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GOLDPOLY NEW ENERGY HOLDINGS LIMITED

金保利新能源有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

PROPOSED ISSUE OF CONVERTIBLE BONDS

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On 13 September 2013 (after trading hours), the Company and Suzhou Zhong Fu entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the Convertible Bonds in principal amount of HK\$232,959,339 (equivalent to approximately RMB185,000,000).

Upon full conversion of the Convertible Bonds at the Conversion Price of HK\$1.60 per Conversion Share (subject to adjustments), a total of 145,599,586 Conversion Shares will be issued to the Subscriber, representing approximately 7.48% of the existing issued share capital of the Company; and approximately 6.96% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares to the Subscriber.

The net proceeds from the issue of the Convertible Bonds of approximately HK\$232,559,339 are intended to be used for the possible future investments, in particular the development, investment, acquisition, operation and management of solar power plants, as and when opportunities arise, and the general working capital of the Group.

As the Subscription Agreement may or may not complete, Shareholders and potential investors of the Company are urged to exercise extreme caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date

13 September 2013

Parties

- (i) the Company as issuer; and
- (ii) Suzhou Zhong Fu as subscriber

Subject matter

Pursuant to the Subscription Agreement, the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$232,959,339 (equivalent to approximately RMB185,000,000) on the Completion Date.

Conditions precedent

Completion of the Subscription Agreement shall be subject to and conditional upon, among other things, the following conditions precedent:

- (a) the Listing Committee of the Stock Exchange shall have granted (either unconditionally or subject to conditions to which neither the Company nor the Subscriber objects) listing of and permission to deal in the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds;
- (b) the board of directors and/or the shareholders of each of the Company and the Subscriber shall have passed relevant resolutions in approving the Subscription Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds; and
- (c) each of the Company and the Subscriber shall have obtained all necessary approvals, permits, consents and authorizations from the governmental authorities, regulatory bodies and any third parties in respect of the Subscription Agreement and the transactions contemplated thereunder (if applicable).

If any of the above conditions is not fulfilled on or before 31 December 2013 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties thereto shall be released from all obligations thereunder.

Completion of the Subscription

Completion of the Subscription will take place on the Completion Date after the fulfillment of the conditions set out in the Subscription Agreement or such later date as may be agreed in writing between the Company and the Subscriber.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

A summary of the principal terms of the Convertible Bonds is set out as follows:

Principal amount:	HK\$232,959,339 (equivalent to approximately RMB185,000,000)
Issue price:	100% of the principal amount of the Convertible Bonds.
Interest rate:	The Convertible Bonds do not bear any interest.
Maturity date:	Five years from the date of issue.
Conversion Price:	HK\$1.60, being the initial conversion price per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares and represents:

- (i) a premium of approximately 11.89% over the closing price of HK\$1.43 per Share as quoted on the Stock Exchange on 13 September 2013, being the date of the Subscription Agreement;
- (ii) a premium of approximately 10.34% over the average of the closing prices of HK\$1.45 per Share for the last five trading days up to and including 13 September 2013; and
- (iii) a premium of approximately 9.44% over the average of the closing prices of HK\$1.462 per Share for the last ten trading days up to and including 13 September 2013.

Adjustments to the
Conversion Price:

The Conversion Price will from time to time be adjusted in accordance with the relevant provisions under terms and conditions of the Convertible Bonds upon occurrence of, among other things, the following events except where any such event is specifically exempted under the terms and conditions of the Convertible Bonds:

- (i) an alteration of nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, or capital redemption reserve fund), other than an issue of Shares paid-up out of profits or reserves and issued in lieu of the whole or part of a specifically declared cash dividend;
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to the Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to the Shareholders by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 90% of the then market price of the Share;
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total consideration per Share initially receivable for such securities is less than 90% of the then market price of the Shares, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total consideration per Share initially receivable for such securities is less than 90% of the then market price of the Shares;

- (vi) an issue being made by the Company wholly for cash of Shares at a price per Share less than 90% of the then market price of the Shares; and
- (vii) an offer or invitation being made by the Company to the Shareholders to tender for sale to the Company any Shares or any purchase of any Shares or securities convertible in Shares or any rights to acquire Shares being made by the Company.

Conversion:

The conversion rights attaching to the Convertible Bonds can be exercised at any time during a period of five years commencing from the date of issue of the Convertible Bonds provided that no conversion right shall be exercised if it will result in (i) a change of control of the Company within the meaning of the Takeovers Code; or (ii) insufficient public float of the Shares.

Conversion Shares:

Upon exercise of the conversion rights under the Convertible Bonds in full at the Conversion Price of HK\$1.60 per Conversion Share, a total of 145,599,586 Conversion Shares will be issued to Subscriber, representing:

- (i) approximately 7.48% of the existing issued share capital of the Company; and
- (ii) approximately 6.96% of the issued share capital of the Company as enlarged by the issue of Conversion Shares to the Subscriber.

The Conversion Shares will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date.

Redemption:	At any time during a period of five years from the date of issue of the Convertible Bonds, the Company is entitled to redeem in whole or in part of the Convertible Bonds then outstanding at 100% of the outstanding principal amount of the Convertible Bonds to be redeemed. All Convertible Bonds which have not been redeemed or converted by their maturity date will be automatically redeemed by the Company on the maturity date at a redemption amount equal to 100% of the principal amount of such Convertible Bonds.
Transferability:	The Convertible Bonds are freely transferable.
Status:	The obligations of the Company arising under the Convertible Bonds will constitute direct unconditional, unsubordinated and unsecured obligations of the Company, and will rank equally amount themselves and pari passu with all other present and future unsecured and unsubordinated obligations of the Company.
Voting at shareholders' meeting:	Holders of the Convertible Bonds shall not entitled to receive notices of attend or vote at any general meeting of the Company by reason only of being the holders of the Convertible Bonds.
Listing:	No application will be made for the listing of, permission to deal in, the Convertible Bonds on the Stock Exchange, or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR THE ISSUE OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The Group is principally engaged in the provision of solar energy products and solutions and development, operation and management of solar power plants.

The Directors consider raising funds by issuing Convertible Bonds is justifiable considering the recent market conditions which represent an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position for the possible future investments of the Group, in particular the development, investment, acquisition, operation and management of solar power plants. The Directors consider that the issue of the Convertible Bonds is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The Directors consider that the terms, including the Conversion Price, of the Subscription Agreement and the transactions contemplated thereunder, which were arrived at after arm's length negotiations between the Company and the Subscriber, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The net proceeds from the issue of the Convertible Bonds of approximately HK\$232,559,339 are intended to be used for the possible future investments, in particular the development, investment, acquisition, operation and management of solar power plants, as and when opportunities arise, and the general working capital of the Group. The net price for each Conversion Share is approximately HK\$1.597.

SHAREHOLDING STRUCTURE

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the allotment and issue the Conversion Shares upon exercise of the conversion rights in full under the Convertible Bonds; and (iii) immediately after allotment and issue the Conversion Shares upon exercise of the conversion rights in full under the Convertible Bonds and upon full exercise of the conversion rights under all outstanding convertible notes and convertible bonds issued by the Company is as follows:

	As at the date of this announcement		Immediately after the allotment and issue the Conversion Shares upon exercise in full of the conversion rights under the Convertible Bonds		Immediately after the allotment and issue the Conversion Shares upon exercise in full of the conversion rights under all outstanding convertible notes and convertible bonds issued by the Company (Notes 1 and 2)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholders						
<i>Hung Chao Hong and parties acting in concert with him</i>						
Hung Chao Hong	64,376,000	3.31	64,376,000	3.08	64,376,000	1.34
Hong Zhonghai	1,800,000	0.09	1,800,000	0.09	1,800,000	0.03
Jet Mile Limited (Note 3)	92,936,803	4.78	92,936,803	4.44	1,473,123,548	30.57
Hyatt Servicing Limited (Note 4)	72,036,000	3.70	72,036,000	3.44	120,060,000	2.49
Sub-total:	231,148,803	11.88	231,148,803	11.05	1,659,359,548	34.43
<i>China Merchants New Energy Group Limited and parties acting in concert with it</i>						
China Merchants New Energy Group Limited (Note 5)	467,538,250	24.02	467,538,250	22.35	1,100,090,000 (Note 7)	22.83
China Green Holdings Limited (Note 6)	2,205,621	0.11	2,205,621	0.11	2,205,621	0.05
Renewable Energy Trade Board Corporation (Note 6)	39,974,000	2.05	39,974,000	1.91	199,870,000	4.15
Sino Arena Investments Limited	20,010,000	1.03	20,010,000	0.96	100,050,000	2.08
Sub-total:	529,727,871	27.21	529,727,871	25.33	1,402,215,621	29.11
Ease Soar Limited	239,982,000	12.33	239,982,000	11.47	399,970,000	8.30
Directors	1,325,191	0.07	1,325,191	0.06	1,325,191	0.02
Public Shareholders						
The Subscriber	—	—	145,599,586	6.96	145,599,586	3.02
Other public Shareholders	944,131,965	48.51	944,131,965	45.13	1,210,359,967	25.12
Total:	1,946,315,830	100	2,091,915,416	100	4,818,829,913	100

Notes:

1. On 25 October 2010, the Company issued convertible notes with the principal amount of HK\$850,000,000 to Jet Mile Limited as part of the consideration pursuant to a sale and purchase agreement dated 13 July 2010. The convertible notes are convertible into Shares at an initial conversion price of HK\$0.538 per Share (adjusted to HK\$0.507 per Share on 10 June 2013) during the conversion period. As at the date of this announcement, the principal amount of HK\$55,801,360 of the convertible notes has been converted into Shares and the balance of the principal amount of the convertible notes is HK\$794,198,640 and the adjusted conversion price is HK\$0.507.
2. On 10 June 2013, the Company issued convertible bonds with the principal amount of HK\$1,160,447,750 to China Merchants New Energy Group Limited, Ease Soar Limited, China Green Holdings Limited, China New Energy Power Investment Corporation Limited (formerly known as Talesun Solar Hong Kong Limited), Hyatt Servicing Limited and Sino Arena Investments Limited as part of the consideration pursuant to a sale and purchase agreement dated 22 November 2012. The convertible bonds are convertible into Shares at a conversion price of HK\$1.00 per Share during the conversion period. As at the date of this announcement, none of the convertible bonds has been converted into Shares.
3. Jet Mile Limited is beneficially owned as to 66.7% by Mr. Hung Chao Hong and as to 33.3 % by Mr. Hong Zhonghai.
4. Hyatt Servicing Limited is beneficially owned as to 99.99% by Mr. Hung Chao Hong and as to 0.01% by an independent third party.
5. China Merchants New Energy Group Limited is indirectly owned as to 53.56% by China Merchants Group Limited and as to 46.44% by Mr. Li, Alan, an executive director and chief executive officer of the Company.
6. China Green Holdings Limited is an indirect wholly-owned subsidiary of Renewable Energy Trade Board Corporation, which is in turn indirectly owned as to 18.37% by China Merchants New Energy Group Limited and as to 81.63% by other third parties.
7. This number includes the number of Shares of 440,036,000 to be held by China Merchants New Energy Group Limited and the number of Shares of 192,515,750 to be held by the nominees of China Merchants New Energy Group Limited, namely Snow Hill Developments Limited, Magicgrand Group Limited and Pairing Venture Limited, upon full conversion of the convertible bonds issued on 10 June 2013 as referred to in Note 2 above.

FUND RAISING EXERCISES UNDERTAKEN BY THE COMPANY WITHIN THE PAST 12-MONTH PERIOD

Save as disclosed in this announcement and apart from the equity fund-raising activity mentioned below, the Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
18 January 2013	(1) Issue of 959,462,250 new Shares	(1) HK\$959,462,250	Acquisition of approximately 92.17% of the entire issued share capital of China Solar Power Group Limited (formerly known as China Merchants New Energy Holdings Limited)	Used as intended
	(2) Issue of convertible bonds in the total principal amount of HK\$1,160,447,750	(2) HK\$1,160,447,750		

GENERAL MANDATE

The Conversion Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting (the “AGM”) of the Company held on 27 June 2013 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. As at the date of the AGM, the total number of Shares in issue was 1,945,090,639. Under the General Mandate, the Company is authorised to issue up to 389,018,127 Shares. From the date of the AGM to the date of this announcement, no new Share has been issued under the General Mandate.

INFORMATION ON SUZHOU ZHONG FU

Suzhou Zhong Fu is a company established in the PRC with limited liability and principally engaged in investment in the photovoltaic industry and technology industry.

The Directors confirm that to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Suzhou Zhong Fu and its ultimate beneficial owner(s) (if applicable) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

GENERAL

The transactions contemplated under the Subscription Agreement, including the issue of the Convertible Bonds and the allotment and issuance of the Conversion Shares upon exercise of the conversion rights attaching to the Convertible Bonds, are not subject to the approval of the Shareholders.

Completion of the subscription of the Convertible Bonds is subject to the satisfaction and/or waiver of the conditions precedent in the Subscription Agreement.

As the Subscription Agreement may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified;
“Board”	the board of Directors;
“Bond Instrument”	the instrument to be entered into by the Company constituting the Convertible Bonds, substantially in the form of the draft set out in the schedule to the Subscription Agreement;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours;
“Company”	Goldpoly New Energy Holdings Limited (金保利新能源有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Subscription Agreement;
“Completion Date”	the seventh business day after the fulfilment of the conditions precedents as set out in the Subscription Agreement;
“connected persons”	has the meaning ascribed thereto in the Listing Rules;

“Conversion Price”	the initial conversion price of the Convertible Bonds, being HK\$1.60 per Conversion Share (subject to adjustments);
“Convertible Bonds”	the zero coupon rate unsecured redeemable convertible bonds due 2018 in the principle amount of HK\$232,959,339 to be constituted by the Bond Instrument and to be issued by the Company to the Subscriber pursuant to the Subscription Agreement;
“Conversion Shares”	Shares fall to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds;
“Directors”	the directors of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders in the annual general meeting of the Company convened and held on 27 June 2013 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Shares;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning assigned to it by section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), save that any reference therein to a company shall be deemed to include a reference to a body corporate incorporated or established outside Hong Kong or under any other ordinances of the Laws of Hong Kong and to any unincorporated body of persons;
“Subscriber”	Suzhou Zhong Fu or its nominee;
“Suzhou Zhong Fu”	蘇州工業園區中伏投資管理有限公司 (Suzhou Gong Ye Yuan Qu Zhong Fu Investment Management Company Limited*), a company established in the PRC with limited liability;
“Subscription Agreement”	the conditional agreement dated 13 September 2013 and entered into between the Company and Suzhou Zhong Fu in relation to the subscription of the Convertible Bonds;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers; and
“%”	per cent.

For and on behalf of
Goldpoly New Energy Holdings Limited
Lam Ho Fai
Executive Director

Hong Kong, 13 September 2013

In this announcement, the conversion of Hong Kong dollars into RMB has been made at a rate of HK\$1 to RMB0.79413.

As at the date of this announcement, the executive directors of the Company are Mr. Lam Ho Fai, Mr. Li, Alan (Chief Executive Officer), Mr. Lu Zhenwei, Ms. Lin Xia Yang, and Mr. Yiu Ka So; the non-executive directors of the Company are Academician Yao Jiannian, Mr. Yang Baiqian, Ms. Qiu Ping, Maggie and Mr. Wu Zhenmian; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Ching Kwok Ho, Samuel, Mr. Yen Yuen Ho, Tony, Mr. Shi Dinghuan and Mr. Ma Kwong Wing.

* For identification purpose only