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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) SUBSCRIPTION OF NEW SHARES UNDER A SPECIFIC MANDATE
(2) DISCLOSEABLE TRANSACTION IN RELATION TO THE
ESTABLISHMENT OF A JOINT VENTURE COMPANY
AND
(3) RESUMPTION OF TRADING**

Financial Adviser to the Company



SUMMARY

On 17th November 2009, the Company entered into a binding Framework Agreement with CIC pursuant to which the Company has agreed to issue and CIC has agreed to, through the Subscriber, subscribe for an aggregate of 3,108,163,054 new Shares at the Subscription Price of HK\$1.79 per Share subject to the terms and conditions contained in the Framework Agreement. The net proceeds from the Subscription are expected to amount to approximately HK\$5.5 billion. The Subscription Shares are to be issued as part of the Specific Mandate to be sought from the Shareholders.

The Subscription Shares to be issued pursuant to the Framework Agreement represent approximately 25.14% of the existing issued ordinary share capital of the Company of 12,363,246,214 Shares and approximately 20.09% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Price of HK\$1.79 per Share was arrived at after arm's length negotiations taking into consideration the volume-weighted average price per Share for the past 30 trading days preceding the date of the Framework Agreement.

The Company intends to use the net proceeds raised from the Subscription for general working capital, repayment of borrowings by the Company and, potentially, for the funding of its capital contribution to the JV Company.

The Company and CIC contemplate in the Framework Agreement to set up the JV Company to invest in and develop photovoltaic projects or other solar energy projects. Pursuant to the Listing Rules, as all of the applicable percentage ratio(s) for the proposed capital commitment of the Company to the JV Company exceed 5% but are less than 25%, the financing of the JV Company constitutes a discloseable transaction of the Company under the Listing Rules.

The transactions contemplated in the Framework Agreement will be subject to a number of conditions including the signing of definitive documentation between the Company and the Subscriber and the approval of Shareholders at the EGM to the allotment and issue of the Subscription Shares under the Specific Mandate. A circular containing, among other things, (i) further details of the Subscription and (ii) notice of the EGM will be dispatched by the Company to the Shareholders as soon as practicable after the signing of the definitive documentation.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, CIC and the Subscriber are third parties independent of the Company and connected persons of the Company.

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 16th November 2009 for the publication of the Company's announcement dated 16th November 2009 on profit warning. The Company made a further request to continue the suspension 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 19th November 2009 following the publication of this announcement.

Warning: Shareholders and potential investors should note that the Subscription and the establishment of the JV Company are subject to the fulfillment of a number of conditions, and accordingly, the transactions under the Framework Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

INTRODUCTION

The Board announces that on 17th November 2009, the Company entered into a binding Framework Agreement with CIC pursuant to which the Company has agreed to issue and CIC has agreed to, through the Subscriber, subscribe for an aggregate of 3,108,163,054 new Shares at the Subscription Price of HK\$1.79 per Share subject to the terms and conditions contained in the Framework Agreement. The net proceeds from the Subscription are expected to amount to approximately HK\$5.5 billion.

THE FRAMEWORK AGREEMENT

Subscription Price

The Subscription Price of HK\$1.79 per Share was arrived at after arm's length negotiations taking into consideration the volume-weighted average price per Share for the past 30 trading days preceding the date of the Framework Agreement, being HK\$2.04 (the Subscription Price, therefore, representing a discount of approximately 12.25% to this average price). The Subscription Price represents:

- (a) a discount of approximately 22.51% to the closing price of HK\$2.31 per Share as quoted on the Stock Exchange on 13th November 2009, being the last trading day of the Shares on the Stock Exchange prior to the date of the Framework Agreement; and
- (b) a discount of approximately 16.74% to the volume-weighted average closing price of approximately HK\$2.15 per Share for the last five trading days up to and including 13th November 2009.

The Subscription Shares

As at the date of this announcement, a total of 12,363,246,214 Shares are in issue. The Subscription Shares to be issued pursuant to the Framework Agreement represent approximately 25.14% of the existing issued ordinary share capital of the Company and approximately 20.09% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

Lock-up period

The Subscription Shares are subject to a lock-up period of nine months from the date of completion of the Subscription, provided that CIC may dispose of its interest in the Subscription Shares (i) to its group companies or (ii) where an offer was made to all Shareholders such as under a takeover offer, repurchase offer or scheme of arrangement or (iii) where there is a change of control in the Company.

Board representation

To the extent permitted by all applicable laws and regulations, and subject to compliance with the articles of association of the Company and all relevant laws and regulations, the Company agrees that CIC has the right, upon completion of the Subscription (i) to nominate two representatives of CIC as new Board members of the Company; and (ii) to retain those two representatives on the Board for such time as it holds at least 12%, and otherwise to retain at least one representative on the Board for such time as it holds more than 5% and less than 12%, in each case, of the entire issued share capital of the Company from time to time. The Company will publish an announcement in relation to such appointment of director(s) pursuant to Rule 13.51(2) of the Listing Rules as soon as practicable after such appointment.

Other rights of CIC

To the extent permitted by applicable laws and regulations and subject to compliance with relevant laws and regulatory rules, for such time as CIC holds Shares, in the event that the Company issues any new Shares or equity-linked instruments (including without limitation, convertible preference shares or warrants), in each case, whether by way of rights or otherwise, it shall grant to CIC the right, to subscribe for such number of Shares or equity-linked instruments (as the case may be) so as to enable CIC to maintain its shareholding interest in the Company on a fully-diluted basis.

From the date of the Framework Agreement to the expiration of nine months from completion of the Subscription, the Company agrees that it shall not issue any Securities or any rights to acquire any Securities to a third party (that is not the Subscriber or CIC) at a price per Share less than the Subscription Price (or the equivalent per Share price on an as converted or exchanged basis for securities convertible or exchangeable into Shares) without the prior written consent of CIC.

Mandate for the issue of the Subscription Shares

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM to be convened. Under such Specific Mandate, up to 3,108,163,054 new Shares, representing approximately 25.14% of the existing issued ordinary share capital of the Company and approximately 20.09% of the issued ordinary share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, may be issued by the Company.

The Subscription Shares, when issued, will rank *pari passu* in all respects with all existing Shares on the date of completion of the Subscription.

Conditions of the Transactions contemplated in the Framework Agreement

Transactions contemplated in the Framework Agreement are conditional upon, among other things:

- (a) finalising and signing definitive documentation on the Subscription and the transactions contemplated by the Framework Agreement on terms satisfactory to both parties;
- (b) the approval of the Company's shareholders to the allotment and issue of the Subscription Shares pursuant to the Specific Mandate to be sought from Shareholders; and
- (c) approval having been granted by the Stock Exchange for the listing and permission to deal in the Subscription Shares.

JOINT VENTURE BETWEEN THE COMPANY AND CIC

The Company and CIC, through the Subscriber, intend to set up the JV Company to invest in and develop photovoltaic projects or other solar energy projects. Pursuant to the Framework Agreement, the Company and CIC agree to the following principal terms:

- (a) the parties will subscribe nominal amounts of capital on the formation of the JV Company, with the further capital contribution of an initial total combined amount of US\$500 million being subject to the approval of CIC based on its due diligence on investment opportunities;
- (b) the shareholding ratio of the Company to CIC shall be 51% to 49%; and
- (c) a total of five directors shall be on the board of the JV Company of which 3 are to be appointed by the Company and 2 by CIC.

Long-stop date

If the Company fails to enter into definitive documentation by 30th November 2009, the Framework Agreement and the proposals contained in this announcement shall automatically terminate.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND THE ESTABLISHMENT OF THE JV COMPANY

The Company is an investment company and its subsidiaries are principally engaged in the manufacturing of polysilicon and wafers for the solar industry as well as the development, management and operation of environmentally friendly power plants. In view of the current market condition, the Directors consider the Subscription represents a good opportunity to strengthen its financial position and accelerate the growth of its solar business.

The Directors consider that the terms of the Framework 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.

USE OF PROCEEDS

The net proceeds from the Subscription to be received by the Company upon completion of the Subscription will amount to approximately HK\$5.5 billion after deducting professional fees and all related expenses (representing a net price of approximately HK\$1.76 per Share).

The Company intends to use the net proceeds raised from the Subscription for general working capital, repayment of borrowings by the Company and, potentially, for the funding of its capital contribution to the JV Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

On 14th 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 3rd 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.

On 4th August 2009, the Company announced the proposed placing of 1,300,000,000 new Shares through 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, on a severally (but not jointly) underwritten basis. The placing was completed on 11th August 2009 with 1,300,000,000 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\$3.5 billion was intended to be used as repayment of the Secured Notes and part of the US\$300 million bank borrowings arising from the Acquisition. As at the date of this announcement, HK\$2.87 billion out of the entire amount of net proceeds has 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.

BACKGROUND ON THE SUBSCRIBER AND CIC

The Subscriber is a wholly-owned subsidiary of CIC. CIC is an institutional investor. It operates on a commercial basis with the objective to seeking long-term, risk-adjusted financial returns.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, CIC and the Subscriber are third parties independent of the Company and connected persons of the Company.

CHANGES IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The share capital and shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Subscription (assuming no new Shares are issued before completion) are as follows:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the Subscription	
	Number of issued Shares	Approximate % of issued share capital of the Company	Number of Shares	Approximate % of issued share capital of the Company
Mr. Zhu Gong Shan and his associates and parties acting in concert with any of them <i>(Note 1)</i>	6,160,502,609	49.83%	6,160,502,609	39.82%
Bonus Billion Group Limited <i>(Note 2)</i>	6,108,934	0.05%	6,108,934	0.04%
Joy Big Holdings Limited <i>(Note 2)</i>	13,723,098	0.11%	13,723,098	0.09%
The Subscriber <i>(Note 3)</i>	11,218,646	0.09%	3,119,381,700	20.16%
Other public Shareholders	6,171,692,927	49.91%	6,171,692,927	39.89%
Total	12,363,246,214	100.00%	15,471,409,268	100.00%

Notes:

- (1) *The 40.54% (representing 5,012,343,327 Shares) interests of Mr. Zhu Gong Shan 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 Gong Shan 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) *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.*
- (3) *This includes 11,218,646 Shares in which CIC and/or its associate(s) is/are interested as at the date of this announcement, assuming that such interests will continue to be held by CIC and/or its associate(s) upon completion of the Subscription.*

LISTING RULES IMPLICATION

Pursuant to the Listing Rules, as all of the applicable percentage ratio(s) for the proposed capital commitment of the Company to the JV Company exceed 5% but are less than 25%, the financing of the JV Company constitutes a discloseable transaction of the Company under the Listing Rules.

GENERAL

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

Credit Suisse has been appointed as the financial adviser to the Company in relation to the Subscription.

A circular containing, among other things, (i) further details of the Subscription and (ii) notice of the EGM will be dispatched by the Company to the Shareholders as soon as practicable after signing of the definitive documentation.

Warning: Shareholders and potential investors should note that the Subscription and the establishment of the JV Company are subject to the fulfillment of a number of conditions, and accordingly, the transactions under the Framework Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on 16th November 2009 for the publication of the Company's announcement dated 16th November 2009 on profit warning. The Company made a further request to continue the suspension 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 19th November 2009 following the publication of this announcement.

DEFINITIONS

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

“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 30th June 2009
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“CIC”	China Investment Corporation, an investment institution established as a wholly state-owned company under the Company Law of the PRC
“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

“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“control”	has the meaning ascribed to it in the Hong Kong Code on Takeovers and Mergers
“Credit Suisse”	Credit Suisse (Hong Kong) Limited, a registered institution under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving the Specific Mandate and the allotment and issue of the Subscription Shares
“Framework Agreement”	the conditional framework agreement dated 17th November 2009 entered into between the Company and CIC in relation to the subscription of 3,108,163,054 new Shares and possible establishment of the JV Company, each subject to the terms and conditions contained therein
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“JV Company”	the joint venture company proposed to be established by the Company and CIC pursuant to the Framework Agreement
“Listing Committee”	the listing sub-committee of the board of the directors of the Stock Exchange
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“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 30th June 2009
“Securities”	Shares or other securities convertible or exchangeable into Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“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 nominal value of HK\$0.10 each
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Subscription Shares pursuant to the Subscription
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	a wholly-owned subsidiary of CIC
“Subscription”	the subscription of the Subscription Shares by CIC through the Subscriber pursuant to the Framework Agreement at the Subscription Price
“Subscription Price”	HK\$1.79 per Subscription Share
“Subscription Share(s)”	3,108,163,054 new Shares in aggregate proposed to be issued by the Company to the Subscriber
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 18th November 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, Mr. Tong Yee Ming and Mr. Zhu Yu Feng 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.