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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)

PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

Sole Global Coordinator

Morgan Stanley

Joint Bookrunners and Placing Agents

Morgan Stanley

 **BOC INTERNATIONAL**

 **UBS** Investment Bank

Placing Agents

 **ICBC**

HSBC 

 **CICC**

PLACING AGREEMENT

On 4 August 2009, before trading hours, the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents have conditionally agreed with the Company, on a severally (but not jointly) underwritten basis, to procure investors to subscribe for (or, failing which, to subscribe for) 1,300,000,000 new Shares at a price of HK\$2.83 per Placing Share. The Placing Agents will place the Placing Shares to not less than six (6) independent placees (which will be independent individual, corporate and/or institutional investors) and each placee may subscribe to no more than 5% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The 1,300,000,000 Placing Shares with an aggregate value of HK\$3,679,000,000 represents (i) approximately 11.75% of the existing issued share capital of the Company of 11,062,746,214 Shares in issue as at the date of this announcement and (ii) approximately 10.52% of the issued share capital of the Company of 12,362,746,214 Shares as enlarged by the Placing Shares. The Placing Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the relevant Placing Shares.

The Placing is conditional upon, among others, the Listing Committee granting the listing of and permission to deal in the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

4 August 2009

Parties

- (1) The Company;
- (2) BOCI Asia Limited;
- (3) China International Capital Corporation Hong Kong Securities Limited;
- (4) ICBC International Securities Limited;
- (5) Morgan Stanley & Co. International plc;
- (6) The Hongkong and Shanghai Banking Corporation Limited; and
- (7) UBS AG, Hong Kong Branch.

Placing Agents

The Placing Agents have conditionally agreed with the Company, on a severally (but not jointly) underwritten basis and as agents for the Company, to procure investors to subscribe for (or, failing which, to subscribe for) 1,300,000,000 new Shares at a price of HK\$2.83 per Placing Share. The Placing Agents will receive a placing commission of 3.77% on the gross proceeds of the actual number of Placing Shares being placed by them. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agents under normal commercial terms and with reference to the prevailing market rate. The Placing Agents may participate in the Placing on a proprietary basis or may place some of the Placing Shares to their affiliates. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement and save as disclosed in this announcement, the Placing Agents and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and/or its connected persons.

Placees

The Placing Agents will place the Placing Shares to not less than six (6) independent placees (which will be independent individual, corporate and/or institutional investors) and each placee may subscribe to no more than 5% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) is and will be independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executives or substantial shareholders or any of their respective associates.

Placing Shares

The 1,300,000,000 Placing Shares with an aggregate value of HK\$3,679,000,000 represents (i) approximately 11.75% of the existing issued share capital of the Company of 11,062,746,214 Shares in issue as at the date of this announcement and (ii) approximately 10.52% of the issued share capital of the Company of 12,362,746,214 Shares as enlarged by the Placing Shares.

Ranking of Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the relevant Placing Shares.

Placing Price

The Placing Price of HK\$2.83 represents:

- (i) a discount of approximately 16.76% to the closing price of HK\$3.40 per Share as quoted on the Stock Exchange on as at 3 August 2009;
- (ii) a discount of approximately 18.21% to the volume weighted average closing price of HK\$3.46 per Share for the last five consecutive trading days up to and including 3 August 2009; and
- (iii) a discount of approximately 16.27% to the volume weighted average closing price of HK\$3.38 per Share for the last ten consecutive trading days up to and including 3 August 2009.

The Placing Agreement was arrived at after arm's length negotiations between the Company and the Placing Agents. The Directors consider that the terms of the Placing Agreement (including the placing fee and the Placing Price) are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Specific Mandate

The Placing Shares will be issued pursuant to the Specific Mandate to allot and issue new Shares granted to the Directors by a resolution of the Shareholders passed at the extraordinary general meeting of the Shareholders of the Company held on 16 July 2009. As at the date of this announcement, no Share has been issued under the Specific Mandate. The Placing Shares will utilise part of the Specific Mandate for the allotment and issue of the Placing Shares and the Placing is not subject to any further Shareholders' approval.

Conditions Precedent

Completion of the Placing is conditional upon, among others, the Listing Committee granting the listing of and permission to deal in the Placing Shares (and such listing and permission not subsequently revoked prior to delivery of definitive share certificates representing the Placing Shares).

If the conditions precedent are not fulfilled within fourteen (14) days after the date of the Placing Agreement (or such later date as may be agreed between the Company and the Placing Agents), the Placing Agreement and the obligations of the Placing Agents under the Placing Agreement shall cease and terminate at that time.

Undertaking by the Company

The Company has undertaken to Morgan Stanley & Co. International plc and BOCI Asia Limited that, among others, it will not, from the date of the Placing Agreement and on and prior to the date being one hundred and twenty (120) days after the Closing Date (subject to the prior written agreement of the Placing Agents), (i) allot, issue, offer to allot or issue, grant any option, right or warrant to subscribe, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share or any interests therein or any securities convertible into or exercisable or exchangeable for any such Shares or interests, (ii) enter into any swap or similar agreement that transfers to another, in whole or in part, the economic risk of ownership of such Shares or (iii) announce any intention to enter into or effect any such transaction described above; except (1) the Placing of the Placing Shares under the Placing Agreement; or (2) any issue of Shares pursuant to the exercise of share options granted by the Company prior to the date of the Placing Agreement; or (3) any issue of Shares upon conversion of the convertible notes by the registered holder(s) of such convertible notes as detailed in the shareholders circular of the Company dated 22 September 2008.

Termination of Placing

The Placing Agreement contains provisions granting the Placing Agents the right to terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company at any time prior to 3:30 p.m. on the Closing Date on the occurrence of certain events including but not limited to:

- (i) certain force majeure events, and material disruption in securities settlement, payment or clearance services;
- (ii) any breach of the representations, warranties and undertakings in the Placing Agreement by the Company or any event occurring or any matter arising on or after the date of the Placing Agreement and prior to the Closing Date which, if it had occurred or arisen before the date of the Placing Agreement, would have rendered any such representations, warranties and undertaking untrue or incorrect in any material respect in such a manner as in the opinion of the Placing Agents is or may be or is likely to materially and adversely affect the financial position or business of the Group as a whole or there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company, or
- (iii) any adverse change in the general affairs, management, business, shareholders' equity or in the financial or trading position of the Group as a whole which in the opinion of the Placing Agents is or may be or is likely to materially adverse to the success of the Placing.

If the Placing Agents exercise such right to terminate the Placing Agreement, the Placing will not proceed.

Completion of the Placing

Completion of the Placing will take place on the Closing Date.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment company and its subsidiaries are principally engaged in the manufacturing of polysilicon and wafers to companies operating in the solar industry as well as the development, management and operation of power cogeneration plants in the PRC. In view of the current market condition, the Directors consider the Placing to be a good opportunity to raise capital for the Company. The Placing will enable the Company to broaden its shareholders' base and strengthen the financial position of the Company. The Directors consider that the terms of the Placing Agreement are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The proceeds of the Placing will be received by the Company on the completion of the Placing and net proceeds of the Placing is approximately HK\$3.5 billion after deducting the placing commission, professional fees and all related expenses (representing a net price of approximately HK\$2.69 per Share). The Company intends to apply the net proceeds of the Placing for repayment of the Secured Notes and part of the US\$300 million bank borrowings arising from the Acquisition.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

On 14 May 2009, the Company announced the proposed placing of 50,000,000 new Shares through CCB International Capital Limited on a best effort basis. The placing was completed on 3 June 2009 with 50,000,000 new Shares successfully placed and issued to not less than six independent individuals and/or institutional investors. The net proceeds in the amount of approximately HK\$75.5 million was intended to be used as general working capital and future business development of the Group. As at the date of this announcement, the entire amount of net proceeds has not been utilised.

Save as disclosed in this announcement, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below summarises the shareholding structure of the Company: (i) as at the date of this announcement and (ii) immediately upon completion of the Placing:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the Placing	
	Number of Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company
Mr. Zhu and his associates and parties acting in concert with any of them (Note 1)	6,213,787,609	56.17%	6,213,787,609	50.26%
Pearl Ever Group Limited (Note 2)	167,509,490	1.51%	167,509,490	1.35%
Morgan Stanley (Note 3)	160,696,000	1.45%	160,696,000	1.30%
Bonus Billion Group Limited (Note 4)	6,108,934	0.06%	6,108,934	0.05%
Joy Big Holdings Limited (Note 4)	13,723,098	0.12%	13,723,098	0.11%
Placees under the Placing	0	0.00%	1,300,000,000	10.52%
Other public Shareholders	4,500,921,083	40.69%	4,500,921,083	36.41%
Total	11,062,746,214	100.00%	12,362,746,214	100.00%

Notes:

- (1) The 40.97% (representing 5,065,628,327 Shares) interests of Mr. Zhu and his family are held by Highexcel Investments Limited and Happy Genius Holdings Limited, both of which are indirectly wholly-owned by Asia Pacific Energy Fund Limited, which is in turn ultimately held on trust by Credit Suisse Trust Limited for Mr. Zhu and his family. The 9.29% (representing 1,148,159,282 Shares) interests of Mr. Zhang Songyi are held by Mandra Materials Limited, Mandra Esop Limited and Mandra Silicon Limited. Mandra Materials Limited and Mandra Esop Limited are ultimately beneficially owned by Mr. Zhang Songyi and his family. Mandra Silicon Limited is a wholly-owned company of Woo Foong Hong Limited, which is in turn wholly owned by Moonchu Foundation for Culture & Education Limited (a tax exempt charity established, but not beneficially owned, by Mr. Zhang Songyi and his family).
- (2) Pearl Ever Group Limited, a company incorporated in the British Virgin Islands, is an indirect wholly-owned subsidiary of China International Capital Corporation (Hong Kong) Limited, which wholly owns China International Capital Corporation Hong Kong Securities Limited.
- (3) The interests of Morgan Stanley in the Company are held through:
 - (a) MS China 3 Limited holds 160,080,000 Shares and is a wholly-owned subsidiary of Morgan Stanley Emerging Markets Inc., which is in turn wholly-owned by Morgan Stanley. Morgan Stanley is therefore deemed to be interested in the 160,080,000 Shares held by MS China 3 Limited; and
 - (b) Morgan Stanley & Co. Inc. 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.
- (4) Bonus Billion Group Limited and Joy Big Holdings Limited, both of which are companies incorporated in the British Virgin Islands with limited liability, are wholly-owned subsidiaries of Mr. Yu Bao Dong, a director of the Company.

GENERAL

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

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings as set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire issued share capital of each of GCL Solar Energy Technology Holdings Inc., Greatest Joy International Limited and Sun Wave Group Limited by the Company, details of which are contained in the shareholders circular of the Company dated 30 June 2009
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday and public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong
“Closing Date”	the Business Day following the day on which all the conditions of the Placing Agreement have been fulfilled or waived by the Placing Agents, which is expected to be 11 August 2009 or such other date as the Company and the Placing Agents may agree in writing
“Company”	GCL-Poly Energy Holdings Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the Listing Committee of the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zhu”	Mr. Zhu, Chairman and an executive Director of the Company
“Placing”	the proposed placing of the Placing Shares by the Placing Agents pursuant to the terms of the Placing Agreement
“Placing Agents”	BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, ICBC International Securities Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation Limited and UBS AG, Hong Kong Branch, and in so far as each of the Placing Agents, in performing its functions under the Placing Agreement, will be “dealing in securities” as defined in Part 2 of Schedule 5 of the SFO, it shall only do so through itself or its authorised agent (depending on whether it or its authorised agent is properly licensed under the SFO for the purpose of the Placing), and only in circumstances such that none of the sub-provisos (I), (II), (III), (IV) and (V) in subparagraph (iv) to the definition of “dealing in securities” in Part 2 of Schedule 5 of the SFO is applicable
“Placing Agreement”	a conditional placing agreement dated 4 August 2009 entered into between the Company and the Placing Agents in relation to the Placing
“Placing Price”	HK\$2.83 per Placing Share
“Placing Share(s)”	up to 1,300,000,000 new Shares, which may be allotted and issued by the Company pursuant to the Placing
“PRC”	the People’s Republic of China
“Secured Notes”	the US\$350 million secured notes issued by the Company to Happy Genius Holdings Limited, details of which are contained in the shareholders circular of the Company dated 30 June 2009
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate obtained from the Shareholders at the extraordinary general meeting of the Shareholders of the Company held on 16 July 2009 for the allotment and issue of up to 2,212,490,442 new Shares

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 4 August 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. Qian Zhi Xin, Ir Dr. Raymond Ho Chung Tai, Mr. Xue Zhong Su and Mr. Yip Tai Him as independent non-executive Directors.