the Acquisitions are more than 100%. The Acquisitions therefore constitute a very substantial acquisition of the Company under the

Listing Rules and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, Mr. Zhu is an executive Director and the chairman of the Company. Mr. Zhu and his family own 34.47% of the total issued share capital of the Company through a family trust. Mr. Zhu and his family are therefore Controlling Shareholders of the Company as at the date of this announcement. Happy Genius is principally an investment holding company ultimately beneficially wholly-owned by Mr. Zhu and his family. Therefore, it is an associate of Mr. Zhu and a connected person of the Company for the purposes of the Listing Rules.

Mr. Yu is an executive Director. Mr. Yu, through his wholly-owned subsidiaries, Bonus Billion and Joy Big (both of which are members of Vendors A), owns 0.23% of the total issued share capital of GCL Solar. Both Bonus Billion and Joy Big are principally investment holding companies ultimately beneficially wholly-owned by Mr. Yu. Therefore, they are associates of Mr. Yu and connected persons of the Company for the purposes of the Listing Rules.

Accordingly, the transactions contemplated under the Acquisition Agreements also constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Zhu is a Director and through Highexcel Investments Limited is the Controlling Shareholder of the Company, and through Happy Genius, is the Controlling Shareholder of GCL Solar, Greatest Joy and Sun Wave, Mr. Zhu and his associates are required to abstain from voting on the resolutions relating to the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM. As Mr. Cheng Zai Zhong (being one of the ultimate beneficial owners of Thornton Asset Management Service Centre Limited, which is one of the members of Vendors A) currently owns 3,520,000 Shares, Thornton Asset Management Service Centre Limited and its associates are also required to abstain from voting on the resolutions relating to the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM. As Ms. Chan Wai Ho (being the wife of Mr. Chang Tsong Zung, who is one of the members of Vendors A and the brother of Mr. Zhang Songyi) currently owns 242,000 Shares which she acquired more than six months prior to the date of this announcement, Mr. Chang Tsong Zung and his associates are also required to abstain from voting on the resolutions relating to the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver to be considered at the EGM.

Since Mr. Yu and his associates will not be Shareholders until after Completion, they will not be entitled to vote at the EGM.

IMPLICATIONS OF THE ACQUISITIONS UNDER THE TAKEOVERS CODE AND WHITEWASH WAIVER

Assuming no further Shares will be issued by the Company prior to the allotment and issue of the Consideration Shares upon Completion, the interests held by Mr. Zhu and his associates and parties acting in concert with any of them (namely Mandra Materials, Mandra Esop, Mandra Silicon and Mr. Zhang Songyi), will increase from approximately 34.47% to approximately 56.17% of the issued share capital of the Company as enlarged by the Consideration Shares. Mr. Zhu and parties acting in concert with him will, in the absence of

the Whitewash Waiver, be obliged to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Happy Genius upon Completion. Mr. Zhu will apply to the Executive for the Whitewash Waiver pursuant to Note 1 on Dispensation from Rule 26 of the Takeovers Code on the basis that, among other things, the Consideration Shares will be issued as the consideration for the Acquisitions pursuant to the Acquisition Agreements and the Whitewash Waiver shall be subject to the approval by the Independent Shareholders at the EGM on a vote to be taken by way of a poll whereby Mr. Zhu, his associates and parties acting in concert with any of them and any others who are involved or interested in the Acquisitions and the Whitewash Waiver will abstain from voting on the resolutions relating to the Acquisitions and the Whitewash Waiver at the EGM.

On 1 June 2009, Mr. Zhu's interest in Highexcel Investments Limited was transferred to Golden Concord Group Limited. Pursuant to Note 6 to Rule 26.1 of the Takeovers Code, the Executive granted to Golden Concord Group Limited and parties acting in concert with it a waiver from the obligation to make a general offer for the Shares arising from the transfer of the Shares in Highexcel Investments Limited. Highexcel Investments Limited and Golden Concord Group Limited are indirectly wholly owned by Asia Pacific Energy Fund Limited, which in turn is held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu and his family. Save and except for the aforesaid transfer, Mr. Zhu has confirmed that he and/or parties acting in concert with him have not acquired any voting rights in the Company within the six-month period prior to the date of this announcement and up to and including the date of this announcement:-

As disclosed in the announcement of the Company dated 11 August 2008, on 11 August 2008, the Company entered into a sale and purchase agreement with Get Famous Investments Limited in which the Company conditionally agreed to purchase Joint Loyal Holdings Limited, the consideration for which would be satisfied by the issuance of convertible notes to Get Famous Investments Limited in the principal amount of not exceeding RMB127,936,000. Get Famous Investments Limited is a company beneficially wholly-owned by Mr. Zhu. Further details of such acquisition may be found in the Company's announcement dated 11 August 2008. Such acquisition has yet to be completed and accordingly, such convertible notes have not been issued. Save as aforesaid, as at the date of this announcement:

- (i) neither Mr. Zhu nor parties acting in concert with him has received an irrevocable commitment from anyone to accept the offer, which Mr. Zhu and parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Happy Genius upon Completion;
- (ii) neither Mr. Zhu nor parties acting in concert with him holds any convertible securities, warrants or options of the Company;
- (iii) neither Mr. Zhu nor any person acting in concert with him has entered into outstanding derivative in respect of securities in the Company;

- (iv) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the offer which Mr. Zhu and parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Happy Genius upon Completion;
- (v) there are no agreements or arrangements to which Mr. Zhu is party which relate to the circumstances in which he may or may not invoke or seek to invoke a pre-condition or a condition to the offer which Mr. Zhu and parties acting in concert with him will, in the absence of the Whitewash Waiver, be obliged to make for all the Shares not already owned or agreed to be acquired by them pursuant to Rule 26 of the Takeovers Code as a result of the issue of the Consideration Shares to Happy Genius upon Completion and the consequences of its doing so; and
- (vi) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which Mr. Zhu or any person acting in concert with him has borrowed or lent, save for any borrowed shares which have been either on-lent or sold.

GENERAL INFORMATION

Independent Board Committee

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. None of the members of the Independent Board Committee has any material interest in the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver. In this connection, with the approval of the Independent Board Committee, the Company has appointed First Shanghai Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver.

Independent Financial Adviser

The Board announces that with the approval of the Independent Board Committee, the Company has appointed First Shanghai Capital Limited as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

Circular to Shareholders

A circular containing, amongst other information, (i) further details of the Acquisitions; (ii) a letter from the Independent Board Committee advising the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue

and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and advising the Independent Shareholders on how to vote, taking into account the recommendations from the Independent Financial Adviser; (iii) a letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and advising the Independent Shareholders on how to vote; and (iv) a notice of the EGM, will be dispatched to the Shareholders as soon as practicable in accordance with the Takeovers Code.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 4 June 2009 pending the issue of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 June 2009 following the publication of this announcement.

Warning: Shareholders and potential investors should note that the Acquisitions are subject to the fulfillment of a number of conditions, and accordingly, the transactions under the Acquisition Agreements may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition A”	the acquisition of 100% of the issued share capital of GCL Solar by the Company in accordance with the terms and conditions of Acquisition Agreement A
“Acquisition Agreement A”	the conditional agreement amongst the Company and Vendors A in relation to Acquisition A dated 3 June 2009
“Acquisition Agreement B”	the conditional agreement between the Company and Vendor B in relation to Acquisition B dated 3 June 2009
“Acquisition Agreements”	Acquisition Agreement A and Acquisition Agreement B
“Acquisition B”	the acquisition of the entire issued share capital of each of Greatest Joy and Sun Wave by the Company in accordance with the terms and conditions of Acquisition Agreement B
“Acquisitions”	Acquisition A and Acquisition B
“Additional Shares”	means an aggregate number of new Shares of up to 2,212,490,422 Shares

“Asia Silicon”	Asia Silicon Technology Development Limited, a company incorporated in Hong Kong with limited liability
“Asia Silicon BVI”	Asia Silicon Technology Development Holdings Limited, a company incorporated in the BVI with limited liability
“Asia Silicon HK”	Asia Silicon Technology Development Holdings Limited, a company incorporated in Hong Kong with limited liability
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bonus Billion”	Bonus Billion Group Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Yu
“BVI”	the British Virgin Islands
“Closing Date”	the date on which the concurrent closing of the Acquisitions takes place
“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
“Completion”	Completion A and Completion B
“Completion A”	completion of Acquisition A pursuant to Acquisition Agreement A
“Completion B”	completion of Acquisition B pursuant to Acquisition Agreement B
“Consideration A”	the total consideration payable by the Company to Vendors A for the acquisition of a 64% equity interest in Jiangsu Zhongneng through the acquisition of 100% of the issued share capital of GCL Solar, the particulars of which are set out in the paragraph headed “Consideration A”
“Consideration B”	the total consideration payable by the Company to Vendor B for the acquisition of a 36% equity interest in Jiangsu Zhongneng through the acquisition of 100% of the issued share capital of each of Greatest Joy and Sun Wave, the particulars of which are set out in the paragraph headed “Consideration B”
“Consideration Shares”	Consideration Shares A and Consideration Shares B

“Consideration Shares A”	means an aggregate of 9,051,242,615 new Shares to be allotted and issued by the Company and credited as fully paid to Vendors A upon Completion A
“Consideration Shares B”	means an aggregate of 988,530,112 new Shares to be allotted and issued by the Company and credited as fully paid to Vendor B upon Completion B
“Controlling Shareholder”	has the same meaning ascribed to it under the Listing Rules
“Director”	director of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of inter alia approving the Acquisitions, the Whitewash Waiver, the increase in authorised capital and the allotment and issue of the Consideration Shares and the Additional Shares
“Excel Bond”	Excel Bond International Limited, a company incorporated in the BVI with limited liability
“Exchangeable Bonds”	US\$275,000,000 Class A floating rate secured exchangeable bonds due 2010, US\$137,500,000 Class B floating rate secured exchangeable bonds due 2010 and US\$137,500,000 Class C floating rate secured exchangeable bonds due 2010, issued by Happy Genius pursuant to the terms of a trust deed dated 5 May 2008 between Happy Genius and the Holders as amended and restated by the first supplemental trust deed dated 5 June 2008 between Happy Genius and DB Trustees (Hong Kong) Limited (in its capacity as both trustee and as security agent) and the second supplemental trust deed dated 15 June 2009 between Happy Genius and DB Trustees (Hong Kong) Limited (in its capacity as both trustee and as security agent)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“GCL Solar”	GCL Solar Energy Technology Holdings Inc., a company incorporated in the Cayman Islands with limited liability
“GCL Solar HK”	GCL Solar Energy Technology Holdings Limited, a company incorporated in Hong Kong with limited liability
“GCL Solar Power”	GCL Solar Power (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability

“Go Power”	Go Power Holdings Limited, a company incorporated in the BVI with limited liability
“Greatest Joy”	Greatest Joy International Limited, a company incorporated in the BVI with limited liability
“Group”	the Company and its subsidiaries from time to time
“GW”	gigawatts
“Happy Genius”	Happy Genius Holdings Limited, a company incorporated in the BVI and an investment holding company ultimately beneficially wholly-owned by Mr. Zhu and his family
“Holder”	holder of the Exchangeable Bonds
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Independent Board Committee”	the independent board committee established by the Company (which shall consist of all the independent non-executive Directors) to advise the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser
“Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) to carry out type 6 (advising on corporate financial) regulated activity, being the independent financial adviser appointed by the Company to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Acquisitions, the specific mandate for the New Issue and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote

“Independent Shareholders”	the Shareholders other than Mr. Zhu and his associates, Mandra Esop and its associates, Mandra Materials and its associates, Mandra Silicon and its associates, Thornton Asset Management Service Centre Limited and its associates, and Mr. Chang Tsong-Zung and his associates, and parties acting in concert with any of them and any parties involved or interested in the Acquisitions and the Whitewash Waiver
“Jiangsu Zhongneng”	江蘇中能硅業科技發展有限公司 (Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.*), a company incorporated in the PRC
“Joy Big”	Joy Big Holdings Limited, a company incorporated in the BVI with limited liability and wholly-owned by Mr. Yu
“Last Trading Day”	3 June 2009, being the last trading date prior to the signing of the Acquisition Agreements
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandra”	Mandra Esop and Mandra Materials
“Mandra Esop”	Mandra Esop Limited, a company incorporated in the BVI with limited liability, which owns 1.21% of the issued share capital of GCL Solar at the date of this announcement, which is ultimately beneficially owned by Mr. Zhang Songyi and Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife)
“Mandra Materials”	Mandra Materials Limited, a company incorporated in the BVI with limited liability, which owns 10% of the issued share capital of GCL Solar at the date of this announcement, which is ultimately beneficially owned by Mr. Zhang Songyi and Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife)

* For identification purpose only

“Mandra Silicon”	Mandra Silicon Limited, a company incorporated in the BVI with limited liability, and wholly-owned by Woo Foong Hong Limited, a wholly-owned subsidiary of Moonchu Foundation for Culture and Education (a tax exempt charity established by, but not beneficially owned by, Mr. Zhang Songyi, Ms. Mui Bing How (who is Mr. Zhang Songyi’s wife) and Mr. Chang Tsong Zung (who is Mr. Zhang Songyi’s brother))
“Mr. Yu”	Mr. Yu Bao Dong, a Director of the Company
“Mr. Zhu”	Mr. Zhu Gong Shan, a Director and the Controlling Shareholder of the Company
“MT”	metric tonnes
“MW”	megawatts
“New Issue”	the allotment and issue of Additional Shares
“Other Shareholders of GCL Solar”	the other 31 shareholders of GCL Solar, being all the other shareholders of GCL Solar at Completion, other than Happy Genius, Mandra Esop, Mandra Materials and Mandra Silicon
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Richmore”	Richmore International Development Limited, a company incorporated in Hong Kong with limited liability
“Sale Shares A”	1,033,356,685 ordinary shares of US\$0.00001 each and 16,667,000 series A convertible preference shares of US\$0.00001 each in the capital of GCL Solar, being the entire issued share capital of GCL Solar
“Sale Shares B”	100 ordinary shares of US\$1.00 each in the capital of Greatest Joy, representing the entire issued share capital of Greatest Joy, and 100 ordinary shares of US\$1.00 each in the capital of Sun Wave, representing the entire issued share capital of Sun Wave
“Secured Notes”	the US\$350 million secured notes issued by the Company to Happy Genius

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of ordinary shares in the share capital of the Company with the nominal value of HK\$0.10 each
“Solarbuzz”	an international solar energy research and consulting company, which provides a range of services including standard industry reports and research and consultancy activities
“Speedy Gain”	Speedy Gain Limited, a company incorporated in Hong Kong with limited liability
“STC”	silicon tetrachloride
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Far East”	Sun Far East Limited, a company incorporated in Hong Kong with limited liability
“Sun Wave”	Sun Wave Group Limited, a company incorporated in the BVI with limited liability
“Taixing”	泰興中能遠東硅業有限公司 (Taixing Zhongneng Far East Polysilicon Technology Development Co., Ltd.*), a company incorporated in the PRC with limited liability
“Target Group”	Target Group A and Target Group B
“Target Group A”	GCL Solar, Go Power, GCL Solar HK, Sun Far East, Taixing, Jiangsu Zhongneng and GCL Solar Power
“Target Group B”	Greatest Joy, Richmore, Sun Wave, Asia Silicon BVI, Asia Silicon HK, Excel Bond, Asia Silicon, Wise Universe, Speedy Gain, Taixing, Jiangsu Zhongneng and GCL Solar Power
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“TCS”	trichlorosilane
“Vendor B”	Happy Genius, being the vendor in respect of Acquisition B
“Vendors A”	Happy Genius, Mandra Esop, Mandra Materials and all the Other Shareholders of GCL Solar

* For identification purpose only

“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on the Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Mr. Zhu and parties acting in concert with him to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by Mr. Zhu or parties acting in concert with him which would otherwise arise as a result of the issue of the Consideration Shares to Happy Genius and/or its nominee(s) upon Completion
“Wise Universe”	Wise Universe Investments Limited, a company incorporated in the BVI with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	US dollars, the lawful currency of United States
“%”	per cent.

For the purposes of this announcement and for indication only, the following exchange rates have been used for the conversion of (1) RMB into HK\$: RMB1.00 = HK\$1.14 and (2) US\$ into RMB: US\$1.00 = RMB6.80.

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

Hong Kong, 22 June 2009

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. Tong Yee Ming as executive Directors; Mr. Tam Chor Kiu as non-executive Director; Mr. Yip Tai Him, Mr. Qian Zhi Xin, Ir Dr. Raymond Ho Chung Tai and Mr. Xue Zhong Su as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no facts, the omission of which would make any statement in this announcement misleading.