

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in GCL-Poly Energy Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).



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)

CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



First Shanghai Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A notice of the EGM to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 5 February 2010, at 10:00 a.m. is set out on pages 32 to 33 of this circular. Whether or not you are able to attend the EGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

19 January 2010

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	10
Letter from First Shanghai	12
Appendix I – General Information	20
Notice of the EGM	32

DEFINITIONS

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

“Annual Cap”	the maximum aggregate annual value for the continuing connected transactions under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement, details of which are set out in the section headed “Annual Cap” of this circular
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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
“Continuing Connected Transactions”	the transactions contemplated under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of, <i>inter alia</i> , approving the Continuing Connected Transactions including the Annual Cap
“First Shanghai” or “Independent Financial Adviser”	First Shanghai Capital Limited, a licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Jinshanqiao Steam Supply Agreement and Xuzhou Steam Supply Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Company formed to consider and advise the Independent Shareholders in respect of the terms of the Continuing Connected Transactions including the Annual Cap
“Independent Shareholders”	Shareholders other than Mr. Zhu Yu Feng, Mr. Zhu Gong Shan and their respective associates
“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
“Jinshanqiao Cogeneration Plant”	徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Company, Limited*, a company incorporated in the PRC
“Jinshanqiao Steam Supply Agreement”	the agreement dated 30 December 2009 entered into between Jinshanqiao Cogeneration Plant as the supplier and Jiangsu Zhongneng as the customer in relation to the supply of steam
“Latest Practicable Date”	14 January 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shares”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Steam Supply Agreements”	the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Xuzhou Energy Plant”	保利協鑫(徐州)再生能源有限公司 Xuzhou GCL-poly Renewable Energy Company, Limited*, a company incorporated in the PRC
“Xuzhou Price Bureau”	徐州市物價局 Xuzhou Price Bureau*, the government body for the determination of prices in Xuzhou, PRC
“Xuzhou Steam Supply Agreement”	the agreement dated 30 December 2009 entered into between Xuzhou Energy Plant as the supplier and Jiangsu Zhongneng as the customer in relation to the supply of steam
“%”	per cent.

In this circular, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB 1 to HK\$1.135, for the purposes of illustration only. No representation is made that any amount in HK\$ or RMB could have been or could be converted at the above rate or at any other rates.

* For identification only



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)

Executive Directors:

ZHU Gong Shan (*Chairman*)
SHA Hong Qiu
JI Jun
SHU Hua
YU Bao Dong
SUN Wei
TONG Yee Ming
ZHU Yu Feng

Non-executive Directors:

CHAU Kwok Man, Cliff
BAI Xiaoqing

Independent non-executive Directors:

QIAN Zhi Xin
HO Chung Tai, Raymond
XUE Zhong Su
YIP Tai Him

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Place of business in Hong Kong:

Suites 3601-4, Two Exchange Square
8 Connaught Road Central
Hong Kong

19 January 2010

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

On 30 December 2009, the Board announced that Jiangsu Zhongneng, an indirect wholly-owned subsidiary of the Company, on the same date entered into the Jinshanqiao Steam Supply Agreement with Jinshanqiao Cogeneration Plant and the Xuzhou Steam Supply Agreement with Xuzhou Energy Plant respectively. The Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement are collectively known as the Steam Supply Agreements.

LETTER FROM THE BOARD

Mr. Zhu Yu Feng, an executive Director, indirectly owns the entire equity interest in Jinshanqiao Cogeneration Plant. Xuzhou Energy Plant is owned as to 75% indirectly by Mr. Zhu Yu Feng and 25% by a trust of which both Mr. Zhu Gong Shan (an executive Director and father of Mr. Zhu Yu Feng) and Mr. Zhu Yu Feng together with Mr. Zhu Gong Shan's family are beneficiaries. Thus, both Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant are associates of Mr. Zhu Yu Feng and connected persons to the Company pursuant to Rule 14A.11 of the Listing Rules. As such, any transactions contemplated under the Steam Supply Agreements will therefore constitute non-exempt continuing connected transactions for the Company.

The purpose of this circular is to provide you with (i) further information in respect of the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement; (ii) the letter from First Shanghai containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee in relation to the Steam Supply Agreements and the Annual Cap; and (iv) a notice convening the EGM at which ordinary resolutions will be proposed to seek your approval of the Steam Supply Agreements including the Annual Cap.

JINSHANQIAO STEAM SUPPLY AGREEMENT

Pursuant to a steam supply agreement dated 27 April 2009 ("Previous Steam Supply Agreement") entered into between Jiangsu Zhongneng (an indirect wholly-owned subsidiary of the Company) and Jinshanqiao Cogeneration Plant, Jinshanqiao Cogeneration Plant agreed to supply and Jiangsu Zhongneng agreed to purchase steam for a term of one year commencing on 1 January 2009. As such agreement was due to expire on 31 December 2009, Jiangsu Zhongneng entered into the Jinshanqiao Steam Supply Agreement with Jinshanqiao Cogeneration Plant for steam supply for a term of one year from 1 January 2010 to 31 December 2010 on 30 December 2009.

The principal terms of the Jinshanqiao Steam Supply Agreement are summarised as follows:

(a) Date

30 December 2009

(b) Parties

Supplier: Jinshanqiao Cogeneration Plant

Customer: Jiangsu Zhongneng

(c) Subject matter

Jinshanqiao Cogeneration Plant has agreed to supply and Jiangsu Zhongneng has agreed to purchase steam at a maximum volume of 355 tonnes per hour for the period between 1 January 2010 to 31 December 2010. The steam price is RMB180 per tonne, to be payable monthly in arrears. The steam price under the Previous Steam Supply Agreement is RMB200 per tonne, which has been adjusted to RMB180 per tonne since 1 October 2009.

LETTER FROM THE BOARD

(d) Basis of Consideration

The current steam supply price of RMB180 per tonne is determined by arm's-length negotiation between the parties but cannot exceed the price approved by the Xuzhou Price Bureau. Any change to the steam supply price in future is subject to the application and approval by the Xuzhou Price Bureau.

XUZHOU STEAM SUPPLY AGREEMENT

In anticipation that Jinshanqiao Cogeneration Plant cannot meet its 2010 estimated steam consumption, Jiangsu Zhongneng entered into the Xuzhou Steam Supply Agreement with Xuzhou Energy Plant on 30 December 2009 whereby Xuzhou Energy Plant agreed to supply steam to Jiangsu Zhongneng for a term of one year from 1 January 2010 to 31 December 2010.

The principal terms of the Xuzhou Steam Supply Agreement are summarised as follows:

(a) Date

30 December 2009

(b) Parties

Supplier: Xuzhou Energy Plant

Customer: Jiangsu Zhongneng

(c) Subject matter

Xuzhou Energy Plant has agreed to supply and Jiangsu Zhongneng has agreed to purchase steam at a volume of 50-60 tonnes per hour for the period between 1 January 2010 to 31 December 2010. The steam price is RMB200 per tonne, to be payable monthly in arrears.

(d) Basis of Consideration

The current steam supply price of RMB200 per tonne is determined by arm's-length negotiation between the parties but cannot exceed the price approved by the Xuzhou Price Bureau. Any change to the steam supply price in future is subject to the application and approval by the Xuzhou Price Bureau.

The reasons for the difference between the unit steam supply price under the Xuzhou Steam Supply Agreement and that under the Jinshanqiao Steam Supply Agreement are: (i) as Xuzhou Energy Plant is an incineration power plant, the cost of steam production is generally higher than that of cogeneration power plants such as Jinshanqiao Cogeneration Plant; and (ii) the bulk purchase from Jinshanqiao Cogeneration Plant is justified for a lower unit price.

LETTER FROM THE BOARD

ANNUAL CAP

The Annual Cap for the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement will be as follows:

	For the financial year ending 31 December 2010 (RMB)
Jinshanqiao Steam Supply Agreement	504,900,000
Xuzhou Steam Supply Agreement	<u>49,500,000</u>
	554,400,000 (equivalent to approximately <u>HK\$629,244,000</u>)

Under the Previous Steam Supply Agreement, an amount of approximately RMB262,600,000 steam has been purchased by Jiangsu Zhongneng from Jinshanqiao Cogeneration Plant for the year from 1 January 2009 to 31 December 2009. The 2009 annual cap between Jiangsu Zhongneng and Jinshanqiao Cogeneration Plant was RMB300,000,000.

The Annual Cap was calculated after taking into account of (i) the current approved steam price of RMB180 per tonne (for Jinshanqiao Steam Supply Agreement) and RMB200 per tonne (for Xuzhou Steam Supply Agreement) by Xuzhou Price Bureau respectively. Steam price charged by Jinshanqiao Cogeneration Plant from 1 January to 30 September 2009 was RMB200 per tonne and RMB180 per tonne from 1 October 2009 to 31 December 2009; (ii) the maximum steam supply volume under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement; (iii) the anticipated steam price movement in the PRC; and (iv) the estimated consumption of steam by Jiangsu Zhongneng.

INFORMATION OF THE PARTIES TO THE STEAM SUPPLY AGREEMENTS

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.

Jiangsu Zhongneng's principal business operations involve the manufacture and sale of polysilicon and wafers.

Jinshanqiao Cogeneration Plant is principally engaged in the operation of cogeneration power plants and the sale of electricity and steam. Mr. Zhu Yu Feng, an executive Director indirectly owns the entire equity interest in Jinshanqiao Cogeneration Plant.

LETTER FROM THE BOARD

Xuzhou Energy Plant is principally engaged in the operation of incineration power plant and the sale of electricity and steam. Xuzhou Energy Plant is owned as to 75% indirectly by Mr. Zhu Yu Feng and 25% by a trust of which both Mr. Zhu Gong Shan (an executive Director) and Mr. Zhu Yu Feng together with Mr. Zhu Gong Shan's family are beneficiaries.

REASON FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

The Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement were entered into in the usual and ordinary course of the Group's business. During the manufacturing process of Jiangsu Zhongneng, steam is required as part of its production process. The terms of the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement were negotiated based on normal commercial terms, and the steam supply price was determined following arm's length negotiation.

As such, the Directors (including the independent non-executive Directors) believe that the transactions under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EGM

The EGM will be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:00 a.m. on Friday, 5 February 2010 to consider and, if thought fit, to approve the Steam Supply Agreements including the Annual Cap.

A notice convening the EGM is set out on pages 32 to 33 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM if you so wish.

In accordance with Rule 14A.18 of the Listing Rules, the vote of the Independent Shareholders taken at the EGM to approve the Steam Supply Agreements including the Annual Cap will be taken by poll. Any connected person (as defined in the Listing Rules) of the Company having any material interest in the Continuing Connected Transactions, and any Shareholder with a material interest in the Continuing Connected Transactions and associates thereof will abstain from voting. Accordingly, Mr. Zhu Yu Feng, Mr. Zhu Gong Shan and their respective associates and parties acting in concert with them (who held 6,160,502,609 Shares, i.e. approximately 39.82% of the entire issued share capital of the Company as at the Latest Practicable Date) will abstain from voting. The voting results will be announced after the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Independent Board Committee has been appointed by the Board to consider and advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Steam Supply Agreements including the Annual Cap.

First Shanghai has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Steam Supply Agreements including the Annual Cap. First Shanghai considers that (i) the Continuing Connected Transactions under the Steam Supply Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company; and (ii) the terms of the Steam Supply Agreements including the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. The text of the letter of the advice from First Shanghai containing its recommendation and the principal factors it has taken into account in arriving at its recommendation are set out on pages 12 to 19 of this circular.

The Independent Board Committee, having taken into account the advice of First Shanghai, considers that the entering into of the Steam Supply Agreements and the transactions contemplated thereunder are in ordinary and usual course of business of the Company, and the terms of the Steam Supply Agreements including the Annual Cap are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends that the Independent Shareholders vote in favour of the ordinary resolutions set out in the notice of the EGM to approve the Steam Supply Agreements including the Annual Cap. The full text of the letter from the Independent Board Committee is set out on pages 10 to 11 of this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the advice of the Independent Board Committee set out on pages 10 to 11 in this circular and the letter of advice from First Shanghai to the Independent Board Committee and the Independent Shareholders set out on pages 12 to 19 in this circular.

Your attention is also drawn to the general information of the Group contained in Appendix I to this circular.

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



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)

To the Independent Shareholders

19 January 2010

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to this circular dated 19 January 2010 issued by the Company to its Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in this circular shall have the same meanings when used in this letter.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the entering into the Steam Supply Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and the terms of which are on normal commercial terms, and including the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned. None of the members of the Independent Board Committee have any direct or indirect interest in the Steam Supply Agreements. In addition, First Shanghai has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Steam Supply Agreements and the Annual Cap.

We wish to draw your attention to (i) the letter of advice from First Shanghai as set out on pages 12 to 19 of this circular; and (ii) the letter from the Board as set out on pages 4 to 9 of this circular, which set out information relating to, and the reasons for and benefits of the Continuing Connected Transactions.

As the Company's independent Directors, we have discussed with the management of the Company the reasons for and benefits of the Steam Supply Agreements and the basis upon which their terms have been determined. We have considered the factors and reasons considered by, and the opinions and recommendations of, First Shanghai as set out on pages 12 to 19 of this circular. We concur with the view of First Shanghai that the entering into of the Steam Supply Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and the terms of which are on normal commercial terms, and including the Annual Cap are fair and reasonable as far as

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders vote in favour of the ordinary resolutions approving the Steam Supply Agreements and the Annual Cap to be proposed at the EGM.

Yours faithfully,
For and on behalf of the
Independent Board Committee

QIAN Zhi Xin

Raymond HO Chung Tai

XUE Zhong Su

YIP Tai Him

Independent non-executive Directors

LETTER FROM FIRST SHANGHAI

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai in relation to the Steam Supply Agreements and the proposed Annual Cap for the purpose of incorporation in this circular.



FIRST SHANGHAI CAPITAL LIMITED

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

19 January 2010

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders on the terms of the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement and the transactions contemplated thereunder including the Annual Cap for the period from 1 January 2010 to 31 December 2010, details of which are set out in the circular of the Company dated 19 January 2010 (the "Circular") to the Shareholders of which this letter forms a part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Jinshanqiao Cogeneration Plant was owned entirely and indirectly by Mr. Zhu Yu Feng, an executive Director; and Xuzhou Energy Plant was owned as to 75% indirectly by Mr. Zhu Yu Feng and 25% by a trust of which both Mr. Zhu Gong Shan, an executive Director, and Mr. Zhu Yu Feng together with Mr. Zhu Gong Shan's family are beneficiaries. Accordingly, Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant are connected persons of the Company (as defined in the Listing Rules) and the transactions contemplated under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement constitute continuing connected transactions for the Company under the Listing Rules. The Continuing Connected Transactions constitute non-exempt continuing connected transactions of the Company and are subject to, among others, approval by the Independent Shareholders by way of poll at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Messrs. Qian Zhi Xin, Ir Dr. Raymond Ho Chung Tai, Xue Zhong Su and Yip Tai Him, has been established to advise the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Steam Supply Agreements and the Annual

LETTER FROM FIRST SHANGHAI

Cap. We, First Shanghai Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Group, and have assumed that all such information and representations made or referred to in the Circular and provided to us by the management of the Group were true at the time they were made and continued to be true up to the time of the holding of the EGM. We have also assumed that all statements of belief, opinion and intention made in the Circular were reasonably made after due enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Group and have been advised that no material facts have been withheld or omitted from the information provided and referred to in the Circular. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the management of the Group nor have we conducted any form of investigation into the business, affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the terms of the Steam Supply Agreements and the Annual Cap, we have taken into account the following principal factors and reasons:

1. Background to and reasons for the entering into of the Steam Supply Agreements

The Group is 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.

On 3 June 2009, the Group entered into two sale and purchase agreements pursuant to which the Group has conditionally agreed to acquire, among others, the entire equity interest of Jiangsu Zhongneng (the "Acquisition"), details of which are contained in the announcement of the Company dated 22 June 2009 and the circular of the Company dated 30 June 2009. Jiangsu Zhongneng's principal business operations involve the manufacture and sale of polysilicon and wafers. The Acquisition, among others, was approved by the then independent Shareholders at the extraordinary general meeting of the Company held on 16 July 2009.

The completion (the "Completion") of the Acquisition took place on 31 July 2009 and Jiangsu Zhongneng became an indirect wholly-owned subsidiary of the Company. Prior to the Completion, Jiangsu Zhongneng entered into a steam supply agreement with Jinshanqiao Cogeneration Plant dated 27 April 2009 (the "Previous Steam Supply Agreement"), pursuant to which Jinshanqiao Cogeneration Plant agreed to supply and Jiangsu Zhongneng agreed to purchase steam for the year ended 31 December 2009. Details of the Previous Steam Supply Agreement are

LETTER FROM FIRST SHANGHAI

contained in the announcement of the Company dated 3 August 2009. As the Previous Steam Supply Agreement has expired on 31 December 2009 and it is expected that Jinshanjiao Cogeneration Plant is not able to meet the expected steam consumption of Jiangsu Zhongneng for the year ending 31 December 2010, Jiangsu Zhongneng entered into the Jinshanjiao Steam Supply Agreement with Jinshanjiao Cogeneration Plant and the Xuzhou Steam Supply Agreement with Xuzhou Energy Plant, pursuant to which Jinshanjiao Cogeneration Plant and Xuzhou Energy Plant agreed to supply steam to Jiangsu Zhongneng for the year ending 31 December 2010.

Having considered that Jiangsu Zhongneng requires steam as part of its production process during the polysilicon manufacturing process, and the entering into of the Steam Supply Agreements will enable Jiangsu Zhongneng to secure supply of steam from Jinshanjiao Cogeneration Plant and Xuzhou Energy Plant for the year ending 31 December 2010, we consider the entering into of the Steam Supply Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Steam Supply Agreements

Volume of steam under the Steam Supply Agreements

Pursuant to the terms of the Jinshanjiao Steam Supply Agreement, Jinshanjiao Cogeneration Plant agreed to supply and Jiangsu Zhongneng agreed to purchase steam at a maximum volume of 355 tonne per hour (the "Jinshanjiao Volume") for the year ending 31 December 2010. Pursuant to the terms of the Xuzhou Steam Supply Agreement, Xuzhou Energy Plant agreed to supply and Jiangsu Zhongneng agreed to purchase steam at a volume of 50-60 tonne per hour (the "Xuzhou Volume") for the year ending 31 December 2010.

In analysing the Jinshanjiao Volume and the Xuzhou Volume, we have discussed with the management of the Group the bases in arriving at the Jinshanjiao Volume and the Xuzhou Volume and understand that they were determined principally based on the expected steam generation capacities of Jinshanjiao Cogeneration Plant and Xuzhou Energy Plant for the year ending 31 December 2010, respectively. Having considered that the Jinshanjiao Volume and the Xuzhou Volume, being the maximum volume of steam that would be purchased by Jiangsu Zhongneng from each of Jinshanjiao Cogeneration Plant and Xuzhou Energy Plant, respectively, are determined principally based on their respective expected steam generation capacity for the year ending 31 December 2010 which provide flexibility for Jiangsu Zhongneng to purchase steam from Jinshanjiao Cogeneration Plant and Xuzhou Energy Plant so as to maintain the continuous production process of Jiangsu Zhongneng, we consider that the Jinshanjiao Volume and the Xuzhou Volume are reasonable.

LETTER FROM FIRST SHANGHAI

Pricing and payment term under the Steam Supply Agreements

As set out in the letter from the Board to the Circular, the steam prices payable by Jiangsu Zhongneng to Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant of RMB180 per tonne and RMB200 per tonne, respectively, are determined by arm's-length negotiation between the parties to the Steam Supply Agreements which have not exceeded the approved price by the Xuzhou Price Bureau. We are advised that (i) Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant are the only two steam suppliers located near Jiangsu Zhongneng which can supply steam to it; and (ii) any change to the steam supply price above the approved price is subject to the application and approval by the Xuzhou Price Bureau. As stated in the letter from the Board to the Circular, the current unit steam price under the Jinshanqiao Steam Supply Agreement is lower than that of the Xuzhou Steam Supply Agreement, which is mainly attributable to (i) the cost of steam production for cogeneration power plants such as Jinshanqiao Cogeneration Plant is lower than that of incineration power plants such as Xuzhou Energy Plant; and (ii) the bulk purchase of steam from Jinshanqiao Cogeneration Plant.

As mentioned in the section headed "Background to and reasons for the entering into of the Steam Supply Agreements" above, it is expected that Jinshanqiao Cogeneration Plant is not able to meet the estimated steam consumption of Jiangsu Zhongneng for the year ending 31 December 2010, and accordingly, Jiangsu Zhongneng will also purchase steam from Xuzhou Energy Plant pursuant to the Xuzhou Steam Supply Agreement for the year ending 31 December 2010. However, given the steam price under the Jinshanqiao Steam Supply Agreement is lower than that under the Xuzhou Steam Supply Agreement, we are advised that Jinshanqiao Cogeneration Plant will be the main steam supplier of Jiangsu Zhongneng for the year ending 31 December 2010. In addition, we are also advised that Xuzhou Energy Plant has not sold steam to independent third party.

In assessing the fairness and reasonableness on the steam prices payable by Jiangsu Zhongneng under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement, we (i) have reviewed steam supply agreements entered into between Jinshanqiao Cogeneration Plant and independent third parties, and noted that the steam price charged is higher than that of the Jinshanqiao Steam Supply Agreement and comparable to that of the Xuzhou Steam Supply Agreement; (ii) have reviewed the approved price issued by the Xuzhou Price Bureau and noted that the current steam prices under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement have not exceeded the approved price; and (iii) have also discussed with the management of the Group on the current steam price under the Xuzhou Steam Supply Agreement, which is higher than that under the Jinshanqiao Steam Supply Agreement, and consider that it is reasonable for the current steam price under the Jinshanqiao Steam Supply Agreement being lower than the same under the Xuzhou Steam Supply Agreement given Jiangsu Zhongneng is expected to purchase steam in bulk from Jinshanqiao Cogeneration Plant for the year ending 31 December 2010.

LETTER FROM FIRST SHANGHAI

Regarding the payment term, according to the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement, the amounts payable by Jiangsu Zhongneng for the steam purchased shall be settled monthly in arrears. After our discussion with the management of the Group, and reviewing of the steam supply agreements entered into between Jinshanqiao Cogeneration Plant and independent third parties and power purchase agreement entered into between Xuzhou Energy Plant and independent third party, we noted that the payment terms offered by Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant to independent third parties are comparable to those under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement.

Based on the above analysis, we are of the view that the steam prices under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement, which (i) have not exceeded the approved price by the Xuzhou Price Bureau; (ii) are no less favourable than the prices offered to independent third parties; and (iii) the lower steam price under the Jinshanqiao Steam Supply Agreement compared with that of the Xuzhou Steam Supply Agreement is reasonable as Jiangsu Zhongneng is expected to purchase steam in bulk from Jinshanqiao Cogeneration Plant, are fair and reasonable and on normal commercial terms. We are also of the view that the payment terms under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement, which are comparable to those offered by Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant to independent third parties, are fair and reasonable and on normal commercial terms.

3. Annual Cap

The following is a summary of the amount of steam purchased by Jiangsu Zhongneng from Jinshanqiao Cogeneration Plant for the year ended 31 December 2009 and the Annual Cap for purchase of steam by Jiangsu Zhongneng under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement for year ending 31 December 2010:

	Actual purchase for the year ended 31 December 2009 (RMB million)	Annual Cap for the year ending 31 December 2010 (RMB million)
Jinshanqiao Cogeneration Plant	262.6	504.9
Xuzhou Energy Plant	—	49.5
	262.6	554.4

LETTER FROM FIRST SHANGHAI

As set out in the letter from the Board to the Circular, the Annual Cap for the purchase of steam under the Steam Supply Agreements for the year ending 31 December 2010 was determined after taking into account of (i) the current steam price of RMB180 per tonne and of RMB200 per tonne under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement, respectively; (ii) the maximum steam supply volume under the Steam Supply Agreements; and (iii) the anticipated steam price movement in the PRC; and (iv) the estimated consumption of steam by Jiangsu Zhongneng.

In evaluating the Annual Cap under the Steam Supply Agreements, we have discussed with the management of the Group the bases in arriving at the Annual Cap for purchase of steam under the Steam Supply Agreements and understand that it was determined principally based on (i) the expected polysilicon production volume of Jiangsu Zhongneng for the year ending 31 December 2010; (ii) the relevant volume of steam required; and (iii) the price of steam under the Steam Supply Agreements.

To assess the fairness and reasonableness of the Annual Cap, we have reviewed (i) the historical volume of polysilicon produced by and the steam consumed by Jiangsu Zhongneng for the year ended 31 December 2009; (ii) the average volume of steam consumed for each unit of polysilicon produced by Jiangsu Zhongneng for the year ended 31 December 2009; and (iii) the expected polysilicon production volume of and the steam expected to be consumed by Jiangsu Zhongneng for the year ending 31 December 2010 assuming the average volume of steam consumed for each unit of polysilicon produced by Jiangsu Zhongneng would remain stable. We noted that the management of the Group anticipated that the expected polysilicon production volume of Jiangsu Zhongneng for the year ending 31 December 2010 would increase compared with the same in 2009, and the purchase of steam by Jiangsu Zhongneng is expected to increase from RMB262.6 million consumed for the year ended 31 December 2009 to the Annual Cap of RMB554.4 million for the year ending 31 December 2010. In evaluating the expected polysilicon production volume of Jiangsu Zhongneng for the year ending 31 December 2010, we have reviewed the announcement of the Company dated 10 November 2009 in relation to the polysilicon production volume of Jiangsu Zhongneng for the first three quarters of 2009 and discussed with the management of the Group on the expected growth of the polysilicon production volume of Jiangsu Zhongneng. We noted that the polysilicon production volume of Jiangsu Zhongneng for the first three quarters of 2009 was 4,266 metric tonnes ("MT"), representing an increase of 248% from the same period in last year, and the polysilicon production volume of Jiangsu Zhongneng for the third quarter of 2009 also increased by approximately 253% from the same period in last year and approximately 68.9% from the second quarter of 2009. Having considered (i) the historical growth of the polysilicon production volume of Jiangsu Zhongneng; and (ii) providing flexibility for Jiangsu Zhongneng to purchase steam from Jinshanqiao Cogeneration Plant and Xuzhou Energy Plant to maintain its continuous polysilicon production process, we consider the expected volume of steam to be purchased by Jiangsu Zhongneng for the year ending 31 December 2010 in arriving at the Annual Cap is reasonable.

LETTER FROM FIRST SHANGHAI

The steam prices used in arriving at the Annual Cap are based on the terms of the Steam Supply Agreements which we have discussed in the section headed "Pricing and payment term under the Steam Supply Agreements" above and consider reasonable.

Based on the above analysis, we are of the view that the Annual Cap is reasonably determined. The Continuing Connected Transactions are subject to annual review by the independent non-executive Directors and the Company's auditors, detail requirements are set out in the section headed "Reporting requirements and conditions of the Continuing Connected Transactions" below. Such annual review shall safeguard the interests of the Independent Shareholders.

4. Reporting requirements and conditions of the Continuing Connected Transactions

Pursuant to Listing Rules 14A.37 to 14A.40, the Continuing Connected Transactions are subject to the following annual review requirements:

- (i) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:
 - (a) in the ordinary and usual course of business of the Group;
 - (b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Continuing Connected Transactions:
 - (a) have received the approval of the Board;
 - (b) are in accordance with the pricing policies of the Group;
 - (c) have been entered into in accordance with the relevant agreements governing the Continuing Connected Transactions; and
 - (d) have not exceeded the Annual Cap;

LETTER FROM FIRST SHANGHAI

- (iii) the Group shall allow, and shall procure that the relevant counterparties to the Continuing Connected Transactions shall allow, the auditors of the Company sufficient access to their records for the purpose of reporting on the Continuing Connected Transactions as set out in paragraphs (ii); and
- (iv) the Group shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or the auditors of the Company will not be able to confirm the matters set out in paragraphs (i) and/or (ii) respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Cap; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Continuing Connected Transactions and the Annual Cap not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors, we consider that the entering into of the Steam Supply Agreements and the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and the terms of which are on normal commercial terms, and including the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Continuing Connected Transactions and the Annual Cap.

Yours faithfully,
For and on behalf of

First Shanghai Capital Limited

Helen Zee
Managing Director

Fanny Lee
Deputy Managing Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO); or (b) to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (the "Model Code") were as follows:

Long position in shares/underlying shares of the Company

Name of Directors/ Chief Executive	Number of ordinary Shares		Number of underlying shares held under equity derivates	Total	Percentage of issued share capital
	Corporate interests	Personal interest			
Zhu Gong Shan	5,012,343,327 <i>(note 1, 2)</i>	–	118,395,719 <i>(note 2)</i>	5,130,739,046	33.16
Sha Hong Qiu	–	–	3,360,000 <i>(note 3)</i>	3,360,000	0.02
Ji Jun	–	–	3,000,000 <i>(note 3)</i>	3,000,000	0.02
Shu Hua	–	–	3,000,000 <i>(note 3)</i>	3,000,000	0.02

Name of Directors/ Chief Executive	Number of ordinary Shares		Number of underlying shares held under equity derivates	Total	Percentage of issued share capital
	Corporate interests	Personal interest			
Yu Bao Dong	19,832,032 <i>(note 4)</i>	–	3,000,000 <i>(note 3)</i>	22,832,032	0.15
Sun Wei	2,843,000	–	3,000,000 <i>(note 3)</i>	5,843,000	0.04
Tong Yee Ming	–	–	1,200,000 <i>(note 3)</i>	1,200,000	0.01
Zhu Yu Feng	5,012,343,327 <i>(note 1)</i>	–	1,000,000 <i>(note 3)</i>	5,013,343,327	32.40

Notes:

1. The interests of Mr. Zhu Gong Shan are held by Highexcel Investments Limited and Happy Genius Holdings Limited, both of which are indirectly wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan and his family, including Mr. Zhu Yu Feng, the son of Mr. Zhu Gong Shan and a Director.
2. Mr. Zhu Gong Shan is also the director and the beneficial owner of Get Famous Investments Limited (“Get Famous”), which entered into the sale and purchase agreement dated 11 August 2008 as vendor with a subsidiary of the Company as purchaser. Upon the completion of the said agreement, Get Famous or its nominee will receive the convertible notes to be issued by the Company of a total amount not more than RMB127,936,000 (equivalent to approximately HK\$145,847,000). Get Famous or its nominee has the right to convert any part of the principal amount of the convertible notes into Shares at a conversion price of HK\$1.230 (subject to adjustment) per Share.
3. These are share options granted by the Company to the Directors under the pre-IPO share option scheme and share option scheme, both schemes being adopted by the Shareholders on 22 October 2007. Such share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 15 February 2019 at an exercise price of HK\$4.10 and HK\$0.59 respectively.
4. Mr. Yu Bao Dong is the ultimate beneficial owner of Bonus Billion Group Limited and Joy Big Holdings Limited. Bonus Billion Group Limited and Joy Big Holdings Limited owns 6,108,934 Shares and 13,723,098 Shares respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the

SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

- (i) As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other member of the Group:

Long Position in the shares and underlying Shares of the Company

Name	Note	Capacity/ nature of interest	Number of shares/ underlying Shares held	Percentage of issued share capital
Asia Pacific Energy Fund Limited	1	Interest in a controlled corporation	5,012,343,327	32.40
D. E. Shaw & Co. II, Inc.	2, 3	Party to an agreement	9,604,731,820	62.08
Mandra Materials Limited	4	Beneficial interest	857,693,644	5.54
VMS Investment Group Limited	5, 3	Party to an agreement	8,943,845,688	57.81
Chengdong Investment Corporation		Beneficial interest	3,108,163,054	20.09
Milestone Silicon Limited	6, 3	Party to an agreement	9,926,169,535	64.16
Investec 1 Limited	7, 3	Party to an agreement	9,926,169,535	64.16

Notes:

1. The interests of Mr. Zhu Gong Shan are held by Highexcel Investments Limited and Happy Genius Holdings Limited, both of which are indirectly wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan and his family, including Mr. Zhu Yu Feng, the son of Mr. Zhu Gong Shan and a Director.
2. Mr. David Elliot Shaw, who indirectly owns the entire interest of D. E. Shaw & Co. II, Inc, which holds indirectly the entire interest/controls D. E. Shaw Composite Investments Asia 5 (Cayman) Limited, D. E. Shaw Composite Portfolios, L.L.C. D. E. Shaw Valence Portfolios, L.L.C, is deemed to be interested in Shares held by these companies.
3. D. E. Shaw Composite Investments Asia 5 (Cayman) Limited and D. E. Shaw Composite Portfolios, L.L.C, together with other vendors entered into a sale and purchase agreement dated 3 June 2009 to sell their interests in GCL Solar Energy Technology Holdings Inc. to the Company for an aggregate of 9,051,242,615 new Shares. Upon completion on 31 July 2009, the vendors (other than Happy Genius Investments Limited and two members of the vendors) entered into a lock-up agreement in favour of the Company undertaking to have their consideration shares locked up for a period of 180 days after the closing.
4. Mr. Zhang Songyi is deemed to have an interest in 961,134,083 Shares held by Mandra Materials Limited and Mandra Esop Limited. Mandra Materials Limited and Mandra Esop Limited are beneficially owned by Mr. Zhang Songyi and his family. Mandra Materials Limited, Mandra Esop Limited and Mandra Silicon Limited hold 857,693,644, 103,440,439 and 187,025,199 Shares respectively, are deemed to be parties acting in concert with Mr. Zhu Gong Shan. 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).
5. Ms. Mak Siu Hang, Viola, who through VMS Investment Group Limited, indirectly owns both the entire interest of Faith Rise Limited and Star Right Limited and more than 50% interest in Sun Ally Holdings Limited, is deemed to be interested in 352,712,170 Shares. Faith Rise Limited, Star Right Limited and Sun Ally Holdings Limited are members of the vendors as mentioned in note 3 above. Faith Rise Limited, Star Right Limited and Sun Ally Holdings Limited hold 202,173,387, 12,800,000 and 137,738,783 Shares respectively.
6. Milestone Silicon Limited, beneficially interested in 303,260,142 Shares, is one of the members of the vendors as mentioned in note 3 above.
7. Investec 1 Limited, through Guinness Mahon & Co. Ltd, is deemed interested in 202,173,387 Shares. Guinness Mahon & Co. Ltd. is one of the members of the vendors as mentioned in note 3 above.

- (ii) As at the Latest Practicable Date, the following entities were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Long Position in shares/registered capital of the members of the Group

Name of member of the Group	Name of Shareholder(s)	Capacity/nature of interest	Contributed registered capital (RMB unless otherwise stated)	Percentage of registered capital
Fengxian Xinyuan Biological Environmental Protection Cogen-Power Co., Ltd.	江蘇金馬房地產有限公司 (Jiangsu Jinma Property Co. Ltd.*)	Beneficial owner	32,340,000	49
Funing Golden Concord Environmental Protection Co-generation Co., Ltd.	江蘇省國神風電成套設備有限公司 (Jiangsu Guoshen Wind Power Facility Co., Ltd.*)	Beneficial owner	US\$1,200,000	15
	博騰國際投資貿易有限公司 (Broadsino Investment Company Limited)	Beneficial owner	US\$1,600,000	20
Haimen Xinyuan Environmental Protection Co-Generation Co., Ltd.	江蘇電力發展股份有限公司 (Jiangsu Electric Development Co. Ltd.*)	Beneficial owner	US\$2,320,000	29
	江蘇通供集體資產營運中心 (Jiangsu Tong Gong Holding Asset Co Ltd.*)	Beneficial owner	US\$1,600,000	20
Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.	蘇州鑫圓資產投資有限公司 (Suzhou Xinyuan Asset Investments Co. Ltd.*)	Beneficial owner	29,050,000	25

Name of member of the Group	Name of Shareholder(s)	Capacity/nature of interest	Contributed registered capital (RMB unless otherwise stated)	Percentage of registered capital
	昆山高科技有限公司 (Kunshan Technology Co., Ltd.*)	Beneficial owner	16,268,000	14
Yangzhou Harbour Sludge Cogen-Power Co., Ltd.	揚州廣源集團有限公司 Yangzhou Guangyuan Holdings Co. Ltd.*)	Beneficial owner	US\$3,094,960	22
	江蘇電力發展股份有限公司 (Jiangsu Electric Development Co. Ltd.*)	Beneficial owner	US\$3,094,960	22
Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.	中新蘇州工業園區市政公用發展集團有限公司 (Zhongxin Suzhou Industrial Park Municipal Public Utility Development Holding Co. Ltd.*)	Beneficial owner	90,000,000	30
	蘇州蘇鑫資產投資有限公司 (Suzhou Suxin Asset Investments Co. Ltd.*)	Beneficial owner	57,000,000	19
Xuzhou Baoxin Sludge Power Co., Ltd.	華潤天能(徐州)煤電有限公司 (China Resources Tianneng Xuzhou Coal & Power Co., Ltd.*)	Beneficial owner	23,808,000	24

* For identification only

Save as aforesaid, so far as is known to any Directors or chief executive of the Company, as at the Latest Practicable Date, no other person (who is not a Director or chief executive of the Company) had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or

which were recorded in the register kept by the Company under section 336 of the SFO or, who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

Save for Mr. Zhu Gong Shan, Mr. Zhu Yu Feng, Mr. Chau Kwok Man and Ms. Bai Xiaoqing, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its holding company) or beneficiaries of a trust, the trustee of which had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which was not determinable within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTERESTS IN THE COMPANY AND ITS SUBSIDIARIES' ASSETS OR CONTRACTS

- (a) Mr. Zhu Gong Shan, being one of the Directors, is the legal and beneficial owner of the entire issued share capital of Get Famous, which entered into a sale and purchase agreement dated 11 August 2008 (as amended) as vendor with a subsidiary of the Company as purchaser in relation to the acquisition of a 55% equity interest in Duolun Coal Mine and the increase in registered capital of the project company of Duolun Coal Mine. Upon the completion of such agreement, Get Famous or its nominee will receive the convertible notes to be issued by the Company of a total amount not more than RMB127,936,000. Get Famous or its nominee has the right to convert any part of the principal amount of the convertible notes into Shares at a conversion price of HK\$1.230 (subject to adjustment). If Get Famous exercises all the principal amount of the convertible notes, a total of 118,395,719 Shares will be converted. Up to the date of this circular, the agreement has not been completed and no convertible notes have been issued by the Company.
- (b) On 3 June 2009, the Company entered into two sale and purchase agreements to purchase the entire equity interest in Jiangsu Zhongneng and its subsidiaries for a total consideration which consists of issuing 10,039,772,727 Shares, payment of US\$200 million cash and the issue of US\$350 million secured notes. Mr. Zhu Gong Shan (the controlling Shareholder and an executive Director) and his family, controls one of the vendors which has an effective interest in 66.36% equity interest in Jiangsu Zhongneng. The acquisition was completed on 31 July 2009.

As at the Latest Practicable Date, save as disclosed herein, none of the Directors had any interest in any assets which have been since 31 December 2008 (being the date to which the latest published audited consolidated accounts of the Group were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, the interests of Directors or their respective associates in businesses which are considered to compete or likely to compete, either directly or indirectly, with the businesses of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
(i) Mr. Zhu Gong Shan	Taicang Harbour Power Plant	Operation of a cogeneration plant in Taicang, Jiangsu, the PRC	44% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Nanjing Cogeneration Plant	Operation of a cogeneration plant in Nanjing, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Longgu Cogeneration Plant	Operation of a power plant in Longgu, Peixian, the PRC	59% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Guohua Taicang Power Plant	Operation of a power plant in Taicang, Jiangsu	an effective interest of 22% is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
	Lanxi Cogeneration Plant	Operation of the cogeneration power plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	25% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are among the beneficiaries
	Guangzhou Yonghe Project	The cogeneration power plant is in the pre-construction stage	Mr. Zhu Gong Shan, beneficially owns 100% interest
	Lianyungang Baoxin Biomass Cogeneration Plant	The cogeneration power plant is in the pre-construction stage	Mr. Zhu Gong Shan, beneficially owns 100% interest
(ii) Mr. Zhu Yu Feng	Taicang Harbour Power Plant	Operation of a cogeneration plant in Taicang, Jiangsu, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 31% interest. 44% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Nanjing Cogeneration Plant	Operation of a cogeneration plant in Nanjing, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and Mr. Zhu Yu Feng are among the beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
	Longgu Cogeneration Plant	Operation of a power plant in Longgu, Peixian, the PRC	59% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Lanxi Cogeneration Plant	Operation of the cogeneration power plant in Lanxi, Jiangsu Province, the PRC	100% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Guohua Taicang Power Plant	Operation of a power plant in Taicang, Jiangsu	Mr. Zhu Yu Feng, through companies controlled by him, holds an effective interest of 15.5%. An effective interest of 22% is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries
	Xuzhou Jinshanqiao Cogeneration Power Plant	Operation of the cogeneration power plant in Jinshanqiao, Xuzhou, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 100% interest.
	Xuzhou Incineration Power Plant	Operation of an incineration power plant in Xuzhou, Jiangsu Province, the PRC	Mr. Zhu Yu Feng, through companies controlled by him, holds 75% interest. 25% interest is held by a trust, of which Mr. Zhu Gong Shan and his family (including Mr. Zhu Yu Feng) are beneficiaries

Names of the Company's Directors	Name of company in which the relevant Director has interest	Principal activities of the competing company	% interest in competing company
	Dongwu Cogeneration Plant	Operation of the cogeneration power plant in Dongwu, Jiangsu Province, the PRC	Mr. ZhuYu Feng, through companies controlled by him, holds 9% interest
	Jiema Hydropower Station	Operation of the hydro-power station in Sichuan, the PRC	Mr. ZhuYu Feng, through companies controlled by him, holds 75% interest
	Inner Mongolia Ingot Plant	Ingot Plant is in the pre-construction stage	Mr. ZhuYu Feng, through companies controlled by him, holds 100% interest

The Board is independent from the boards of the above-mentioned entities and is accountable to the Shareholders. Coupled with the diligence of its independent non-executive Directors whose views carry significant weight in the Board's decisions, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of these entities.

Save as disclosed above, as at the Latest Practicable Date, in so far as the Directors were aware, none of the Directors or their respective associates had any interest in a business that competed or was likely to compete with the business of the Group.

7. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2008 (subject to the published announcements), being the date to which the latest published audited consolidated accounts of the Group were made up.

8. CONSENT OF EXPERT

The following expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or reference to its name in the form and context in which it appears:

Name	Qualification
First Shanghai Capital Limited	A licensed corporation under the SFO to carry out type 6 (advising on corporate finance) regulated activity

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which have been since 31 December 2008 (being the date to which the latest published audited consolidated accounts of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

9. GENERAL

The English text of this circular prevails over its Chinese translation in case of discrepancy.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at Suites 3601-3604, 36th Floor, Two Exchange Square, 8 Connaught Road, Central, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 5 February 2010:

- a. the memorandum and articles of association of the Company;
- b. the Jinshanqiao Steam Supply Agreement;
- c. the Xuzhou Steam Supply Agreement;
- d. the letter from Independent Board Committee, the text of which is set out on pages 10 to 11 of this circular;
- e. the letter from First Shanghai, the text of which is set out on pages 12 to 19 of this circular; and
- f. the written consent referred to under the section headed "Consent of expert" in this appendix.



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the "Meeting") of GCL-Poly Energy Holdings Limited (the "Company") will be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Friday, 5 February 2010 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification the following ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **"THAT**

- (a) the steam supply agreement ("Jinshanqiao Steam Supply Agreement") dated 30 December 2009 entered into between 江蘇中能硅業科技發展有限公司 Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd.* ("Jiangsu Zhongneng") as customer and 徐州金山橋熱電有限公司 Xuzhou Jinshanqiao Cogeneration Company, Limited* as supplier in relation to the purchase of steam, a copy of which marked "A" has been tabled before the meeting and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and the execution of which be and are hereby approved, ratified and confirmed;
- (b) the steam supply agreement ("Xuzhou Steam Supply Agreement") dated 30 December 2009 entered into between Jiangsu Zhongneng as customer and 保利協鑫(徐州)再生能源有限公司 Xuzhou GCL-Poly Renewable Energy Company, Limited* as supplier in relation to the purchase of steam, a copy of which marked "B" has been tabled before the meeting and initialed by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and the execution of which be and are hereby approved, ratified and confirmed;
- (c) the annual cap for the value of purchase of steam as stated in the circular of the Company dated 19 January 2010 under the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement for the year ending 31 December 2010 be and is hereby approved, ratified and confirmed; and

* *For identification only*

NOTICE OF THE EGM

- (d) the directors of the Company and Jiangsu Zhongneng be and are hereby generally and unconditionally authorised to do all such further acts and things and execute such further documents and take all such steps which in their opinion as may be necessary, desirable or expedient to implement and/or give effect to the Jinshanqiao Steam Supply Agreement and the Xuzhou Steam Supply Agreement the transactions contemplated thereunder.”

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

Hong Kong, 19 January 2010

Notes:

- (1) A member entitled to attend and vote at the Meeting may appoint a proxy to attend and, on a poll, vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the Meeting is enclosed.
- (2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
- (4) In the case of joint holders of a share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto. If more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) As at the date of this notice, 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. Chau Kwok Man, Cliff and Ms. Bai Xiaoqing as non-executive Directors; Mr. Qian Zhi Xin, Ir. Dr. Raymond Ho Chung Tai, Mr. Xue Zhong Su and Mr. Yip Tai Him as independent non-executive directors.