



保利協鑫

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)

INTERIM REPORT
2008



2008

INTERIM REPORT

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Performance Highlights

	Six months ended 30 June		Change
	2008 HK\$'000	2007 HK\$'000	
Revenue			
Sale of electricity	1,240,055	550,414	689,641
Sale of steam	412,655	148,917	263,738
Sale of coal	322,220	–	322,220
	1,974,930	699,331	1,275,599
Profit (Loss) attributable to equity holders of the Company			
Profit from ordinary course of operation*	22,657	24,936	(2,279)
Loss on increase in fair value of convertible note	–	(48,600)	48,600
	22,657	(23,664)	46,321
	HK cents	HK cents	
Basic earnings (loss) per share			
Earnings from ordinary course of operation	2.33	6.41	(4.08)
Loss on increase in fair value of convertible note	–	(12.48)	12.48
	2.33	(6.07)	8.40

* For the six months ended 30 June 2007, listing expenses of HK\$13,052,000 was included.

	30 June	31 December	Change
	2008 HK\$'000	2007 HK\$'000	
Extracts of balance sheet			
Equity attributable to equity holders of the Company	2,615,653	2,427,341	188,312
Total assets	7,885,796	7,333,786	552,010
Bank balances, cash and pledged bank deposits	967,951	1,117,106	(149,155)
Bank borrowings	3,997,107	3,716,306	280,801
Key financial ratios			
Current ratio	0.70	0.81	(0.11)
Quick ratio	0.63	0.75	(0.12)
Net debt to equity	115.8%	107.1%	0.09

Chairman's Statement

On behalf of the Board, I am pleased to announce the operating results of the Group for the first six months of 2008.

RESULTS

For the first six months ended 30 June 2008, the Group recorded a consolidated turnover of HK\$1,974,930,000 (2007: HK\$699,331,000), representing an increase of 182.4% over the same period last year. The profit attributable to equity holders of the Company reached HK\$22,657,000 (2007: loss attributable to equity holders of HK\$23,664,000). Basic earnings per share was 2.33 HK cents (2007: basic loss per share of 6.07 HK cents).

REVIEW

In the first half of 2008, the Group achieved satisfactory results in both business development and cost control.

During the reporting period, the installed capacity of the Group continued to grow. It is the development strategy of the Group to build new plants, expand the capacities of existing power plants and acquire interests in other power plants. On 2 January 2008 and 28 March 2008, the Group completed the acquisition of China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd. and 錫林郭勒國泰風力發電有限公司 Xi Lin Guo Le Guotai Wind Power Generation Co., Ltd. ("Huitengliang Project") respectively. These two acquisitions increased the Group's attributable installed capacity by 123MW (upon the completion of Huitengliang Project's construction). In addition, the Group built an additional 15MW cogeneration unit at the existing Lianyungang Xinneng Sludge Power Co., Ltd. ("Lianyungang Xinneng") during the period under review. As a result of the aforementioned acquisitions and expansion, the attributable installed capacity of the Group reached 732.3MW (including 49.5MW under construction), which resulted in an increase of 23.2% over the attributable installed capacity of 594.3MW at the end of 2007.

Entering 2008, the increase in coal prices has posed a significant challenge to the operation of all power generating enterprises. However, the Group's cogeneration business is different from conventional coal-fired power generation enterprises. As an environmentally friendly energy company, the Group uses diversified fuel types rather than relying on coal alone. This reduces the impact of rising coal prices on our overall costs compared with conventional power plants resulting that the Group was still able to record profits in the first half of the year.

The cogeneration plants of the Group produce two kinds of products – electricity and steam. Before "coal and electricity pass through mechanism" was triggered, local Bureaus of Commodity Prices had triggered "heat and coal pass through mechanism". As a result, all cogeneration plants of the Group obtained an average approved price increase on steam approximately RMB27 per tonne in the first half of the year. In addition, as the Group uses diversified fuel types, its two gas-fired cogeneration plants, one waste incineration plant and two biomass-fuelled cogeneration plants were not affected by the increase in coal prices, and this had contributed significantly to the profits of the Group during the reporting period.

Chairman's Statement *(Continued)*

Bulk purchases of coal is one of the major advantages of the Group. During the period under review, the Group's fuel procuring system reduced overall coal costs through the securing of long-term supply contracts.

Today, the Group maintains a leading position in the construction of power plants. We have completed the expansion of capacity at Lianyungang Xinneng, which came into operation in just 5 months.

OUTLOOK

According to the notice issued by the National Development and Reform Commission about the increase of tariffs for the East China Power Grid, the on-grid tariff for the Group's coal-fired cogeneration plants in Jiangsu and Zhejiang was increased to various extents effective on 1 July 2008 and 20 August 2008 respectively.

After these increases, the on-grid tariff (including tax) of cogeneration plants in Jiangsu increased twice by RMB0.0458 per KWh in total, and the on-grid tariff (including tax) of cogeneration plants in Zhejiang increased twice by RMB0.0462 per KWh in total. We believe that these tariff increases will help to relieve the pressure on operations resulting from the increase in coal prices, and thus improve the overall profitability of the Group in the second half of the year. We will also continue to adopt the strategy of raising the steam prices in order to increase our overall profit.

In addition to the positive effects of the "coal and electricity pass through mechanism", the Group will also adopt multiple measures to control coal costs. On 11 August 2008, the Group entered into an agreement to acquire a 55% equity interest in the Duolun coal mine in Inner Mongolia, and we will continue to acquire coal resources with a view to reduce coal costs and realise the development strategy of vertically integrating coal and power generation.

Moreover, the Chinese Government has promulgated a number of preferential policies encouraging the development of environmentally friendly energy. As an enterprise focused on producing "green" energy, the Group has benefited from these policies that have also brought about immense opportunities for the Group's overall development. This makes us ever more determined to pursue additional environmentally friendly and renewable energy projects. The Group will also focus on developing large coal cogeneration plants with a single generator capacity of over 300MW, solid waste incineration plants, hydropower plants and wind power plants.

APPRECIATION

We appreciate the valuable contribution of the Company's directors as well as the devoted efforts of the management team and all members of staff. On behalf of the Board, I would like to express my deepest gratitude to them all.

Zhu Gong Shan

Chairman

12 September 2008

Management Discussion and Analysis

OVERVIEW

For the six months ended 30 June 2008, the Group recorded revenue of HK\$1,974,930,000, representing an increase of 182.4% as compared to HK\$699,331,000 for the six months ended 30 June 2007. Profit attributable to equity holders was HK\$22,657,000 as compared to a loss attributable to equity holders of HK\$23,664,000 for the corresponding period of last year. Basic earnings per share attributable to the equity holders of the Company increased to 2.33 HK cents compared with a loss per share of 6.07 HK cents in first half of 2007.

During the period under review, the major challenge to the Group is the soaring coal price which affected our performance in the first half of the year. As a result, the profit attributable to shareholders was not able to keep pace with the growth in revenue.

ACQUISITION OF NEW POWER PLANTS

By means of acquisitions and increase equipment investment, the Group increased its attributable installed capacity from 464.3MW on 30 June 2007 to 682.8MW on 30 June 2008 (excluding installed capacity of 49.5MW for a wind power plant (“Huitengliang Project”) under construction). Following the acquisition of a coal procurement company in November 2007, the Group is able to centralize its sourcing function and bargain for more favorable coal price through bulk purchase.

The acquisition of the entire interest in Huitengliang Project and 49% interest of a cogeneration plant in Beijing were completed in the first quarter of the year. For the Huitengliang Project, which is located in the Xi Lin Guo Le, Inner Mongolia Autonomous Region, we have the right to develop a wind power plant with a total installed capacity of 49.5MW. This is the first wind power plant project of the Group.

On 15 April 2008, the Group entered into an agreement to acquire 52.5% equity interest of a hydropower plant in Lincang, Yunnan province which comprised six hydro-electric power stations along the Dazhai River with a total installed capacity of 16.79MW. The Yunnan hydropower plant is the first hydropower plant to be acquired by the Group.

In order to vertically integrate our business and mitigate the dependence on external coal suppliers, on 11 August 2008, the Group entered into an agreement to acquire a 55% equity interest of 內蒙古多倫協鑫礦業有限責任公司, which owns an underground coal mine in Duolun County, Inner Mongolia Autonomous Region. According to the technical report from John T. Boyd Company, the total in-place resources of all seams amount to approximately 82.44 million tonnes. The marketable reserve of the mine amounted to 15.76 million tonnes. The mine is currently under construction and is expected to be on stream in early 2009.

Management Discussion and Analysis *(Continued)*

BUSINESS REVIEW

As at 30 June 2008, the Group (including subsidiary and associated power plants) operates 14 coal-fuelled cogeneration plants and resources comprehensive utilization plants, 2 gas-fuelled cogeneration plants, 2 biomass cogeneration plants and 1 solid waste incineration plant, with an attributable installed capacity of 682.8MW and an attributable steam extraction capacity of 1,673.3 ton/h, representing an increase of 47.1% and 64.5% as compared to attributable installed capacity of 464.3MW and attributable steam extraction capacity of 1,017.5 ton/h as at 30 June 2007. The significant increase was mainly due to the following acquisitions and capacity expansion:

Acquisitions:

- 51% equity interest in Taicang Poly Cogeneration Plant (acquired in November 2007)
- 51% equity interest in Jiaxing Cogeneration Plant (acquired in November 2007)
- 50.1% equity interest in Dongtai Cogeneration Plant (acquired in November 2007)
- 50.1% equity interest in Peixian Cogeneration Plant (acquired in November 2007)
- 36.75% equity interest in Xuzhou Cogeneration Plant (acquired in November 2007)
- 100% equity interest in Puyuan Cogeneration Plant (acquired in November 2007)
- 60% equity interest in Funing Cogeneration Plant (acquired in November 2007)
- 49% equity interest in Beijing Cogeneration Plant (acquired in January 2008)

Installation of additional generators and boilers in the following plants in the second half of 2007 and first half of 2008:

- Jiaxing Cogeneration Plant
- Puyuan Cogeneration Plant
- Baoying Cogeneration Plant
- Lianyungang Xiexin Cogeneration Plant
- Xinneng Cogeneration Plant
- Rudong Cogeneration Plant

Management Discussion and Analysis (Continued)

Electricity – Generation Volume

For the six months ended 30 June 2008, the total gross generation and sales volume of electricity were 3,090,908MWh and 2,841,016MWh respectively. It represented an increase of 37.9% and 39.1% as compared to the total gross generation electricity of 2,241,963MWh and sales volume electricity of 2,042,481MWh for the same period last year. The increase was mainly due to the growth in installed capacity from 464.3MW to 682.8MW.

The gross generation and electricity sales volume of each of the cogeneration plants are tabled as follows:

Plant	Gross	Gross	Electricity	Electricity
	Generation MWh 30.6.2008	Generation MWh 30.6.2007	Sales MWh 30.6.2008	Sales MWh 30.6.2007
Kunshan Cogeneration Plant	214,411	205,536	189,828	182,929
Haimen Cogeneration Plant	83,748	93,791	74,500	81,964
Rudong Cogeneration Plant	90,993	88,769	81,330	79,357
Huzhou Cogeneration Plant	96,286	96,023	85,297	85,220
Taicang Poly Cogeneration Plant	159,774	153,659 ^d	146,289	140,248 ^d
Jiaxing Cogeneration Plant	121,200	77,686 ^d	100,620	69,394 ^d
Xinneng Cogeneration Plant	50,520	26,620	43,400	21,820
Puyuan Cogeneration Plant	83,637	N/A ^a	72,166	N/A ^a
Fengxian Cogeneration Plant	108,826	99,105	95,172	87,006
Yangzhou Cogeneration Plant	171,641	160,780	153,850	142,120
Dongtai Cogeneration Plant	88,399	95,342 ^d	80,200	85,080 ^d
Peixian Cogeneration Plant	102,492	102,105 ^d	91,242	90,625 ^d
Xuzhou Cogeneration Plant	101,050	104,514 ^d	88,853	92,348 ^d
Suzhou Cogeneration Plant	927,185	701,241	894,963	673,520
Baoying Cogeneration Plant	118,126	108,310	105,840	97,330
Lianyungang Xiexin Cogeneration Plant	120,202	109,728	108,416	99,622
Taicang Incineration Plant	24,649	18,754	20,447	13,898
China Resources Beijing Cogeneration Plant	337,721	N/A ^b	328,093	N/A ^b
Funing Cogeneration Plant	90,048	N/A ^c	80,510	N/A ^c
Total including subsidiary and associated power plants	3,090,908	2,241,963	2,841,016	2,042,481

Note:

- The Group acquired the 100% equity interest in November 2007.
- The Group acquired the 49% equity interest on 2 January 2008.
- The Group acquired 60% equity interest in the second half of 2007.
- Became a subsidiary from an associated company on 13 November 2007.

Management Discussion and Analysis (Continued)

Electricity – Average Utilization Hours

Plant	Hours	Hours
	30.6.2008	30.6.2007
Kunshan Cogeneration Plant	4,467 ^a	4,282 ^a
Haimen Cogeneration Plant	2,792	3,126
Rudong Cogeneration Plant	3,033	2,959
Huzhou Cogeneration Plant	3,210	3,201
Taicang Poly Cogeneration Plant	3,551	3,415 ^e
Jiaying Cogeneration Plant	3,367	2,590 ^e
Xinneng Cogeneration Plant	2,731	4,437 ^b
Puyuan Cogeneration Plant	3,983	N/A ^d
Fengxian Cogeneration Plant	3,628	3,303
Yangzhou Cogeneration Plant	3,576	3,350
Dongtai Cogeneration Plant	2,947	3,178 ^e
Peixian Cogeneration Plant	3,416	3,404 ^e
Xuzhou Cogeneration Plant	3,368	3,484 ^e
Suzhou Cogeneration Plant	2,558	1,948
Baoying Cogeneration Plant	3,938	3,610
Lianyungang Xiexin Cogeneration Plant	4,007	3,658
Taicang Incineration Plant	4,108	3,126
China Resources Beijing Cogeneration Plant	2,251	N/A ^c
Funing Cogeneration Plant	3,002	N/A ^d

Note:

- a. The reason that the average utilization hours of the Kunshan Cogeneration Plant exceeded the 4,368 hours and 4,344 hours for half year of 2008 and 2007 are due to the generators worked at their maximum working condition at the level of 50MW and 60MW for 2008 and 2007 respectively. If maximum working condition is assumed, the average utilization hours would be 4,288 hours and 3,425 hours for the first half of 2008 and 2007 respectively.
- b. The reason that the average utilization hours of the Xinneng Cogeneration Plant exceeded the 4,344 hours for half year 2007 is due to the generators worked at their maximum working condition at the level of 6.8MW. If maximum working condition is assumed, the average utilization hours would be 3,914 hours for the first half of 2007.
- c. The Group acquired the 49% equity interest on 2 January 2008.
- d. The Group acquired 100% equity interest in Puyuan and 60% equity interest in Funing in the second half of 2007.
- e. Became a subsidiary from an associated company on 13 November 2007.

Management Discussion and Analysis (Continued)

Steam – Generation Volume

Total output of steam and steam sales were 3,334,842 tonnes and 2,924,630 tonnes for the six months ended 30 June 2008, representing an increase of 34.4% and 37.5% respectively compared to 2,481,522 tonnes and 2,127,043 tonnes for the same period ended 30 June 2007. The increase was mainly due to the growth of steam customers.

The following table indicated the total steam output and the steam sales of each of the power plants.

Plant	Total Output	Total Output	Steam Sales	Steam Sales
	tonne 30.6.2008	tonne 30.6.2007	tonne 30.6.2008	tonne 30.6.2007
Kunshan Cogeneration Plant	290,262	240,505	242,398	210,375
Haimen Cogeneration Plant	193,044	184,883	175,170	175,848
Rudong Cogeneration Plant	277,189	243,550	236,929	208,802
Huzhou Cogeneration Plant	185,000	117,003	180,861	107,006
Taicang Poly Cogeneration Plant	252,723	250,760 ^c	221,349	230,878 ^c
Jiaxing Cogeneration Plant	362,116	289,416 ^c	339,820	244,113 ^c
Xinneng Cogeneration Plant	139,040	107,704	119,658	90,530
Puyuan Cogeneration Plant	274,015	N/A ^a	244,262	N/A ^a
Fengxian Cogeneration Plant	133,639	90,759	113,912	80,330
Yangzhou Cogeneration Plant	97,704	148,074	71,319	106,532
Dongtai Cogeneration Plant	211,022	205,147 ^c	193,281	178,478 ^c
Peixian Cogeneration Plant	102,674	118,063 ^c	88,908	95,914 ^c
Xuzhou Cogeneration Plant	126,072	112,904 ^c	109,889	95,347 ^c
Suzhou Cogeneration Plant	314,113	258,859	263,698	216,082
Baoying Cogeneration Plant	113,585	95,565	85,936	72,612
Lianyungang Xiexin Cogeneration Plant	51,225	18,330	40,208	14,196
China Resources Beijing Cogeneration Plant	155,130	N/A ^b	152,049	N/A ^b
Funing Cogeneration Plant	56,289	N/A ^a	44,983	N/A ^a
Total including subsidiary and associated power plants	3,334,842	2,481,522	2,924,630	2,127,043

Note:

- The Group acquired 100% equity interest in Puyuan and 60% equity interest in Funing in the second half of 2007.
- The Group acquired 49% equity interest on 2 January 2008.
- Became a subsidiary from an associated company on 13 November 2007.

Management Discussion and Analysis (Continued)

COAL COST (INCLUDING COAL SLUDGE, SLUDGE, GANGUE AND BIOMASS)

The average unit cost of coal for electricity generation for the 6 months ended 30 June 2008 was RMB312/MWh, representing an increase of 24.3% as compared to RMB251/MWh for the Group's subsidiary and associated cogeneration plants in the same period last year. The average unit cost of coal for steam generation for the 6 months ended 30 June 2008 was RMB94/tonne, representing an increase of 20.5% as compared to RMB78/tonne for the Group's subsidiary and associated cogeneration plants for the same period in 2007. The increase is mainly due to the increase in coal price.

EMPLOYEES

As at 30 June 2008, excluding associated companies, the Group employed 1,856 employees in Hong Kong and the PRC. Total employee costs for the period ended 30 June 2008, including directors' emoluments, amounted to HK\$81,122,000. The Group's employment and remuneration policies remain the same as those described in the Annual Report for the year ended 31 December 2007.

The management believes our success and long-term growth depends upon the quality, performance and commitment of our employees. To this end, the Group sponsored a number of training and development programmes for its employees at various levels during the period.

OUTLOOK

Coal-fired power plants in China have all suffered from rising fuel costs in the first half of 2008. Although a surge in coal costs has a negative effect on us, we are better off than conventional power plant operators in China for all our power plants are environmentally friendly power plants and encouraged and supported by the PRC Government with higher on-grid tariffs and utilization rates. Moreover, the diversity in the Group's fuel consumption mitigates the effect of coal prices increases. From 1 July 2008 to 20 August 2008, the National Development and Reform Commission revised upward on-grid tariffs twice which will have a positive effect to us in the second half of 2008. We expect there will be further upward adjustment of on-grid tariffs in the fourth quarter of 2008.

After the acquisition of the Duolun coal mine in Inner Mongolia, we will become one of the vertically integrated power plant operators in China with substantial coal resources. We believe that this acquisition will enable us to have distinctive cost advantages over peers.

In the long run, we expect further acquisitions of coal mines and power plants as well as internal capacity expansion resulting that we will continue to be a leading company in the cogeneration and clean energy power sector in China.

Management Discussion and Analysis *(Continued)*

FINANCIAL REVIEW

Revenue

Revenue for the period was HK\$1,974,930,000, representing a 182.4% increase from HK\$699,331,000 for the same period last year. The surge was partly due to organic growth and partly due to acquisitions.

Gross Profit Margin

Overall gross profit margin for the six months ended 30 June 2008 was 11.2% compared to 19.3% for the same period ended 30 June 2007. The decline in gross profit margin was mainly due to the substantial increase in coal price.

Share of Results of Associates

For the six months ended 30 June 2008, the Group's share of profit of associates of HK\$19,304,000 comprised the share of the results of Beijing Cogeneration Plant and Funing Cogeneration Plant.

Profit for the period

As at 30 June 2008, profit attributable to equity holders of the Company was HK\$22,657,000 as compared to a loss attributable to equity holders of HK\$23,664,000 for the same period last year. The increase was mainly due to a revaluation loss on increase in the fair value of a convertible note.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2008. The Board will consider the payment of a final dividend for the year ending 31 December 2008 after the full year results are available.

Liquidity and Financial Resources

As at 30 June 2008, the bank balances, cash and pledged bank deposits held by the Group amounted to HK\$967,951,000.

For the six months ended 30 June 2008, the Group's main sources of funds was from operating activities amounting to HK\$302,378,000. The Group's funds was primarily used in the purchase of properties and equipment for power plants.

Management Discussion and Analysis (Continued)

Key financial ratios of the Group

	As at 30 June 2008	As at 31 December 2007
Current ratio	0.70	0.81
Quick ratio	0.63	0.75
Net debt to equity	115.8%	107.1%

Current ratio = balance of current assets at the end of period/balance of current liabilities at the end of the period

Quick ratio = (balance of current assets at the end of the period-balance of inventories at the end of the period)/balance of current liabilities at the end of the period

Net debt to shareholders' equity = (balance of total bank borrowings at the end of the period-balance of bank balances, cash and pledged bank deposits at the end of the period)/balance of equity attributable to equity holders of the Company at the end of the period

Borrowings

The bank borrowings as at 30 June 2008 were denominated in RMB. During the six months ended 30 June 2008, the Group repaid bank loan amounting to HK\$847,040,000 (six months ended 30 June 2007: HK\$411,182,000) and drawdown new bank loan amounting to HK\$886,597,000 (six months ended 30 June 2007: HK\$553,969,000). As at 30 June 2008, the Group's total borrowings amounted to HK\$3,997,107,000 (as at 31 December 2007: HK\$3,716,306,000). The maturity profile of the group's total borrowings are summarized as follows:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Repayable:		
On demand or within one year	1,793,909	1,593,142
After one year but within two years	463,835	443,643
After two years but within five years	963,423	834,309
After five years	775,940	845,212
Group's total borrowings	3,997,107	3,716,306

Management Discussion and Analysis (Continued)

CAPITAL COMMITMENTS

Capital expenditure commitments stood at HK\$551,712,000 on 30 June 2008, mainly related to construction in progress and RMB15,700,000 for the acquisition of 52.5% equity interest of a hydro power plant in Lincang, Yunnan Province.

Foreign Currency Risk

All of our revenue, cost of sales and part of the administrative expenses are denominated in RMB. Besides some of the bank deposits which are denominated in Hong Kong Dollars and US Dollars, most of our assets and liabilities are denominated in RMB. Since RMB is our functional currency, our foreign currency risk exposure therefore is mostly confined to assets denominated in Hong Kong Dollars and US Dollars.

Pledge of Assets

As at 30 June 2008, property, plant and equipment and prepaid lease payments with a carrying value approximately HK\$3,542,696,000 and HK\$253,162,000 respectively, were pledged as security for certain banking facilities granted to the Group. Apart from these, bank deposits for an aggregate amount of HK\$298,343,000 were pledged to banks to secure the Group's borrowing facilities. The pledged bank deposits will be released upon repayment of the relevant borrowings.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2008.

Post Balance Sheet Event

On 11 August 2008, the Group entered into a conditional sales and purchase agreement (the "Acquisition Agreement") with Get Famous Investments Limited which is controlled by our chairman, Mr. Zhu Gong Shan, for the acquisition of 100% equity interest in Joint Loyal Holdings Limited, which will hold 55% equity interest of 內蒙古多倫協鑫礦業有限責任公司. The aggregate consideration will not be more than RMB127,936,000 and will be settled by two tranches of convertible notes to be issued by the Company, subject to satisfaction of the conditions precedent as set out in the Acquisition Agreement. 內蒙古多倫協鑫礦業有限責任公司 is the owner of a coal mine under development in Inner Mongolia, the PRC. Details of the acquisition are set out in the Company's announcement dated 11 August 2008.

Management Discussion and Analysis (Continued)

OPERATION STATISTICS

The following tables show certain operating statistics of cogeneration plants for the period ended 30 June 2008 and 2007

1. The Kunshan Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 24	2 x 24
Average Utilisation Hours	Hours	4,467	4,282
Gross Generation	MWh	214,411	205,536
Power Sales	MWh	189,828	182,929
Standard Coal Consumption (Electricity Sales)	g/kWh	384	383
Steam Extraction Capacity	tonne/h	160	160
Total Steam Output	tonne	290,262	240,505
Steam Sales	tonne	242,398	210,375
Standard Coal Consumption (Steam Sales)	Kg/GJ	39	39
Heat to Power Ratio	%	127	110
Thermal Efficiency	%	48	47

2. The Haimen Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	2,792	3,126
Gross Generation	MWh	83,748	93,791
Power Sales	MWh	74,500	81,964
Standard Coal Consumption (Electricity Sales)	g/kWh	433	440
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	193,044	184,883
Steam Sales	tonne	175,170	175,848
Standard Coal Consumption (Steam Sales)	Kg/GJ	39	39
Heat to Power Ratio	%	225	192
Thermal Efficiency	%	52	49

Management Discussion and Analysis (Continued)

3. The Rudong Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	3,033	2,959
Gross Generation	MWh	90,993	88,769
Power Sales	MWh	81,330	79,357
Standard Coal Consumption (Electricity Sales)	g/kWh	423	425
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	277,189	243,550
Steam Sales	tonne	236,929	208,802
Standard Coal Consumption (Steam Sales)	Kg/GJ	39	39
Heat to Power Ratio	%	299	270
Thermal Efficiency	%	56	55

4. The Huzhou Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	3,210	3,201
Gross Generation	MWh	96,286	96,023
Power Sales	MWh	85,297	85,220
Standard Coal Consumption (Electricity Sales)	g/kWh	413	455
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	185,000	117,003
Steam Sales	tonne	180,861	107,006
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	40
Heat to Power Ratio	%	193	121
Thermal Efficiency	%	51	42

Management Discussion and Analysis (Continued)

5. The Taicang Poly Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	3 x 15	3 x 15
Average Utilisation Hours	Hours	3,551	3,415
Gross Generation	MWh	159,774	153,659
Power Sales	MWh	146,289	140,248
Standard Coal Consumption (Electricity Sales)	g/kWh	442	439
Steam Extraction Capacity	tonne/h	150	150
Total Steam Output	tonne	252,723	250,760
Steam Sales	tonne	221,349	230,878
Standard Coal Consumption (Steam Sales)	Kg/GJ	38	38
Heat to Power Ratio	%	155	158
Thermal Efficiency	%	47	47

6. The Jiaxing Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15+1 x 6	2 x 15
Average Utilisation Hours	Hours	3,367	2,590
Gross Generation	MWh	121,200	77,686
Power Sales	MWh	100,620	69,394
Standard Coal Consumption (Electricity Sales)	g/kWh	400	378
Steam Extraction Capacity	tonne/h	173	100
Total Steam Output	tonne	362,116	289,416
Steam Sales	tonne	339,820	244,113
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	38
Heat to Power Ratio	%	311	395
Thermal Efficiency	%	57	64

Management Discussion and Analysis (Continued)

7. The Xinneng Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	1 x 15+1 x 6	1 x 6
Average Utilisation Hours	Hours	2,731	4,437
Gross Generation	MWh	50,520	26,620
Power Sales	MWh	43,400	21,820
Standard Coal Consumption (Electricity Sales)	g/kWh	453	474
Steam Extraction Capacity	tonne/h	90	60
Total Steam Output	tonne	139,040	107,704
Steam Sales	tonne	119,658	90,530
Standard Coal Consumption (Steam Sales)	Kg/GJ	42	44
Heat to Power Ratio	%	274	413
Thermal Efficiency	%	51	53

8. The Puyuan Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	1 x 15+1 x 6	N/A
Average Utilisation Hours	Hours	3,983	N/A
Gross Generation	MWh	83,637	N/A
Power Sales	MWh	72,166	N/A
Standard Coal Consumption (Electricity Sales)	g/kWh	382	N/A
Steam Extraction Capacity	tonne/h	123	N/A
Total Steam Output	tonne	274,015	N/A
Steam Sales	tonne	244,262	N/A
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	N/A
Heat to Power Ratio	%	326	N/A
Thermal Efficiency	%	59	N/A

Management Discussion and Analysis (Continued)

9. The Fengxian Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	3,628	3,303
Gross Generation	MWh	108,826	99,105
Power Sales	MWh	95,172	87,006
Standard Coal Consumption (Electricity Sales)	g/kWh	480	481
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	133,639	90,759
Steam Sales	tonne	113,912	80,330
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	39
Heat to Power Ratio	%	121	91
Thermal Efficiency	%	41	37

10. The Yangzhou Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 24	2 x 24
Average Utilisation Hours	Hours	3,576	3,350
Gross Generation	MWh	171,641	160,780
Power Sales	MWh	153,850	142,120
Standard Coal Consumption (Electricity Sales)	g/kWh	445	428
Steam Extraction Capacity	tonne/h	160	160
Total Steam Output	tonne	97,704	148,074
Steam Sales	tonne	71,319	106,532
Standard Coal Consumption (Steam Sales)	Kg/GJ	42	40
Heat to Power Ratio	%	53	88
Thermal Efficiency	%	35	43

Management Discussion and Analysis *(Continued)*

11. The Dongtai Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	2,947	3,178
Gross Generation	MWh	88,399	95,342
Power Sales	MWh	80,200	85,080
Standard Coal Consumption (Electricity Sales)	g/kWh	453	448
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	211,022	205,147
Steam Sales	tonne	193,281	178,478
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	40
Heat to Power Ratio	%	231	206
Thermal Efficiency	%	50	49

12. The Peixian Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	3,416	3,404
Gross Generation	MWh	102,492	102,105
Power Sales	MWh	91,242	90,625
Standard Coal Consumption (Electricity Sales)	g/kWh	514	516
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	102,674	118,063
Steam Sales	tonne	88,908	95,914
Standard Coal Consumption (Steam Sales)	Kg/GJ	41	41
Heat to Power Ratio	%	98	113
Thermal Efficiency	%	39	40

Management Discussion and Analysis (Continued)

13. The Xuzhou Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	3,368	3,484
Gross Generation	MWh	101,050	104,514
Power Sales	MWh	88,853	92,348
Standard Coal Consumption (Electricity Sales)	g/kWh	496	487
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	126,072	112,904
Steam Sales	tonne	109,889	95,347
Standard Coal Consumption (Steam Sales)	Kg/GJ	39	39
Heat to Power Ratio	%	124	106
Thermal Efficiency	%	40	39

14. The Suzhou Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 180	2 x 180
Average Utilisation Hours	Hours	2,558	1,948
Gross Generation	MWh	927,185	701,241
Power Sales	MWh	894,963	673,520
Standard Gas Consumption (Electricity Sales)	Nm ³ /kWh	0.23	0.24
Steam Extraction Capacity	tonne/h	200	200
Total Steam Output	tonne	314,113	258,859
Steam Sales	tonne	263,698	216,082
Standard Gas Consumption (Steam Sales)	Nm ³ /GJ	31	23
Heat to Power Ratio	%	29	32
Thermal Efficiency	%	50	46

Management Discussion and Analysis (Continued)

15. The Baoying Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	3,938	3,610
Gross Generation	MWh	118,126	108,310
Power Sales	MWh	105,840	97,330
Standard Coal Consumption (Electricity Sales)	g/kWh	526	478
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	113,585	95,565
Steam Sales	tonne	85,936	72,612
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	40
Heat to Power Ratio	%	90	83
Thermal Efficiency	%	33	37

16. The Lianyungang Xiexin Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	2 x 15
Average Utilisation Hours	Hours	4,007	3,658
Gross Generation	MWh	120,202	109,728
Power Sales	MWh	108,416	99,622
Standard Coal Consumption (Electricity Sales)	g/kWh	527	516
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	51,225	18,330
Steam Sales	tonne	40,208	14,196
Standard Coal Consumption (Steam Sales)	Kg/GJ	41	40
Heat to Power Ratio	%	40	16
Thermal Efficiency	%	29	26

Management Discussion and Analysis (Continued)

17. The Taicang Incineration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	1 x 6	1 x 6
Average Utilisation Hours	Hours	4,108	3,126
Gross Generation	MWh	24,649	18,754
Power Sales	MWh	20,447	13,898
Standard Coal Consumption (Electricity Sales)	g/kWh	N/A	N/A
Steam Extraction Capacity	tonne/h	N/A	N/A
Total Steam Output	tonne	N/A	N/A
Steam Sales	tonne	N/A	N/A
Standard Coal Consumption (Steam Sales)	Kg/GJ	N/A	N/A
Heat to Power Ratio	%	N/A	N/A
Thermal Efficiency	%	N/A	N/A

18. The China Resources Beijing Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 75	2 x 75
Average Utilisation Hours	Hours	2,251	2,344
Gross Generation	MWh	337,721	351,661
Power Sales	MWh	328,093	345,581
Standard Gas Consumption (Electricity Sales)	Nm ³ /kWh	0.20	0.22
Steam Extraction Capacity	tonne/h	100	100
Total Steam Output	tonne	155,130	92,603
Steam Sales	tonne	152,049	87,315
Standard Gas Consumption (Steam Sales)	Nm ³ /GJ	30	30
Heat to Power Ratio	%	43	19
Thermal Efficiency	%	62	53

Note: The acquisition of 49% equity interest in the China Resources Beijing Cogeneration Plant was completed in January 2008.

Management Discussion and Analysis *(Continued)*

19. The Funing Cogeneration Plant

	Unit	Six months ended 30 June	
		2008	2007
Installed Capacity at Period End	MW	2 x 15	N/A
Average Utilisation Hours	Hours	3,002	N/A
Gross Generation	MWh	90,048	N/A
Power Sales	MWh	80,510	N/A
Standard Coal Consumption (Electricity Sales)	g/kWh	513	N/A
Steam Extraction Capacity	tonne/h	100	N/A
Total Steam Output	tonne	56,289	N/A
Steam Sales	tonne	44,983	N/A
Standard Coal Consumption (Steam Sales)	Kg/GJ	40	N/A
Heat to Power Ratio	%	61	N/A
Thermal Efficiency	%	32	N/A

Report on Review of Condensed Consolidated Interim Financial Statements

Deloitte.
德勤

德勤•關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

**TO THE BOARD OF DIRECTORS OF
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)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements (“Interim Financial Statements”) set out on pages 26 to 46, which comprise the condensed consolidated balance sheet of GCL-Poly Energy Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group”) as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six months then ended, and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on Interim Financial Statements to be in compliance with the relevant provisions thereof and International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). The directors are responsible for the preparation and presentation of these Interim Financial Statements in accordance with IAS 34. Our responsibility is to express a conclusion on these Interim Financial Statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements (“HKSRE”) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). A review of Interim Financial Statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Report on Review of Condensed Consolidated Interim Financial Statements

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Statements are not prepared, in all material respects, in accordance with IAS 34.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement for the six months ended 30 June 2007 and the comparative condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months ended 30 June 2007 disclosed in the Interim Financial Statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

12 September 2008

Condensed Consolidated Income Statement – Unaudited

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTES	Six months ended 30 June	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Revenue	3	1,974,930	699,331
Cost of sales		(1,753,335)	(564,255)
Gross profit		221,595	135,076
Other income	5	73,506	38,464
Distribution cost		(3,334)	–
Administrative expenses		(119,865)	(73,750)
Finance costs	6	(143,452)	(67,299)
Share of results of associates		19,304	9,847
Loss on increase in fair value of convertible note		–	(48,600)
Profit (loss) before tax		47,754	(6,262)
Income tax (expense) credit	7	(6,186)	935
Profit (loss) for the period	8	41,568	(5,327)
Attributable to:			
Equity holders of the Company		22,657	(23,664)
Minority interests		18,911	18,337
		41,568	(5,327)
		HK cents	HK cents
Earnings (loss) per share – Basic	10	2.33	(6.07)

Condensed Consolidated Balance Sheet – Unaudited

AT 30 JUNE 2008

	NOTES	30 June 2008 HK\$'000 (unaudited)	31 December 2007 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	5,335,134	4,974,246
Prepaid lease payments		262,098	250,053
Interests in associates	12	247,978	77,955
Goodwill		132,691	124,639
Other intangible assets		16,400	15,801
Available-for-sale investments		13,258	12,453
Deferred tax assets		14,333	12,149
Pledged bank deposits		71,062	–
Deposit for acquisition of a subsidiary	19	22,995	–
		6,115,949	5,467,296
CURRENT ASSETS			
Inventories		186,558	134,552
Trade and other receivables	13	655,361	583,975
Prepaid lease payments		9,672	9,561
Amounts due from related companies		21,367	20,640
Tax recoverable		–	656
Pledged bank deposits		227,281	258,382
Bank balances and cash		669,608	858,724
		1,769,847	1,866,490
CURRENT LIABILITIES			
Trade and other payables	14	653,217	657,250
Amounts due to related companies		79,239	48,707
Income tax payable		3,145	4,901
Borrowings – due within one year	15	1,793,909	1,593,142
		2,529,510	2,304,000
NET CURRENT LIABILITIES		(759,663)	(437,510)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,356,286	5,029,786
NON-CURRENT LIABILITIES			
Deferred income		79,504	66,613
Borrowings – due after one year	15	2,203,198	2,123,164
Deferred tax liabilities	16	30,924	23,821
		2,313,626	2,213,598
NET ASSETS		3,042,660	2,816,188

Condensed Consolidated Balance Sheet – Unaudited

AT 30 JUNE 2008

	NOTES	30 June 2008 HK\$'000 (unaudited)	31 December 2007 HK\$'000 (audited)
CAPITAL AND RESERVES			
Share capital	17	97,242	97,242
Reserves		2,518,411	2,330,099
Equity attributable to equity holders of the Company		2,615,653	2,427,341
MINORITY INTERESTS			
		427,007	388,847
TOTAL EQUITY			
		3,042,660	2,816,188

The condensed consolidated interim financial statements on pages 26 to 46 were approved and authorised for issue by the Board of Directors on 12 September 2008 and are signed on its behalf by:

DIRECTOR

DIRECTOR

Condensed Consolidated Statement of Changes in Equity – Unaudited

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital reserve	Contribution		Share options reserve	Investment revaluation reserve	Exchange reserve	(Deficit) retained profits	Sub-total	Minority interests	Total
				from a shareholder	Other reserves							
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2007 (audited)	100	101,400	97,013	58,415	2,771	-	-	20,884	32,852	313,435	206,005	519,440
Exchange difference arising from translation of functional currency to presentation currency recognised directly in equity	-	-	-	-	-	-	-	54,683	-	54,683	26,830	81,513
Share of exchange reserve of associates	-	-	-	-	-	-	-	1,325	-	1,325	-	1,325
(Loss) profit for the year	-	-	-	-	-	-	-	-	(273,679)	(273,679)	56,360	(217,319)
Total recognised income (expense) for the year	-	-	-	-	-	-	-	56,008	(273,679)	(217,671)	83,190	(134,481)
Issue of new shares upon conversion of convertible note	20,328	813,120	-	-	-	-	-	-	-	833,448	-	833,448
Capitalisation issue	38,822	(38,822)	-	-	-	-	-	-	-	-	-	-
Issue of new shares for acquisition of subsidiaries and an associate	9,192	367,678	-	-	-	-	-	-	-	376,870	-	376,870
Issue of new shares for cash	28,800	1,152,000	-	-	-	-	-	-	-	1,180,800	-	1,180,800
Issue costs of new shares	-	(83,137)	-	-	-	-	-	-	-	(83,137)	-	(83,137)
Share of revaluation reserve of associates	-	-	-	-	-	-	6,698	-	-	6,698	-	6,698
Acquisitions of subsidiaries	-	-	-	-	-	-	-	-	-	-	181,413	181,413
Capital contribution arising from acquisitions of subsidiaries from a shareholder	-	-	-	6,038	-	-	-	-	-	6,038	-	6,038
Capital contribution arising from acquisition of an associate from a shareholder	-	-	-	8,659	-	-	-	-	-	8,659	-	8,659
Contribution from a minority shareholder	-	-	-	-	-	-	-	-	-	-	1,110	1,110
Transfer of ownership of subsidiaries to the Group	-	-	-	-	-	-	-	-	-	-	1,231	1,231
Employee share option	-	-	-	-	-	2,201	-	-	-	2,201	-	2,201
Transfer to reserves	-	-	-	-	7,844	-	-	-	(7,844)	-	-	-
Dividends to minority shareholders	-	-	-	-	-	-	-	-	-	-	(84,102)	(84,102)
At 31 December 2007 and 1 January 2008 (audited)	97,242	2,312,239	97,013	73,112	10,615	2,201	6,698	76,892	(248,671)	2,427,341	388,847	2,816,188
Exchange difference arising from translation of functional currency to presentation currency recognised directly in equity	-	-	-	-	-	-	-	143,755	-	143,755	25,720	169,475
Share of exchange reserve of associates	-	-	-	-	-	-	-	14,425	-	14,425	-	14,425
Profit for the period	-	-	-	-	-	-	-	-	22,657	22,657	18,911	41,568
Total recognised income for the period	-	-	-	-	-	-	-	158,180	22,657	180,837	44,631	225,468
Capital contribution arising from acquisition of an associate from a shareholder (note 12)	-	-	-	978	-	-	-	-	-	978	-	978
Contribution from a minority shareholder	-	-	-	-	-	-	-	-	-	-	1,768	1,768
Employee share option	-	-	-	-	-	6,497	-	-	-	6,497	-	6,497
Transfer to reserves	-	-	-	-	12,420	-	-	-	(12,420)	-	-	-
Dividends to minority shareholders	-	-	-	-	-	-	-	-	-	-	(8,239)	(8,239)
At 30 June 2008 (unaudited)	97,242	2,312,239	97,013	74,090	23,035	8,698	6,698	235,072	(238,434)	2,615,653	427,007	3,042,660

Condensed Consolidated Statement of Changes in Equity – Unaudited

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	Attributable to equity holders of the Company											
	Share capital	Share premium	Capital reserve	Contribution from a shareholder	Other reserves	Share options reserve	Investment revaluation reserve	Exchange reserve	(Deficit) retained profits	Sub-total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007 (audited)	100	101,400	97,013	58,415	2,771	-	-	20,884	32,852	313,435	206,005	519,440
Exchange difference arising from translation of functional currency to presentation currency recognised directly in equity	-	-	-	-	-	-	-	(957)	-	(957)	9,119	8,162
Share of exchange reserve of associates	-	-	-	-	-	-	-	10,558	-	10,558	-	10,558
(Loss) profit for the period	-	-	-	-	-	-	-	-	(23,664)	(23,664)	18,337	(5,327)
Total recognised income (expense) for the period	-	-	-	-	-	-	-	9,601	(23,664)	(14,063)	27,456	13,393
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	154,969	154,969
Transfer to reserves	-	-	-	-	2,777	-	-	-	(2,777)	-	-	-
Dividends to minority shareholders	-	-	-	-	-	-	-	-	-	-	(29,989)	(29,989)
At 30 June 2007 (unaudited)	100	101,400	97,013	58,415	5,548	-	-	30,485	6,411	299,372	358,441	657,813

Condensed Consolidated Cash Flow Statement – Unaudited

FOR THE SIX MONTHS ENDED 30 JUNE 2008

	NOTES	Six months ended 30 June	
		2008	2007
		HK\$'000 (unaudited)	HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES		302,378	78,879
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(202,838)	(162,852)
Acquisition of an associate	12	(155,702)	–
Acquisition of a subsidiary	18	(18,363)	–
Deposit for acquisition of a subsidiary	19	(22,995)	–
Dividend from an associate		20,233	53,476
(Advance to) repayment from related companies		(2,070)	77,266
Acquisition arising from achieving control on an associate		–	97,262
(Increase) decrease in others		(13,156)	11,631
NET CASH (USED IN) FROM INVESTING ACTIVITIES		(394,891)	76,783
FINANCING ACTIVITIES			
New loans raised		886,597	553,969
Repayments of borrowings		(847,040)	(411,182)
Repayments to related companies		(2,436)	(71,984)
Dividends paid to minority shareholders		(47,538)	(6,066)
Decrease in others		(134,301)	(69,281)
NET CASH USED IN FINANCING ACTIVITIES		(144,718)	(4,544)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(237,231)	151,118
CASH AND CASH EQUIVALENTS AT 1 January		858,724	186,566
Effect of foreign exchange rate changes		48,115	9,775
CASH AND CASH EQUIVALENTS AT 30 June, represented by bank balances and cash		669,608	347,459

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

1. BASIS OF PREPARATION

The condensed consolidated interim financial statements (“Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the International Accounting Standard 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standard Board (“IASB”).

The Company and its subsidiaries (collectively the “Group”) finance its capital intensive operations by short-term and long-term bank borrowings and shareholders’ equity. It had net current liabilities as at 30 June 2008 with short-term bank borrowings which the directors of the Company believe could be renewed on an annual basis. The directors of the Company are of the opinion that, taking into account the presently available banking facilities and internal financial resources of the Group, the Group has sufficient working capital for its present requirements within one year from the balance sheet date. Hence, the Interim Financial Statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Statements have been prepared on the historical cost basis except for certain financial instruments, which were measured at fair values, as appropriate.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new Interpretations”) issued by the IASB, which are effective for the Group’s financial year beginning on 1 January 2008.

IFRIC – Int 11	IFRS 2: Group and Treasury Share Transactions
IFRIC – Int 12	Service Concession Arrangements
IFRIC – Int 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs ¹
IAS 1 (Revised)	Presentation of Financial Statements ²
IAS 23 (Revised)	Borrowing Costs ²
IAS 27 (Revised)	Consolidated and Separate Financial Statements ³
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
IAS 39 (Amendment)	Eligible Hedged Items ³
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
IFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
IFRS 3 (Revised)	Business Combinations ³
IFRS 8	Operating Segments ²
IFRIC 13	Customer Loyalty Programmes ⁴
IFRIC 15	Agreements for the Construction of Real Estate ²
IFRIC 16	Hedges of a Net Investment in a Foreign Operation ⁵

¹ Effective for annual periods beginning on or after 1 January 2009 except the amendments to IFRS 5, effective for annual periods beginning on or after 1 July 2009

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 July 2008

⁵ Effective for annual periods beginning on or after 1 October 2008

The adoption of IFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Sale of electricity	1,240,055	550,414
Sale of steam	412,655	148,917
Sale of coal	322,220	–
	1,974,930	699,331

4. SEGMENT INFORMATION

Business Segments

The Group is principally engaged in development, construction, management and operation of power plants and trading of coal in the People's Republic of China ("PRC").

After the initial public offering in November 2007, the Group acquired 7 subsidiaries which composed of 6 cogeneration plants, fuelled by coal and resources comprehensive utilization ("RCU"), and a coal trading company. The Group also acquired 2 associates which are engaged in cogeneration plants fuelled by coal and gas, respectively. Their performance and results were accounted into the financial statements of the Group since their respective dates of acquisitions. Besides, 2 cogeneration plants fuelled by biomass fuels were approved as biomass power plants by the PRC Government in November 2007.

For management purposes, the Group is currently classified its business into five business segments, two more segments compared to the corresponding period in 2007 which is summarised as follows:

1. Coal fuelled & RCU plants: cogeneration plants fuelled by coal, gangue, sludge and coal sludge
2. Gas fuelled plants: cogeneration plant mainly fuelled by natural gas
3. Biomass fuelled plants: cogeneration plants mainly fuelled by biomass
4. Coal trading: procurement and sales of coal for inter-group cogeneration plants and outsiders
5. Others: including a municipal solid waste incineration plant and others.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

4. SEGMENT INFORMATION *(continued)*

Business Segments *(continued)*

For the six months ended 30 June 2008

	Coal-fuelled & RCU plants HK\$'000	Gas-fuelled plants HK\$'000	Biomass fuelled plants HK\$'000	Coal trading HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue	917,724	574,585	149,297	822,082	11,104	2,474,792
Inter-segment sales	-	-	-	(499,862)	-	(499,862)
External sales	917,724	574,585	149,297	322,220	11,104	1,974,930
Segment result	77,533	70,417	24,956	8,663	22,331	203,900
Unallocated income						9,390
Unallocated expense						(41,388)
Share of results of associates	276	19,028	-	-	-	19,304
Finance costs						(143,452)
Profit before tax						47,754
Income tax expense						(6,186)
Profit for the period						41,568

Inter-segment sales are charged at prevailing market rates.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

4. SEGMENT INFORMATION *(continued)*

Business Segments *(continued)*

For the six months ended 30 June 2007

	Coal-fuelled & RCU plants HK\$'000	Gas-fuelled plant HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue – External sales	487,676	204,743	6,912	699,331
Segment result	83,105	25,721	15,735	124,561
Unallocated income				2,683
Unallocated expense				(27,454)
Share of results of associates	9,847	–	–	9,847
Finance costs				(67,299)
Loss on increase in fair value of convertible note				(48,600)
Loss before tax				(6,262)
Income tax credit				935
Loss for the period				(5,327)

Geographical segments

Substantially all of the Group's assets are located in the PRC and operations were substantially carried out in the PRC. Accordingly, no geographical segment information for both periods is presented.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

5. OTHER INCOME

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Government grants	27,997	19,153
Interest income	9,390	2,683
Management fee income	6,159	8,504
Sale of scrap materials	10,334	3,387
Rental income	2,518	1,922
Amortisation of connection fee income	2,901	1,261
Write-back of other payable	4,623	–
Others	9,584	1,554
	73,506	38,464

6. FINANCE COSTS

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings	138,507	66,616
Discounted bills	5,556	1,505
Total borrowing costs	144,063	68,121
Less: Interest capitalised	(611)	(822)
	143,452	67,299

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

7. INCOME TAX (EXPENSE) CREDIT

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
The income tax (expense) credit comprises:		
Current tax:		
PRC Enterprise Income Tax	(2,137)	(1,813)
Deferred tax (note 16)	(4,049)	2,748
	(6,186)	935

The income tax (expense) credit for the period represents income tax in the PRC which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC.

Prior to 1 January 2008, pursuant to the then relevant laws and regulations in the PRC, foreign invested enterprises that were engaged in the energy industry, upon approval by the State Administration of Taxation, enjoyed a preferential enterprise income tax rate of 15% on the assessable profits. All PRC subsidiaries engaged in energy industry enjoyed this preferential tax rate. In addition, certain PRC subsidiaries were exempted from PRC Foreign Enterprise Income Tax ("FEIT") for two years starting from their first profit making year and followed by a 50% reduction on the FEIT for the next three years.

Some cogeneration plants within the Group were granted VAT rebate and income tax deduction for procuring domestic power generation equipment.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. The New Law and Implementation Regulation have imposed a single income tax rate of 25% for all PRC enterprises with effect from 1 January 2008. According to the Circular of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (Guofa [2007] No. 39), those entities that previously enjoyed tax incentive rate of 15% have increased their applicable tax rate progressively to 25% over a five-years transitional period. The tax exemption and deduction from FEIT for the foreign investment enterprises is still applicable until the end of the five-years transitional period under the New Law. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods during which the asset will be realised or the liability settled.

The subsidiaries located in other jurisdictions, have no assessable profits for both periods.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for both periods.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

8. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Profit (loss) for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	136,707	72,729
Release of prepaid lease payments to income statement	4,699	1,440
Amortisation of intangible assets	410	–
Total depreciation and amortisation	141,816	74,169
Impairment loss recognized in respect of trade and other receivables	1,750	3,673
Listing expenses	–	13,052
Exchange loss, net	12,697	1,415
Loss on disposal of property, plant and equipment	127	58

9. DIVIDENDS

No dividends were paid, declared or proposed for both periods. The board of directors does not recommend the payment of an interim dividend for the six month ended 30 June 2008.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Earnings (loss) for the purpose of calculation of basic earnings (loss) per share	22,657	(23,664)
	2008 '000	2007 '000
Weighted average number of shares	972,419	389,220
	2008 HK cents	2007 HK cents
Basic earnings (loss) per share	2.33	(6.07)

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

10. EARNINGS (LOSS) PER SHARE *(continued)*

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Earnings (loss) for the purpose of calculation of basic earnings (loss) per share represented by:		
– Profit from ordinary course of operation*	22,657	24,936
– Loss on increase in fair value of convertible note	–	(48,600)
	22,657	(23,664)

	2008		2007	
	HK cents		HK cents	
Basic earnings (loss) per share				
– Profit from ordinary course of operation	2.33		6.41	
– Loss on increase in fair value of convertible note	–		(12.48)	
	2.33		(6.07)	

The employee share options had no dilution effect on the earnings per share for the six months ended 30 June 2008 as the average market price of the Company's shares was lower than the exercise price of the options.

For the purpose of calculation of number of shares for basic loss per share for the period ended 30 June 2007, the 388,220,000 shares issued pursuant to the capitalisation issue was assumed to occur as at 1 January 2007.

* For the six months ended 30 June 2007, listing expenses of HK\$13,052,000 was included.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2008, the Group spent approximately HK\$175,767,000 on additions to its power generation facilities in the PRC in order to enlarge its power generation capacities.

There was no significant disposal of property, plant and equipment for the Group during the period.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

12. INTERESTS IN ASSOCIATES

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Unlisted investments, at cost	203,096	67,780
Discount on acquisitions of associates	9,637	8,659
Share of post-acquisition profits, net of dividends received	19,495	191
Exchange realignment	15,750	1,325
Carrying amounts of interests in associates	247,978	77,955

In January 2008, the Group acquired 49% equity interests of 華潤協鑫(北京)熱電有限公司 Huarun Xiexin (Beijing) Cogeneration Co., Ltd. from a company controlled by a shareholder of the Company for a consideration of approximately RMB145,788,000 (equivalent to approximately HK\$155,702,000). A discount on acquisition of approximately HK\$978,000 was credited directly to equity of the Group as a contribution from a shareholder.

13. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables, net of impairment losses at the balance sheet date:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
0-90 days	362,198	401,695
91-180 days	7,767	3,405
Over 180 days	6,639	1,270
	376,604	406,370

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

14. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for purchases of coal and ongoing costs. The average credit period for trade payables is 30 to 90 days. The following is an aged analysis of trade payables at the balance sheet date:

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
0-90 days	153,011	139,306
91-180 days	5,565	4,321
Over 180 days	24,319	5,111
	182,895	148,738

15. BORROWINGS

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Bank borrowings:		
Secured	2,750,204	2,672,432
Unsecured	1,246,903	1,043,874
	3,997,107	3,716,306
Less: amounts due within one year and shown under current liabilities	(1,793,909)	(1,593,142)
Amounts due over one year	2,203,198	2,123,164

As at 30 June 2008 and 31 December 2007, certain borrowings are guaranteed by outsiders, a shareholder, minority shareholders of subsidiaries and related companies in which directors of the Company have beneficial interests. Certain borrowings are secured by property, plant and equipment, land use rights and bank deposits.

16. DEFERRED TAXATION

The movement in deferred tax liabilities mainly represents the deferred tax liabilities recognised on the aggregate amount of temporary differences associated with undistributed earnings of PRC subsidiaries for the six months ended 30 June 2008 amounting to HK\$5,972,000 (31 December 2007: Nil).

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorized:		
Ordinary shares of HK\$0.1 each at 31 December 2007 and 30 June 2008	10,000,000,000	1,000,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each at 31 December 2007 and 30 June 2008	972,419,487	97,242

18. ACQUISITION OF A SUBSIDIARY

In March 2008, the Group acquired 100% equity interests of 錫林郭勒國泰風力發電有限公司 from a company controlled by a shareholder of the Company for a consideration of approximately HK\$22,186,000. The acquisition has been accounted for using the purchase method.

The net assets of the subsidiary acquired as of the date of acquisition are as follows:

	Carrying amounts of net assets approximated to fair value HK\$'000
Property, plant and equipment	408
Deposit for purchase of property, plant and equipment	23,780
Bank balances and cash	3,823
Other payables	(5,825)
	22,186
Total consideration satisfied by:	
Cash	22,186
Net cash outflow arising on acquisition:	
Cash consideration paid	(22,186)
Bank balances and cash acquired	3,823
	(18,363)

The subsidiary did not contribute any revenue nor profit to the Group for the period since the subsidiary has not commenced operation.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

19. CAPITAL COMMITMENTS

	30 June 2008 HK\$'000	31 December 2007 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	500,521	130,085
Capital expenditure in respect of acquisition of property, plant and equipment authorized but not contracted for	51,191	133,500

Other commitment:

On 15 April 2008, the Group entered into an agreement with an independent third party for the acquisition of 75% equity interest in Profit Excel Investments Limited, which directly holds 70% equity interest in Lincang Runda Hydropower Plant Company Limited, a joint venture company established in the PRC and engaged in operating hydropower plants in Yunan, at a consideration of RMB35,700,000 (approximately HK\$40,591,000). As at 30 June 2008, a deposit of RMB20,000,000 (approximately HK\$22,995,000) has been paid by the Group. The transaction will be completed the end of 2008 and the investment will be treated as a subsidiary of the Group. Details are set out in the Company's announcement dated 15 April 2008.

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

20. POST BALANCE SHEET EVENTS

On 11 August 2008, the Group entered into an agreement with a company controlled by a shareholder of the Company for the acquisition of 55% equity interests in 內蒙古多倫協鑫礦業有限責任公司 Inner Mongolia Duolun Golden Concord Mining Ltd., a joint venture company established in the PRC and engaged in coal mining business in Inner Mongolia, the PRC. The aggregate consideration will not be more than RMB127,936,000 (equivalent to approximately HK\$145,627,000) and will be settled by the issue of convertible notes. Details are set out in the Company's announcement dated 11 August 2008.

21. RELATED PARTY DISCLOSURES

During the period, the Group entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Transactions with related companies in which directors of the Company have beneficial interests:		
Construction related services	79	11,088
Purchase of property, plant and equipment and construction in progress	53	903
Purchase of coal	20,697	135,408
Sale of coal	65,882	–
Rental expense	3,772	4,498
Management fee income	5,746	5,515
Office expenses	1,065	1,614
Service fee expense	–	491
Transactions with associates:		
Sale of coal	17,229	–
Management fee income	276	1,392

Notes to the Condensed Consolidated Interim Financial Statements

FOR THE SIX MONTHS ENDED 30 JUNE 2008

21. RELATED PARTY DISCLOSURES *(continued)*

Compensation of key management personnel

The remuneration of directors and other members of key management are as follows:

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Short-term employee benefits	4,610	1,306
Share-based payment	1,908	–
Post-employment benefits	121	31
	6,639	1,337

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2008, the Directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register required to be kept by the Company 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 (the "Model Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"):

(i) Interest in Long Positions of shares and underlying shares of the Company

Name of Directors	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of issued share capital
Zhu Gong Shan	352,518,443 (note 1)	–	352,518,443	36.25%
Ji Jun	–	1,500,000 (note 2)	1,500,000	0.15%
Sha Hong Qiu	–	1,680,000 (note 2)	1,680,000	0.17%
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	–	1,500,000 (note 2)	1,500,000	0.15%

Notes:

1. Mr. Zhu Gong Shan is the legal and beneficial owner of the entire issued share capital of Highexcel Investments Limited ("HIL") and is deemed to be interested in the 352,518,443 shares held by HIL.
2. These interests represented the interests in underlying shares in respect of share options granted by the Company to these directors under the Pre-IPO share option scheme, the details of which are set out in the section headed "PRE-IPO SHARE OPTION SCHEME" of this report.

Save as disclosed above, as at 30 June 2008, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Option Schemes

PRE-IPO SHARE OPTION SCHEME

The Company adopted a Pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 22 October 2007 which became effective on 13 November 2007. No further options under the Pre-IPO Share Option Scheme can be granted after the date of listing of the Shares on the Stock Exchange on 13 November 2007. The provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect for a period of 10 years from the effective date.

Details of the Pre-IPO share options outstanding and movements during the six months ended 30 June 2008 (the “Period”) are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price (HK\$)	Outstanding as at 01.01.2008	Number of options			Outstanding as at 30.6.2008
					Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	
Directors/Chief Executives								
Sha Hong Qiu	13.11.2007	13.11.2010 to 12.11.2017	4.10	336,000	-	-	-	336,000
		13.11.2011 to 12.11.2017	4.10	504,000				504,000
		13.11.2012 to 12.11.2017	4.10	840,000				840,000
Ji Jun	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	-	-	-	300,000
		13.11.2011 to 12.11.2017	4.10	450,000				450,000
		13.11.2012 to 12.11.2017	4.10	750,000				750,000
Shu Hua	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	-	-	-	300,000
		13.11.2011 to 12.11.2017	4.10	450,000				450,000
		13.11.2012 to 12.11.2017	4.10	750,000				750,000
Yu Bao Dong	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	-	-	-	300,000
		13.11.2011 to 12.11.2017	4.10	450,000				450,000
		13.11.2012 to 12.11.2017	4.10	750,000				750,000

Option Schemes (Continued)

Name or category of participant	Date of grant	Exercise period	Exercise price (HK\$)	Number of options				
				Outstanding as at 01.01.2008	Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	Outstanding as at 30.6.2008
Sun Wei	13.11.2007	13.11.2010 to 12.11.2017	4.10	300,000	-	-	-	300,000
		13.11.2011 to 12.11.2017	4.10	450,000				450,000
		13.11.2012 to 12.11.2017	4.10	750,000				750,000
Non-director								
* employees (In aggregate)	13.11.2007	13.11.2010 to 12.11.2017	4.10	4,716,000	-	(220,000)	-	4,496,000
		13.11.2011 to 12.11.2017	4.10	7,074,000				7,074,000
		13.11.2012 to 12.11.2017	4.10	11,790,000				11,790,000
Total				31,260,000	-	(220,000)		31,040,000

* Mr. Lau Wai Yip retired as an executive Director at the annual general meeting held on 30 May 2008 and did not offer himself for re-election. The 1,500,000 option shares granted to Mr. Lau Wai Yip was re-classified from the category of Directors to the category of employees.

During the Period, a total of 220,000 option shares were lapsed.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 22 October 2007 which became effective on 13 November 2007.

No share options were granted under the Share Option Scheme by the Company during the Period and there were no outstanding share options under the Share Option Scheme as at 30 June 2008.

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries is a party to any arrangement to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities of, the Company or any associated corporation and none of the Directors had any right to subscribe for the securities of the Company, or had exercised any such right during the Period.

Interests and Short Positions of Substantial Shareholders

As at 30 June 2008, 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) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO:

Long Position in the shares of the Company

Name	Note	Capacity/ nature of interest	Number of ordinary shares held	Approximate percentage of of issued share capital
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 is the legal and beneficial owner of the entire issued share capital of Highexcel Investments Limited ("HIL") and is deemed to be interested in the 352,518,443 shares held by HIL. The interest in the 352,518,443 shares refers to the same interest of Mr. Zhu Gong Shan under the section headed "Director's and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" of this report.
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.

Interests and Short Positions of Substantial Shareholders *(Continued)*

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.
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 of the Company in issue as at 30 June 2008 was 972,419,487.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 30 June 2008, no other persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register kept pursuant to Section 336 of the SFO.

Corporate Governance and Other Information

CODE ON CORPORATE GOVERNANCE PRACTICES

The corporate governance report of the Board has been set out in the Company's 2007 Annual Report. During the six months ended 30 June 2008, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except with the following deviation:

Code provision A.2.1 of the Code requires that the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

During the period under review, Mr. Zhu Gong Shan is the Chairman of the Board and Mr. Sha Hong Qiu is the President of the Group which functions as a chief executive officer. The roles of the Chairman and the President have been clearly established but not in written form, which was only set out in writing and confirmed by the Board at the meeting held on 10 April 2008. Thereafter, the Company has fully complied with the Code.

MODEL CODE

The Board has adopted its code on corporate governance practices (the "Code") and model code for securities transactions by directors of the Company (the "Model Code") with terms no less exacting than required provisions set out respectively in Appendices 14 and 10 of the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITORS AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed consolidated financial statement of the Group for the six months ended 30 June 2008 have been reviewed by Deloitte Touche Tohmatsu (the auditors of the Company) and the audit committee of the Company, which consists of three independent non-executive directors.

Corporate Information

CHAIRMAN

Zhu Gong Shan

PRESIDENT

Sha Hong Qiu

EXECUTIVE DIRECTORS

Zhu Gong Shan

Sha Hong Qiu

Ji Jun

Shu Hua

Yu Bao Dong

Sun Wei

Tong Yee Ming

NON-EXECUTIVE DIRECTOR

Law Ryan Wing Cheung

INDEPENDENT NON-EXECUTIVE DIRECTORS

Heng Kwo Seng

Qian Zhi Xin

Raymond Ho Chung Tai

Xue Zhong Su

COMPOSITION OF BOARD COMMITTEES

Audit Committee

Heng Kwo Seng (*Chairman*)

Qian Zhi Xin

Raymond Ho Chung Tai

Remuneration Committee

Raymond Ho Chung Tai (*Chairman*)

Heng Kwo Seng

Qian Zhi Xin

Strategic Planning Committee

Raymond Ho Chung Tai (*Chairman*)

Zhu Gong Shan

Sha Hong Qiu

Xue Zhong Su

Qian Zhi Xin

Ji Jun

COMPANY SECRETARY

Chan Yuk Chun

QUALIFIED ACCOUNTANT

Tong Yee Ming

AUTHORIZED REPRESENTATIVES

Yu Bao Dong

Tong Yee Ming

AUDITOR

Deloitte Touche Tohmatsu

Certified Public Accountants

35th Floor, One Pacific Place

88 Queensway

Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3601-4, Two Exchange Square

8 Connaught Road Central

Hong Kong

Corporate Information (Continued)

COMPLIANCE ADVISER

CCB International Capital Limited
Suite 3408, 34th Floor, Two Pacific Place
88 Queensway, Admiralty
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
Grand Cayman KY1-1107
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Rooms 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

Gordon Ng & Co. in association with
Hogan & Hartson LLP
Suite 2101, Two Pacific Place
88 Queensway
Hong Kong

As to Cayman Islands law

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

As to PRC law

Grandall Legal Group (Beijing)
9th Floor, Taikang Financial Tower
No. 38 North Road East Third Ring
Chaoyang District
Beijing, 100026
PRC

COMPANY WEBSITE

www.gcl-poly.com.hk