
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public 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 or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

CONTINUING CONNECTED TRANSACTIONS, REVISION OF ANNUAL CAPS AND RE-ELECTION OF DIRECTOR

**Independent financial adviser to the Independent Board Committee
and the Independent Shareholders**



工銀國際融資有限公司

ICBC INTERNATIONAL CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee is set out on pages 15 to 16 of this circular. A letter from ICBC International, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 17 to 25 of this circular.

A notice convening the EGM to be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on Wednesday, 26 November 2008 at 10:30 a.m. is set out on pages 38 to 40 of this circular.

A form of proxy for use at the EGM or any adjourned meeting is enclosed with this circular. If you are unable to attend and vote at the EGM or any adjourned meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 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 holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

10 November 2008

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DEFINITIONS

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

“Annual Caps”	the maximum aggregate annual value for each of the Continuing Connected Transactions, details of which are set out in the section headed “Annual Caps” of this circular
“Articles of Association”	articles of association of the Company, as amended from time to time
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Coal Sale Agreements”	the Nanjing Supplemental Coal Sale Agreement, the Lanxi Coal Sale Agreement and the Dongwu Coal Sale Agreement
“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 under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Coal Sale Agreements
“Controlling Shareholder”	has the same meaning ascribed to it under the Listing Rules
“Convertible Notes”	the convertible notes, in an aggregate principal amount of not exceeding RMB127,936,000 (equivalent to approximately HK\$145,847,000) to be issued by the Company to satisfy the consideration under a sale and purchase agreement dated 11 August 2008 entered into by a subsidiary of the Company as purchaser, the terms and conditions of which are set out in the announcement of the Company dated 11 August 2008
“Directors”	the directors of the Company

DEFINITIONS

“Dongwu Coal Sale Agreement”	the coal sale agreement dated 20 October 2008 entered into between Suzhou Fuel Company as vendor and Dongwu Cogeneration Plant as the purchaser in relation to the sale of blended coal
“Dongwu Cogeneration Plant”	蘇州東吳熱電有限公司(Suzhou Dongwu Cogeneration Co., Ltd.*), a company incorporated in the PRC
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Coal Sale Agreements including the Annual Caps and re-election of Director
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICBC International”	ICBC International Capital Limited, a licensed corporation to carry out regulated activities of type 1 (dealing in securities) and type 6 (advising on corporate finance) under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the terms of the Coal Sale Agreements and the transactions contemplated thereunder including the Annual Caps
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors to consider and advise the Independent Shareholders in respect of the terms of the Coal Sale Agreements including the Annual Caps
“Independent Shareholders”	Shareholders other than Mr Zhu Gong Shan, 蘇州蘇鑫資產投資有限公司 (Suzhou Suxin Asset Investments Co., Ltd*) and their respective associates
“Lanxi Coal Sale Agreement”	the coal sale agreement dated 20 October 2008 entered into between Suzhou Fuel Company as vendor and Lanxi Cogeneration Plant as the purchaser in relation to the sale of blended coal
“Lanxi Cogeneration Plant”	蘭溪協鑫環保熱電有限公司(Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd*), a company incorporated in the PRC

DEFINITIONS

“Latest Practicable Date”	5 November 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatt. One million watts. The installed capacity of power plants is generally expressed in MW
“Nanjing Supplemental Coal Sale Agreement”	the supplemental coal sale agreement dated 20 October 2008 entered into between Suzhou Fuel Company as vendor and Nanjing Cogeneration Plant as purchaser in relation to the sale of blended coal
“Nanjing Cogeneration Plant”	南京協鑫生活污泥發電有限公司(Nanjing Xiexin Life Sludge Power Co., Ltd*), a company incorporated in the PRC
“Original Nanjing Coal Sale Agreement”	the coal sale agreement dated 31 January 2007 entered into between Suzhou Fuel Company as vendor and Nanjing Cogeneration Plant as purchaser, as amended by a supplemental agreement dated 15 August 2007
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus of the Company dated 31 October 2007 in relation to the global offering
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Suzhou Fuel Company”	蘇州保利協鑫燃料有限公司 (Suzhou GCL-Poly Power Fuel Co., Ltd.*) (Now known as: 保利協鑫電力燃料有限公司 GCL-Poly Power Fuel Co., Ltd.*), a company incorporated in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of illustration only, unless otherwise specified, conversions of RMB into HK\$ in this circular are based on the approximate exchange rate of RMB1.00 to HK\$1.14. 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 purpose only*

LETTER FROM THE BOARD



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

Non-Executive Director:

TAM Chor Kiu

Independent Non-Executive Directors:

HENG Kwoo Seng

QIAN Zhi Xin

Raymond HO Chung Tai

XUE Zhong Su

Registered Office:

Cricket Square

Hutchins Drive, P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

Principal Place of Business

in Hong Kong:

Suites 3601-3604,

Two Exchange Square

8 Connaught Road Central

Hong Kong

10 November 2008

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS, REVISION OF ANNUAL CAPS AND RE-ELECTION OF DIRECTOR

INTRODUCTION

On 20 October 2008, the Board announced that Suzhou Fuel Company, an indirect wholly-owned subsidiary of the Company, on the same date entered into the Nanjing Supplemental Coal Sale Agreement with Nanjing Cogeneration Plant, the Lanxi Coal Sale Agreement with Lanxi

LETTER FROM THE BOARD

Cogeneration Plant and the Dongwu Coal Sale Agreement with Dongwu Cogeneration Plant respectively. The Nanjing Supplemental Coal Sale Agreement, the Lanxi Coal Sale Agreement and the Dongwu Coal Sale Agreement are collectively known as the “Coal Sale Agreements”.

It has come to the attention of the Company that the sale volume of the blended coal has been greater than expected, and the price of coal is expected to increase at a rate higher than that originally anticipated when the previous caps were set in 2007. For these reasons, the Company considers that the original annual caps in relation to the Original Nanjing Coal Sale Agreement are no longer sufficient and will need to be increased for the years ending 31 December 2008 and 2009 to accommodate the increasing sale that the Company expects to achieve.

Mr. Zhu Gong Shan, a Director and Controlling Shareholder, is a controlling shareholder of Nanjing Cogeneration Plant and Lanxi Cogeneration Plant. Thus, Nanjing Cogeneration Plant and Lanxi Cogeneration Plant have each become an associate of Mr. Zhu Gong Shan and connected person to the Company pursuant to Rule 14A.11 of the Listing Rules. As such, any transactions between the Group and Nanjing Cogeneration Plant and Lanxi Cogeneration Plant will therefore constitute connected transactions for the Company.

蘇州蘇鑫資產投資有限公司 (Suzhou Suxin Asset Investments Co., Ltd. *), the controlling shareholder of Dongwu Cogeneration Plant, is also a substantial shareholder of a subsidiary of the Company. Thus Dongwu Cogeneration Plant becomes an associate of 蘇州蘇鑫資產投資有限公司 (Suzhou Suxin Asset Investments Co., Ltd.*) and a connected person to the Company pursuant to Rule 14A.11 of the Listing Rules. As such, any transactions between the Group and Dongwu Cogeneration Plant will therefore constitute connected transactions for the Company.

Based on the foregoing, the transactions contemplated under the Coal Sale Agreements are subject to the requirements pursuant to Chapter 14A of the Listing Rules and are also subject to Independent Shareholders’ approval.

The purpose of this circular is to provide you with (i) further information in respect of the Coal Sale Agreements; (ii) information regarding the re-election of Mr. Tam Chor Kiu as a non-executive Director; (iii) the letter from ICBC International containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Coal Sale Agreements and the Annual Caps; and (v) a notice convening the EGM at which ordinary resolutions will be proposed to seek your approval for the Coal Sale Agreements including the Annual Caps and the re-election of Director.

LETTER FROM THE BOARD

THE NANJING SUPPLEMENTAL COAL SALE AGREEMENT

On 31 January 2007, Suzhou Fuel Company entered into a coal sale agreement with Nanjing Cogeneration Plant to supply blended coal of net calorific as received basis value of Qnet, ar = 5000-5500 kcal/kg at a unit price range from RMB433 to RMB497 per tonne (inclusive of tax and subject to adjustment) to Nanjing Cogeneration Plant with effect from 1 February 2007 to 31 December 2007, which was amended by a supplemental agreement dated 15 August 2007 entered into by the same parties to extend the effective date to 31 December 2009 (collectively the “Original Nanjing Coal Sale Agreement”). Under the Original Nanjing Coal Sale Agreement, the annual caps for the years ending 31 December 2008 and 2009 are RMB136,500,000 (equivalent to approximately HK\$155,610,000) respectively. Details of the Original Nanjing Coal Sale Agreement are set out in the Prospectus under the section headed “Connected Transactions”.

It has come to the attention of the Company that the sale volume of the blended coal has been greater than expected, and the price of coal is expected to increase at a rate higher than that originally anticipated when the previous caps were set in 2007. For these reasons, the Company considers that the original annual caps in relation to the Original Nanjing Coal Sale Agreement are no longer sufficient and will need to be increased for the years ending 31 December 2008 and 2009 to accommodate the increasing sale that the Company expects to achieve. The Company entered into the Nanjing Supplemental Coal Sale Agreement to extend the effective period from 31 December 2009 to 30 June 2011, increase the variety of net calorific value of the coal supply from 5000-5500kcal/kg to 3000-5500kcal/kg and increase the annual caps for the years ending for 2008 and 2009.

The principal terms of the Nanjing Supplemental Coal Sale Agreement are summarized as follows:

1. Date

20 October 2008

2. Parties

Vendor: Suzhou Fuel Company

Purchaser: Nanjing Cogeneration Plant

LETTER FROM THE BOARD

3. Subject matter

Suzhou Fuel Company has agreed to sell and Nanjing Cogeneration Plant has agreed to purchase blended coal of net calorific as received basis value of Qnet, ar = 3000-5500 kcal/kg for the period between 1 November 2008 and 30 June 2011. The coal price for November 2008 is between RMB555/tonne to RMB805/tonne, depending on the source of origin and types of coal available for sale. Any adjustment thereafter to the coal price shall be confirmed by both parties.

4. Basis of Consideration

The consideration for the provision of blended coal is determined by reference to Eastern China's and Tianjin Port's market prices of domestic blended coal and the import price of blended coal from overseas, which is mainly driven by the coal supply and demand situation from time to time.

5. Annual Caps

The annual caps for the Original Nanjing Coal Sale Agreement, actual transaction amount from January to September 2008 and proposed/revised Annual Caps will be as follows:—

	For the financial year ending 31 December			
	2008	2009	2010	2011
	(RMB)	(RMB)	(RMB)	(RMB)
Original Nanjing Coal				
Sale Agreement	136,500,000	136,500,000	—	—
Actual transaction				
amount from January				
to September 2008	112,445,000	—	—	—
Proposed (revised)				
Annual Caps	203,255,000	333,600,000	363,600,000	198,900,000*
	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>
	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>HK\$231,711,000)</i>	<i>HK\$380,304,000)</i>	<i>HK\$414,504,000)</i>	<i>HK\$226,746,000)</i>

Note: * for the period from 1 January 2011 to 30 June 2011

LETTER FROM THE BOARD

The Annual Caps were calculated after taking into account of (i) the historical figures of coal sale of approximately RMB112,445,000 (sale volume: 203,100 tonnes) from Suzhou Fuel Company to Nanjing Cogeneration Plant for the first nine months ended 30 September 2008. The sale volume has been increased from 21,766 tonnes in January to 28,460 tonnes and 25,065 tonnes in August and September 2008 respectively; (ii) the anticipated demand given by the management of Nanjing Cogeneration Plant for the years ending 2008 to 2011; (iii) the increase of variety of coal supply and (iv) the anticipated price movement of coal in the PRC and import coal.

THE LANXI COAL SALE AGREEMENT

The principal terms of the Lanxi Coal Sale Agreement are summarized as follows:

1. Date

20 October 2008

2. Parties

Vendor: Suzhou Fuel Company

Purchaser: Lanxi Cogeneration Plant

3. Subject matter

Suzhou Fuel Company has agreed to sell and Lanxi Cogeneration Plant, which will commence operation by end of 2008, has agreed to purchase blended coal of net calorific as received basis value of Qnet, ar = 3900-5500 kcal/kg for the period between 1 November 2008 to 30 June 2011. The coal price inclusive of tax for November 2008 is between RMB590/tonne to RMB720/tonne, depending on the source of origin and types of coal available for sale. Any adjustment thereafter to the coal price shall be confirmed by both parties.

4. Basis of Consideration

The consideration for the provision of blended coal is determined by reference to Eastern China's and Tianjin Port's market prices of domestic blended coal and the import price of blended coal from overseas, which is mainly driven by the coal supply and demand situation from time to time.

LETTER FROM THE BOARD

5. Annual Caps

The Annual Caps for the Lanxi Coal Sale Agreement will be as follows:–

	For the financial year ending 31 December			
	2008	2009	2010	2011
	(RMB)	(RMB)	(RMB)	(RMB)
Lanxi Coal Sale Agreement	18,740,000*	124,200,000	138,240,000	76,020,000**
	<i>(equivalent to approximately HK\$21,364,000)</i>	<i>(equivalent to approximately HK\$141,588,000)</i>	<i>(equivalent to approximately HK\$157,594,000)</i>	<i>(equivalent to approximately HK\$86,663,000)</i>

Note: * for the period from 1 November 2008 to 31 December 2008

** for the period from 1 January 2011 to 30 June 2011

The Annual Caps were calculated after taking into account of (i) the anticipated demand given by the management of Lanxi Cogeneration Plant for the years ending 2008 to 2011; and (ii) the anticipated price movement of coal in the PRC and import coal.

THE DONGWU COAL SALE AGREEMENT

The principal terms of the Dongwu Coal Sale Agreement are summarized as follows:

1. Date

20 October 2008

2. Parties

Vendor: Suzhou Fuel Company

Purchaser: Dongwu Cogeneration Plant

LETTER FROM THE BOARD

3. Subject matter

Suzhou Fuel Company has agreed to sell and Dongwu Cogeneration Plant, a 2x24MW power plant in Suzhou, the PRC with commercial operation commenced in 2004, has agreed to purchase blended coal of net calorific as received basis value of Qnet, ar = 3900-5500 kcal/kg for the period between 1 November 2008 to 30 June 2011. The coal price inclusive of tax for November 2008 is between RMB590/tonne to RMB720/tonne, depending on the source of origin and types of coal available for sale. Any adjustment thereafter to the coal price shall be confirmed by both parties.

4. Basis of Consideration

The consideration for the provision of blended coal is determined by reference to Eastern China's and Tianjin Port's market prices of domestic blended coal and the import price of blended coal from overseas, which is mainly driven by the coal supply and demand situation from time to time.

5. Annual Caps

The Annual Caps for Dongwu Coal Sale Agreement will be as follows:–

	For the financial year ending 31 December			
	2008	2009	2010	2011
	(RMB)	(RMB)	(RMB)	(RMB)
Dongwu Coal Sale				
Agreement	18,740,000*	124,200,000	138,240,000	76,020,000**
	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>	<i>(equivalent to</i>
	<i>Approximately</i>	<i>approximately</i>	<i>approximately</i>	<i>approximately</i>
	<i>HK\$21,364,000)</i>	<i>HK\$141,588,000)</i>	<i>HK\$157,594,000)</i>	<i>HK\$86,663,000)</i>

Note: * for the period from 1 November 2008 to 31 December 2008

** for the period from 1 January 2011 to 30 June 2011

The Annual Caps were calculated after taking into account of (i) the anticipated demand given by the management of Dongwu Cogeneration Plant for the years ending 2008 to 2011; and (ii) the anticipated price movement of coal in the PRC and import coal.

LETTER FROM THE BOARD

INFORMATION OF THE PARTIES TO THE COAL SALE AGREEMENTS

The Company is principally engaged in the development, management and operation of cogeneration plants in Jiangsu Province and Zhejiang Province of the PRC.

Suzhou Fuel Company is principally engaged in coal trading.

Nanjing Cogeneration Plant is principally engaged in the operation of cogeneration power plant and sale of electricity and steam. Mr. Zhu beneficially owns the entire equity interest of Nanjing Cogeneration Plant.

Lanxi Cogeneration Plant is principally engaged in the operation of cogeneration power plant and sale of electricity and steam. Mr. Zhu beneficially owns the entire equity interest in Lanxi Cogeneration Plant.

Dongwu Cogeneration Plant is principally engaged in the operation of cogeneration power plant and sale of electricity and steam. 蘇州蘇鑫資產投資有限公司 (Suzhou Suxin Assets Investment Co., Ltd.*), the controlling shareholder of Dongwu Cogeneration Plant, is also a substantial shareholder of a subsidiary of the Company.

REASON FOR AND BENEFIT OF THE CONTINUING CONNECTED TRANSACTIONS

The Coal Sale Agreements were entered into in the usual and ordinary course of the Group's business and terms of which were negotiated based on normal commercial terms and the prices were determined following arm's length negotiation.

The reason for and the benefit to the Company in entering into the Coal Sale Agreements is to increase the recurring income of the Group as Suzhou Fuel Company's principal business is trading of coal.

As such, the Directors (including the independent non-executive Directors) believe that the Continuing Connected Transactions between Nanjing Cogeneration Plant, Lanxi Cogeneration Plant, Dongwu Cogeneration Plant and the Group under the respective Coal Sale Agreements 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 Shareholders as a whole.

LETTER FROM THE BOARD

RE-ELECTION OF DIRECTOR

In accordance with Article 86(3) of the Company's Articles of Association, Mr. Tam Chor Kiu ("Mr. Tam"), the non-executive Director appointed by the Board on 3 October 2008, shall hold office until the first general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. Accordingly, Mr. Tam will retire at the EGM and being eligible, offer himself for re-election.

Details of Mr. Tam who offers himself for re-election at the EGM that are required to be disclosed under the Listing Rules are set out in Appendix II to this circular.

EGM

The EGM will be held at Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong at 10:30 a.m. on Wednesday, 26 November 2008 to consider and, if thought fit, to approve (i) the Coal Sale Agreements including the Annual Caps; and (ii) the re-election of Director.

A notice convening the EGM is set out on pages 38 to 40 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompany 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, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 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 Coal Sale Agreements including the Annual Caps will be taken by poll, with Mr. Zhu and his associates (who held 352,518,443 Shares, i.e. approximately 36.25% of the entire issued share capital of the Company as at the Latest Practicable Date) abstaining from voting. To the best knowledge of the Directors, 蘇州蘇鑫資產投資有限公司 (Suzhou Suxin Asset Investments Co., Ltd.*) and its associates do not hold any Shares as at the Latest Practicable Date. The voting results will be announced after the EGM.

RECOMMENDATIONS

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 Coal Sale Agreements including the Annual Caps.

LETTER FROM THE BOARD

ICBC International has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the Coal Sale Agreements including the Annual Caps. ICBC International considers that (i) the Continuing Connected Transactions under the Coal Sale Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company; and (ii) the terms of the Coal Sale Agreements including the Annual Caps to be 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 ICBC International containing its recommendation and the principal factors it has taken into account in arriving at its recommendation are set out on pages 17 to 25 of this circular.

The Independent Board Committee, having taken into account the advice of ICBC International, considers that the entering into of the Coal Sale Agreements and the transactions contemplated thereunder are in ordinary and usual course of business of the Company, and the terms of the Coal Sale Agreements including the Annual Caps 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 to vote in favour of the ordinary resolution set out in the notice of the EGM to approve the Coal Sale Agreements including the Annual Caps. The full text of the letter from the Independent Board Committee is set out on pages 15 to 16 of this circular.

The Directors (including the independent non-executive Directors) consider that the re-election of Mr. Tam as non-executive Director is in the interests of the Company and the Shareholders as a whole, and therefore recommends the Shareholders to vote in favour of the relevant ordinary resolution to the proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the advice of the Independent Board Committee set out on pages 15 to 16 in this circular and the letter of advice from ICBC International to the Independent Board Committee and the Independent Shareholders set out on pages 17 to 25 in this circular.

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

Yours faithfully,
For and on behalf of the Board of
GCL-Poly Energy Holdings Limited
ZHU Gong Shan
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

10 November 2008

Dear Sir and Madam,

CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAPS

We refer to this circular dated 10 November 2008 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 Coal Sale 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 and the Annual Caps are on normal commercial terms, 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 Coal Sale Agreements. In addition, ICBC International has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Coal Sale Agreements and the Annual Caps.

We wish to draw your attention to (i) the letter of advice from ICBC International as set out on pages 17 to 25 of this circular; and (ii) the letter from the Board as set out on pages 5 to 14 of this circular, which set out information relating to, and the reasons for and benefits of the Continuing Connected Transactions.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

As the Company's independent Directors, we have discussed with the management of the Company the reasons for and benefits of the Coal Sale 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, ICBC International as set out on pages 17 to 25 of this circular. We concur with the view of ICBC International that the entering into of the Coal Sale 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 and the Annual Caps are on normal commercial terms, fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the Coal Sale Agreements and the Annual Caps to be proposed at the EGM.

Yours faithfully,

For and on behalf of the

Independent Board Committee

HENG Kwoo Seng

QIAN Zhi Xin

Raymond HO Chung Tai

XUE Zhong Su

Independent non-executive Directors

LETTER FROM ICBC INTERNATIONAL

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders of the Company from ICBC International in relation to the Coal Sale Agreements, the revision of the Annual Caps and the proposed Annual Caps in respect of the Coal Sale Agreements for the purpose of incorporation in this circular.



中國工商銀行股份有限公司全資附屬機構
a wholly owned subsidiary of Industrial and Commercial Bank of China Limited

10 November 2008

*To the Independent Board Committee and
the Independent Shareholders of the Company*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAPS

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company in relation to (i) the coal sale transactions contemplated under the Coal Sale Agreements (the “Coal Sale Transactions”); (ii) the revised Annual Caps stipulated under the Nanjing Supplemental Coal Sale Agreement in extending the effective period of the Original Nanjing Coal Sale Agreement; and (iii) the relevant proposed Annual Caps stipulated under the Coal Sale Agreements. Details of the Coal Sale Agreements are summarized in the Company’s circular to its Shareholders dated 10 November 2008 (the “Circular”). This letter has been prepared for inclusion in the Circular and capitalised terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

As set out in the letter from the Board contained in the Circular, Mr. Zhu Gong Shan, the Director and Controlling Shareholder, is a controlling shareholder of Nanjing Cogeneration Plant and Lanxi Cogeneration Plant. Thus, each of Nanjing Cogeneration Plant and Lanxi Cogeneration Plant becomes connected person to the Company pursuant to Rule 14A.11 of the Listing Rules. Suzhou Suxin Asset Investments Co., Ltd., the controlling shareholder of Dongwu Cogeneration Plant, is also a substantial shareholder of a subsidiary of the Company. Thus, Dongwu Cogeneration Plant becomes an associate of Suzhou Suxin Asset Investments Co., Ltd. and a connected person to the Company pursuant to Rule 14A.11 of the Listing Rules.

LETTER FROM ICBC INTERNATIONAL

As the highest applicable percentage ratio, pursuant to Rule 14.07 of the Listing Rules, for the Annual Caps in respect of the Coal Sale Agreements for the two months ending 31 December 2008, the two years ending 31 December 2010 and the six months ending 30 June 2011 (the “Corresponding Period”) has exceeded 2.5%, each of the Coal Sale Transactions constitutes a non-exempt continuing connected transaction, which is subject to, among other things, the approval of the Independent Shareholders at the EGM of the Company pursuant to Rule 14A.35 of the Listing Rules.

The Company will convene the EGM on 26 November 2008 to seek approval from the Independent Shareholders for the Coal Sale Transactions and the revision of Annual Caps and the proposed Annual Caps in respect of the Coal Sale Transactions. As Mr Zhu Gong Shan, the Director and Controlling Shareholder, is a controlling shareholder of Nanjing Cogeneration Plant and Lanxi Cogeneration Plant, therefore Mr Zhu Gong Shan and his associates are required to abstain from voting at the EGM on the resolution approving the Nanjing Supplemental Coal Sale Agreement, the Lanxi Coal Sale Agreement, the revision of Annual Caps and the proposed Annual Caps thereof at the EGM. To the best knowledge of the Directors, Suzhou Suxin Asset Investments Co., Ltd. and its associates do not hold any Shares as at the Latest Practicable Date.

Our opinion only applies to (i) the Coal Sale Transactions; (ii) the revision of Annual Caps; and (iii) the proposed Annual Caps in respect of the Coal Sale Agreements. Other continuing connected transactions which are not subject to approval by the Independent Shareholders are not within the scope of our work.

In this connection, the Circular containing, among other matters, the information relating to the terms of the Coal Sale Agreements including the revision of the Annual Caps and the proposed Annual Caps, the letter from the Independent Board Committee to the Independent Shareholders, this letter, together with the notice of the EGM is despatched to the Shareholders. In particular, this letter will set out our recommendations to the Independent Board Committee and the Independent Shareholders as to whether the Coal Sale Transactions are on normal commercial terms and in the ordinary and usual course of business, the terms of the Coal Sale Agreements, the revision of Annual Caps and the proposed Annual Caps thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM ICBC INTERNATIONAL

BASIS OF OUR OPINION

In formulating our recommendation, we have relied, without assuming any responsibility for independent verification, on the information, opinions and facts supplied and representations made to us by the Directors and management of the Company, who have assumed full responsibility for the accuracy of the information contained in the Circular, and that any information and representations made to us are true, accurate and complete in all material respects as at the date hereof and that they may be relied upon. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company. We have also assumed that statements and representations made or referred to in the Circular were accurate at the time they were made and continue to be accurate at the date of the Circular.

We consider that we have reviewed sufficient information to reach an informed view in order to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided to us nor have we conducted any form of independent in-depth investigation into the business affairs or assets and liabilities of the Company or any of their respective subsidiaries or associated companies. Additionally, we did not conduct any physical inspection of the properties or facilities of the Company or any of their respective subsidiaries or associated companies. It is not within our terms of engagement to comment on the commercial feasibility of the Coal Sale Transactions, which remains the responsibility of the Directors. As the independent financial adviser to the Independent Board Committee and the Independent Shareholders, we have not been involved in the negotiations in respect of the terms of the Coal Sale Transactions. Our opinion with regard to the terms thereof has been made on the assumption that all obligations to be performed by each of the parties to the Coal Sale Transactions will be fully performed in accordance with the terms thereof.

Our opinion is necessarily based upon the financial, economic, market, regulatory, and other conditions as they exist on, and the facts, information, and opinions made available to us as of the date of this letter. We have no obligation to update this opinion to take into account events occurring after the date on which this opinion is delivered to the Independent Board Committee and the Independent Shareholders. This letter is for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Coal Sale Transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

We are a licensed corporation to carry out regulated activities of dealing in securities and advising on corporate finance under the SFO. Our affiliates, whose ordinary business may involve the trading of, dealing in and the holding of securities, may be involved in the trading of, dealing in, and the holding of the securities of the Company for client accounts.

LETTER FROM ICBC INTERNATIONAL

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion, we have taken into consideration the principal factors and reasons set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

BACKGROUND OF THE COAL SALE TRANSACTIONS

Suzhou Fuel Company is a wholly-owned subsidiary of the Company and is principally engaged in the coal trading. On 31 January 2007, Suzhou Fuel Company entered into a coal sale agreement with Nanjing Cogeneration Plant to supply blended coal of net calorific as received basis value of Qnet, ar = 5,000-5,500 kcal/kg at a unit price range from RMB433 to RMB497 per tonne (inclusive of tax and subject to adjustment) to Nanjing Cogeneration Plant with effect from 1 February 2007 to 31 December 2007. The agreement was amended by a supplemental agreement dated 15 August 2007, which was entered into by the same parties to extend the effective date from 31 December 2007 to 31 December 2009. For further details, please refer to the Prospectus under the section headed “Connected Transactions”.

The actual amount of blended coal sales for the nine months ended 30 September 2008 was RMB112,445,000, which represented a utilization rate of approximately 82% of the original annual cap of 2008. Therefore, the Company considers that the original Annual Caps in relation to the Original Nanjing Coal Sale Agreement are no longer sufficient to accommodate the increasing sales that the Company expects to achieve and will need to revise the original Annual Caps for the years ending 31 December 2008 and 2009.

On 20 October 2008, Suzhou Fuel Company entered into the Nanjing Supplemental Coal Sale Agreement to extend the effective period of the Original Nanjing Coal Sale Agreement from 31 December 2009 to 30 June 2011 and to increase the variety of net calorific value of the coal supply from 5,000-5,500kcal/kg to 3,000-5,500kcal/kg.

On the same day, Suzhou Fuel Company also entered into the Lanxi Coal Sale Agreement with Lanxi Cogeneration Plant and the Dongwu Coal Sale Agreement with Dongwu Cogeneration Plant, for supplying blended coal of net calorific as received basis value of Qnet, ar = 3,900-5,500 kcal/kg for the period from 1 November 2008 to 30 June 2011 to Lanxi Cogeneration Plant and Dongwu Cogeneration Plant respectively.

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REASONS FOR AND BENEFITS OF THE COAL SALE AGREEMENTS

As advised by the Company, the main reason for and the benefit of entering into the Coal Sale Agreements are to increase the recurring income of the Group. The Directors consider that the Coal Sale Agreements are entered into 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 Shareholders as a whole.

We note that the Company is principally engaged in the development, management and operation of cogeneration plants in Jiangsu Province and Zhejiang Province of the PRC, while Nanjing Cogeneration Plant, Lanxi Cogeneration Plant and Dongwu Cogeneration Plant (the “Cogeneration Plants”) are principally engaged in the operation of cogeneration power plant and sales of electricity and steam. Under the Coal Sale Agreements, Suzhou Fuel Company, which is principally engaged in coal trading, agrees to procure blended coal for the counterparties between 1 November 2008 and 30 June 2011. We consider that the Coal Sale Transactions are in line with the business of the Group and concur with the Directors’ view that the Coal Sale Transactions are able to generate recurring income to the Group.

PRINCIPAL TERMS AND PRICING BASIS OF THE COAL SALE AGREEMENTS

Set out below is a summary of principal terms and pricing basis of each of the Coal Sale Agreements:

Agreement	Net calorific as received basis value	Period	Payment terms	Pricing basis
1. Nanjing Supplemental Coal Sale Agreement	Qnet, ar = 3,000-5,500 kcal/kg	1 November 2008 to 30 June 2011	Full deposit in advance, subject to adjustment at the time of clearance	Reference to (i) Eastern China’s and Tianjin Port’s market prices of domestic blended coal; and (ii) the import price of blended coal from overseas. Any amendments are subject to adjustment mutually agreed and confirmed by both parties
2. Lanxi Coal Sale Agreement	Qnet, ar = 3,900-5,500 kcal/kg	Same as above	Same as above	Same as above
3. Dongwu Coal Sale Agreement	Qnet, ar = 3,900-5,500 kcal/kg	Same as above	Same as above	Same as above

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We note that the net calorific as received basis value stipulated under the Nanjing Supplemental Coal Sale Agreement is amended from 5,000-5,500 kcal/kg to 3,000-5,500 kcal/kg. The Directors consider that the increase in variety of blended coal supply is to meet the expected demand of Nanjing Cogeneration Plant for different varieties of blended coal. As such, the Directors consider that Nanjing Cogeneration Plant will increase its blended coal purchase from Suzhou Fuel Company.

According to the payment terms stipulated in the Coal Sale Agreements, each of the Cogeneration Plants are obliged to pay full transaction amount in advance to Suzhou Fuel Company. We consider that full deposit payment terms under the Coal Sale Agreements are beneficial to the Group.

We also note that the pricing basis for each of the Coal Sale Transactions is determined with reference to (i) the Eastern China's and Tianjin Port's market prices of domestic blended coals; and (ii) the import price of blended coal from overseas, all of which are determined by the market. The Directors consider that the Coal Sale Agreements are entered into on normal commercial terms and are fair and reasonable. Accordingly, we consider that the market pricing basis for the Coal Sale Transactions is reasonable to the Group.

REASONS FOR THE REVISION OF ORIGINAL ANNUAL CAPS UNDER THE NANJING SUPPLEMENTAL COAL SALE AGREEMENT

The Company advises that the sales volume of the blended coal has been greater than expected, and the price of blended coal is expected to increase at a rate higher than that originally anticipated when the previous Annual Caps were set in 2007. For the year ended 31 December 2007 and the nine months ended 30 September 2008, approximately 276,000 tonnes and 203,100 tonnes of blended coals were sold to Nanjing Cogeneration Plant respectively. If the sales volume of blended coals for the full year of 2008 is projected on a pro-rata basis, such volume will be approximately 270,800 tonnes, which is close to the sales volume of 2007.

Pursuant to the Original Nanjing Coal Sale Agreement, Suzhou Fuel Company agreed to sell blended coals at a tax inclusive unit price ranging from RMB433 to RMB497 per tonne. Depending on the source of origin and type of coal, the Company expects that the tax inclusive price of the blended coals will range from RMB555 to RMB805 per tonne in November 2008.

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For these reasons, the Company considers that the original Annual Caps in relation to the Original Nanjing Coal Sale Agreement are no longer sufficient and will need to be increased for each of the two years ending 31 December 2008 and 2009 to accommodate the increasing sales that the Company expects to achieve. The table below illustrates the actual amount of blended coal sales for the period from January to September 2008 and the Annual Cap utilization rate:

	For the year ending 31 December	
	2008	2009
	<i>(RMB)</i>	<i>(RMB)</i>
Original Annual Caps	136,500,000	136,500,000
Actual amount of blended coal sales from		
January to September 2008	112,445,000	–
Annual Cap utilization rate	82%	–

The actual amount of blended coal sales for the nine months ended 30 September 2008 was RMB112,445,000, which represented a utilization rate of approximately 82% of the original annual cap of 2008. We note from the Nanjing Supplemental Coal Sale Agreement that Suzhou Fuel Company will expand the variety of net calorific value of the coal supply from 5,000-5,500kcal/kg to 3,000-5,500kcal/kg and the source of the blended coals. The Directors consider that the change in variety of blended coal supply will provide Suzhou Fuel Company with a good business opportunity to take advantage of the surging demand of Nanjing Cogeneration Plant for different types of blended coals in 2009 and years afterwards.

Given that (i) 82% of the original annual cap of 2008 had been utilized; (ii) the change in variety of blended coal supply has provided a good business opportunity to take advantage of the surging demand of Nanjing Cogeneration Plant; and (iii) the price range of blended coal price has shown an increasing trend between the time of Original Nanjing Coal Sale Agreement and November 2008, we concur with the Directors' view that the original Annual Caps may not be sufficient to accommodate coal sale transactions in the remaining three months of 2008 and the full year of 2009, if the Company intends to continue its coal trading business relationship with Nanjing Cogeneration Plant.

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REVISED AND PROPOSED ANNUAL CAPS IN RESPECT OF THE COAL SALE TRANSACTIONS

In assessing the fairness and reasonableness of the Annual Caps in respect of the Coal Sale Transactions, we discussed with the management of the Company in relation to the basis and underlying assumptions used in the determination of the revised Annual Caps and the proposed Annual Caps in respect of the Coal Sale Transactions.

The revised Annual Caps and the proposed Annual Caps were calculated after taking into account of (i) the historical figures of blended coal sales of approximately RMB112,445,000 from Suzhou Fuel Company to Nanjing Cogeneration Plant for the nine months ended 30 September 2008; (ii) the anticipated demand given by the management of Cogeneration Plants for the Corresponding Period; and (iii) the anticipated price movement of coal in the PRC and import coal. The Annual Caps for the Coal Sale Agreements are set out in the following table:

	For the year ending 31 December			
	2008	2009	2010	2011
	(RMB)	(RMB)	(RMB)	(RMB)
1. Nanjing Supplemental Coal Sale Agreement	203,255,000 <i>(equivalent to approximately HK\$231,711,000)</i>	333,600,000 <i>(equivalent to approximately HK\$380,304,000)</i>	363,600,000 <i>(equivalent to approximately HK\$414,504,000)</i>	198,900,000** <i>(equivalent to approximately HK\$226,746,000)</i>
2. Lanxi Coal Sale Agreement	18,740,000* <i>(equivalent to approximately HK\$21,364,000)</i>	124,200,000 <i>(equivalent to approximately HK\$141,588,000)</i>	138,240,000 <i>(equivalent to approximately HK\$157,594,000)</i>	76,020,000** <i>(equivalent to approximately HK\$86,663,000)</i>
3. Dongwu Coal Sale Agreement	18,740,000* <i>(equivalent to approximately HK\$21,364,000)</i>	124,200,000 <i>(equivalent to approximately HK\$141,588,000)</i>	138,240,000 <i>(equivalent to approximately HK\$157,594,000)</i>	76,020,000** <i>(equivalent to approximately HK\$86,663,000)</i>

* *for the period from 1 November 2008 to 31 December 2008*

** *for the period from 1 January 2011 to 30 June 2011*

As discussed with the Company, the basis for anticipating the demand of Cogeneration Plants for blended coals is determined by (i) the monthly supply of blended coal agreed under the Coal Sale Agreements; and (ii) historical demand of cogeneration plants for blended coals.

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According to the information provided by the Company, we note that the anticipated growth rate of projected blended coal prices during the Corresponding Period is in line with the historical pricing trend of the blended coal prices. Hence, we concur with the Directors' view that the anticipation of future blended coal prices during the Corresponding Period is based on (i) the latest transaction prices of different types of blended coal in September 2008; (ii) the increase of the variety of blended coals in terms of quality and source of origin; and (iii) the increasing trend of historical blended coal prices in the PRC.

Taking into account of the above analysis, in particular, the basis for determining (i) the anticipated demand of cogeneration plants for blended coals; and (ii) the anticipated blended coal price movements during the Corresponding Period, we consider that the basis for calculating the revised Annual Caps and proposed Annual Caps in respect of the Coal Sale Transactions are reasonably determined.

RECOMMENDATION

Taking into consideration the above factors, in particular, (i) the background; (ii) the reasons for and the benefits of the Coal Sale Agreements; (iii) the reasons for the revision of original Annual Caps under the Nanjing Supplemental Coal Sale Agreement; (iv) the principal terms and pricing basis of the Coal Sale Agreements; and (v) the revised and proposed Annual Caps in respect of the Coal Sale Transactions, we consider that the Coal Sale Transactions are on normal commercial terms and in the ordinary and usual course of business, the terms of the Coal Sale Agreements and the revision of Annual Caps and the proposed Annual Caps thereof are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interest of the Company and its Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders of the Company to vote in favor of ordinary resolutions in the EGM.

Yours faithfully,
For and on behalf of
ICBC International Capital Limited
Steve Wong
Executive 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:

(i) 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	352,518,443 (note 1)	–	118,395,719 (note 1)	470,914,162	48.43%
Sha Hong Qiu	–	–	1,680,000 (note 2)	1,680,000	0.17%
Ji Jun	–	–	1,500,000 (note 2)	1,500,000	0.15%
Shu Hua	–	–	1,500,000 (note 2)	1,500,000	0.15%
Yu Bao Dong	–	–	1,500,000 (note 2)	1,500,000	0.15%
Sun Wei	–	2,843,000	1,500,000 (note 2)	4,343,000	0.45%
Tong Yee Ming	–	20,000	–	20,000	0.002%

Notes:

1. Mr. Zhu Gong Shan, who is the Director and the controlling Shareholder, is the director and the legal and beneficial owner of the entire issued share capital of Highexcel Investments Limited (“HIL”) and is deemed to be interested in the shares held by HIL. 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 in 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).
2. The share options granted by the Company to the Directors under the Pre-IPO share option scheme. These options can be exercised by the Directors at various intervals during the period from 13 November 2010 to 12 November 2017 at an exercise price of HK\$4.10.

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 interest or short position 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 was 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which was required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders

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:

(i) 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
Get Famous Investments Limited	1	Beneficial owner	118,395,719	12.18
Highexcel Investments Limited	1	Beneficial owner	352,518,443	36.25
MS China 3 Limited	2	Beneficial owner	160,080,000	16.46
Morgan Stanley Emerging Markets Inc.	2	Interest of controlled corporation	160,080,000	16.46
Morgan Stanley	2,3	Interest of controlled corporation	160,608,000	16.52
Poly (Hong Kong) Investments Limited	4	Interest of controlled corporation	134,791,044	13.86

Notes:

1. Mr. Zhu Gong Shan, who is the Director and the controlling Shareholder, is the director and the legal and beneficial owner of the entire issued share capital of Highexcel Investments Limited ("HIL") and is deemed to be interested in the shares held by HIL. 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 First Completion and the Second Completion of the said agreement, Get Famous or its nominee will receive the Convertible Notes in 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 the Conversion Price of HK\$1.230 (subject to adjustment).

2. MS China 3 Limited is a wholly-owned subsidiary of Morgan Stanley Emerging Markets Inc. which in turn is wholly-owned by Morgan Stanley. Morgan Stanley Emerging Markets Inc. and Morgan Stanley are therefore deemed to be interested in 160,080,000 Shares held by MS China 3 Limited.
3. The interest of Morgan Stanley in the Company is also held through:
 - (a) Morgan Stanley & Co. Inc. which held 25,000 Shares and is a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley is therefore deemed to be interested in 25,000 Shares;
 - (b) Morgan Stanley & Co. International plc. which held 503,000 Shares and is wholly-owned by Morgan Stanley UK Group. Morgan Stanley UK Group is wholly-owned by Morgan Stanley Group (Europe) which in turn is held as to 98.3% by Morgan Stanley International Limited. Morgan Stanley International Limited is an indirect wholly-owned subsidiary of Morgan Stanley. Accordingly, Morgan Stanley is deemed to be interested in the 503,000 Shares held by Morgan Stanley & Co. International plc.
- Mr. Tam Chor Kiu, the non-executive Director, is currently an employee of a subsidiary of Morgan Stanley.
4. The interest of Poly (Hong Kong) Investments Limited is held through its indirect wholly-owned subsidiary, Power Jade Holdings Limited.
5. The total number of ordinary shares in issue as at the Latest Practicable Date was 972,419,487.

(ii) 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	Issued capital/ Contributed registered capital <i>(RMB unless otherwise stated)</i>	Percentage of issued capital/ registered capital
Fengxian Xinyuan Biological Environmental Heat & 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%
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 有限公司 (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 Xin Yuan Asset Investments Co. Ltd.*)	beneficial owner	29,050,000	25%
	昆山高科技有限公司 (Kunshan Technology Co. Ltd.*)	beneficial owner	16,280,000	14%
Yangzhou Harbour Sludge Cogen- Power Co., Ltd.	揚州蘇源集團有限公司 (Yangzhou Suyuan 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%

APPENDIX I**GENERAL INFORMATION**

Name of member of the Group	Name of shareholder(s)	Capacity/ nature of interest	Issued capital/ Contributed registered capital <i>(RMB unless otherwise stated)</i>	Percentage of issued capital/ registered capital
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%
Inner Mongolia Duolun Golden Concord Mining Limited	錫林浩特煤礦有限公司 (Inner Mongolia Xilinhot Coal Mine Co., Ltd.*) Ganghua (Hong Kong) Company Limited	beneficial owner	19,104,400	20%
臨滄潤達水電有限公司 Lincang Runda Hydropower Co., Ltd*	臨滄滙達實業有限公司 Lincang Huida Holdings Co. Ltd*	beneficial owner	16,000,000	25%
Profit Excel Investments Limited	Nextbest Holdings Limited	beneficial owner	12,600,000	30%
			US\$25	25%

* 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 and Mr. Tam Chor Kiu, as at the Latest Practicable Date, none of the Directors was a director or employee of a company (or its subsidiary) which has 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 does 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

Save as disclosed in the announcements dated 11 January 2008, 3 March 2008, 1 April 2008, 11 April 2008 and 11 August 2008 issued by the Company in relation to respectively (i) the acquisition of a 30.6% equity interest in the Funing Cogeneration Plant at a consideration of HK\$28,031,865, a 100% equity interest in the Puyuan Cogeneration Plant at a total consideration of RMB69,018,150 and HK\$22,024,329, a 100% equity interest in the Xinneng Cogeneration Plant at a consideration of HK\$48,359,993, a 100% equity interest in the Suzhou Fuel Company at a consideration of HK\$14,062,059 by the Group from associates of Mr. Zhu, which have already been completed on or before 31 December 2007, and the acquisition of a 49% equity interest in the Beijing Cogeneration Plant at a consideration of RMB145,788,475 by the Group from an associate of Mr. Zhu, which has been completed on 2 January 2008; (ii) on 29 February 2008, the Company served a written notice to Profit Act Limited (which is wholly and beneficially owned by Mr. Zhu) that it has decided not to exercise the option and the right of first refusal granted to the Company by Highexcel Investments Limited, Mr. Zhu and Mr. Zhu Yu Feng (son of Mr. Zhu) under the deed of non-competition undertaking dated 27 October 2007 to acquire the 70% equity interest in the Baoxin Project Company; (iii) the acquisition of the entire equity interest in the Huitengliang Project Company by the Group from an associate of Mr. Zhu at a consideration of RMB20,014,398, which has been completed on 28 March 2008; (iv) the Company entered into a non-legally binding memorandum of understanding dated 11 April 2008 with China Coal Chemical Group Limited ("China Coal"), which is wholly and beneficially owned by Mr. Zhu, for a possible acquisition of part or all of the equity interests held by China Coal in the companies which own certain coal mines in the PRC for a consideration to be determined by the parties; and (v) the Company entered into a sale and purchase agreement on 11 August 2008 with Get Famous Investments Limited (beneficially wholly-owned by Mr. Zhu) to conditionally acquire 100% of the issued share capital of Joint Loyal Holdings Limited, which will beneficially own 55% of the equity interest of Duolun Mine project on or before completion for an aggregate consideration of not more than RMB127,936,000, comprising (i) as to RMB85,000,000 for the acquisition of shares and (ii) up to approximately RMB42,936,000 for the subsequent increase in registered capital, as at the Latest Practicable Date, none of the Directors had any interest in any assets which have been since 31 December 2007 (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
Mr. Zhu Gong Shan	Taichang Harbour Power Plant	Operation of a cogeneration plant in Taichang, Jiangsu, the PRC	Mr. Zhu, through companies controlled by him, holds 25% interest
	Nanjing Cogeneration Plant	Operation of a cogeneration plant in Nanjing, the PRC	Mr. Zhu, through companies controlled by him, holds 100% interest
	Longgu Cogeneration Plant	Operation of a power plant in Longgu, Peixian, the PRC	Mr. Zhu, through companies controlled by him, holds 59% interest
	Guohua Taichang Power Plant	Operation of a power plant in Taichang, Jiangsu	Mr. Zhu, through companies controlled by him, holds an effective interest of 12.5%
	Lanxi Cogeneration Plant	the cogeneration power plant is being constructed	Mr. Zhu, through companies controlled by him, holds 100% interest

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
	Guangzhou Yonghe Project	the cogeneration power plant is in the pre-construction stage	Mr. Zhu, beneficially owns 100% interest
	Lianyungang Baoxin Biomass Cogeneration Plant	the cogeneration power plant is being constructed	Mr. Zhu, beneficially owns 100% interest
	Xuzhou Incineration Power Plant	in the planning stage to construct an incineration power Plant in Xuzhou, the PRC interest	Mr. Zhu, through company controlled by him, holds 100%

A non-competition deed was given by Mr. Zhu Gong Shan and his associates immediate prior to the initial public offering of the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with 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 2007, 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
ICBC International Capital Limited	A licensed corporation to carry out regulated activities of type 1 (dealing in securities) and type 6 (advising on corporate finance) under the SFO

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

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 2007 (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 Company and its subsidiaries, or were proposed to be acquired or disposed of by or leased to the Company and its subsidiaries.

9. PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 66 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing 5% or more of the total voting rights at such meeting.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Shareholder.

10. GENERAL

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

11. 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 26 November 2008:

- 1) the memorandum and articles of association of the Company;
- 2) the Nanjing Supplemental Coal Sale Agreement;
- 3) the Lanxi Coal Sale Agreement;
- 4) the Dongwu Coal Sale Agreement;
- 5) the letter from Independent Board Committee, the text of which is set out from pages 15 to 16 of this circular;
- 6) the letter from ICBC International, the text of which is set out from pages 17 to 25 of this circular; and
- 7) the written consent referred to under the section headed “Consent of expert” in this appendix.

MR. TAM CHOR KIU**Non-executive Director**

Mr. Tam, aged 31, was appointed as a non-executive Director on 3 October 2008. Mr. Tam is currently an executive director of Morgan Stanley Asia Limited, an indirectly owned subsidiary of Morgan Stanley. He is part of Morgan Stanley Principal Investments team in Asia. He has been working for Morgan Stanley, a substantial shareholder of the Company, since 1998. Mr. Tam has over ten year's experience involved in investment and corporate financing transactions for companies in the energy, media and information technology industries. He holds a Bachelor degree in Economics and a Master degree in International Relations from the University of Chicago.

Mr. Tam did not hold any directorships in any other listed public companies for the last three years and does not hold any other positions with the Group.

Mr. Tam entered into a service contract with the Company for a fixed term of three years service. In accordance with the Articles of Association of the Company, he will hold office until the next general meeting of the Company and will then be eligible for re-election at that meeting. Thereafter he will be subject to retirement by rotation and re-election provided that every Director shall be subject to retirement at least once every three years. There is no remuneration for Mr. Tam to act as a non-executive Director, however, it is subject to review from time to time by the remuneration committee and the approval by the Shareholders.

Save as disclosed above, Mr. Tam does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company nor any interest in the shares of the Company within the meaning of Part XV of the SFO as at the date of this circular.

The Board is not aware of any matter in relation to the proposed re-election of Mr. Tam that is required to be disclosed pursuant to any the provisions of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules or any other matter that needs to be brought to the attention of Shareholders.

NOTICE OF THE EGM



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 Wednesday, 26 November 2008 at 10:30 a.m. for the following purposes:–

ORDINARY RESOLUTIONS:

1. to consider and, if thought fit, pass with or without amendment, the following resolutions as ordinary resolutions of the Company:

“THAT

- (a) the supplemental coal sale agreement (“Nanjing Supplemental Coal Sale Agreement”) dated 20 October 2008 entered into between 蘇州保利協鑫燃料有限公司 (Suzhou GCL-Poly Power Fuel Co., Ltd.*) (“Suzhou Fuel Company”) as vendor and 南京協鑫生活污泥發電有限公司 (Nanjing Xiexin Life Sludge Power Co., Ltd.*) as purchaser in relation to the sale of blended coal, 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 coal sale agreement (“Lanxi Coal Sale Agreement”) dated 20 October 2008 entered into between Suzhou Fuel Company as vendor and 蘭溪協鑫環保熱電有限公司 (Lanxi Golden Concord Environmental Protection Cogen-Power Co., Ltd.*) as purchaser in relation to the sale of blended coal, 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;

NOTICE OF THE EGM

- (c) the coal sale agreement (“Dongwu Coal Sale Agreement”) dated 20 October 2008 entered into between Suzhou Fuel Company as vendor and 蘇州東吳熱電有限公司(Suzhou Dongwu Cogeneration Co., Ltd.*) as purchaser in relation to the sale of blended coal, a copy of which marked “C” 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;
 - (d) the annual caps for the value of sale of blended coal as stated in the circular of the Company dated 10 November 2008 under the Nanjing Supplemental Coal Sale Agreement, Lanxi Coal Sale Agreement and Dongwu Coal Sale Agreement for the years ending 31 December 2008, 2009, 2010 and the period ending 30 June 2011 respectively, be and are hereby approved, ratified and confirmed; and
 - (e) the respective directors of the Company and Suzhou Fuel Company be and are hereby authorized on behalf of the Company and Suzhou Fuel Company respectively to do all such deeds, acts, matters and things as they may in their discretion consider necessary or desirable for the purpose of the implementation, or giving effect to or in connection with the Nanjing Supplemental Coal Sale Agreement, the Lanxi Coal Sale Agreement and the Dongwu Coal Sale Agreement or any transactions contemplated thereunder.”
2. to consider and approve the re-election of Mr. Tam Chor Kiu as a non-executive director of the Company.

By Order of the Board
GCL-Poly Energy Holdings Limited
Chan Yuk Chun
Company Secretary

Hong Kong, 10 November 2008

NOTICE OF THE EGM

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. In the case of joint holders of shares in the Company, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorised, and must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the Meeting.

* *For identification purpose only*