



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 2009



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Performance Highlights

	Six months ended 30 June			
	2009 RMB'000	2008 RMB'000 (restated)	Change	% of change
Turnover				
Sales of electricity	1,248,269	1,122,222	126,047	11.2%
Sales of steam	422,381	373,443	48,938	13.1%
Sales of coal	281,160	291,602	(10,442)	(3.6%)
	1,951,810	1,787,267	164,543	9.2%
Profit attributable to owners of the Company	71,847	20,504	51,343	250.4%
	RMB	RMB		
Earnings per share				
– Basic	0.073	0.021	0.052	247.6%
– Diluted	0.072	–	0.072	N/A
	30 June 2009 RMB'000	31 December 2008 RMB'000		
Extracts of statement of financial position				
Equity attributable to owners of the Company	2,542,690	2,415,757	126,933	5.3%
Total assets	7,775,898	7,069,540	706,358	10.0%
Bank balances, cash and pledged bank deposits	1,507,497	701,120	806,377	115.0%
Borrowings	3,832,182	3,249,247	582,935	17.9%
Key financial ratios				
Current ratio	0.77	0.55	0.22	40.0%
Quick ratio	0.71	0.45	0.26	57.8%
Net debt to shareholders' equity	91.4%	105.5%	(14.1%)	N/A
	Six months ended 30 June			
	2009 RMB'000	2008 RMB'000 (restated)		
EBITDA	372,419	301,379	71,040	23.6%

Chairman's Statement

On behalf of the board of Directors, I am pleased to report that GCL-Poly achieved remarkable operating results for the first half of 2009. For the six months ended 30 June 2009, the Group recorded turnover of approximately RMB1,952 million, an increase of 9.2% over the same period in 2008. The profit attributable to the owners of the Company amounted to approximately RMB72 million, an increase of 250.4% as compared with the corresponding period in 2008. Basic earnings per share amounted to RMB0.073, an increase of RMB0.052 from RMB0.021 for the same period in 2008.

In June 2009, GCL-Poly announced the acquisition of 100% equity interest in Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd. ("Jiangsu Zhongneng"), the main operating entity of GCL Solar Energy Technology Holdings Inc. ("GCL Solar") in China. Jiangsu Zhongneng is the largest polysilicon producer in China and one of the leading polysilicon producers in the world. The acquisition, completed on 31 July 2009, can help to solidify GCL-Poly's position as a global green energy operator with the mission of "bringing green power to life". The acquisition of Jiangsu Zhongneng signifies the Group's entry into the solar industry and will provide the Group with enormous growth opportunities going forward.

BUSINESS REVIEW

The first half of 2009 was full of both opportunities and challenges. The increase in on-grid tariffs in July and August 2008 resulted in higher revenue from electricity sales. The substantial drop in spot coal price and the decrease in bank interest rate effectively mitigated the cost pressure for fuel and financial expenses of power companies. On the other hand, the economic slowdown caused by the global financial crisis resulted in a decrease in demand for electricity and steam, which directly affected utilization rates and production volumes of power companies.

Facing these opportunities and challenges, we have set out the following business objectives and achieved significant results: maintaining the stability of electricity and steam sales; mitigating the negative impact of lower coal price on steam selling price; and maximizing the effectiveness of controlling fuel costs and financial expenses.

For the first half of 2009, the Group's average utilization hours reached 3,243 hours, an increase of 119 hours as compared with 3,124 hours for the same period in 2008. Electricity sales reached 2,588,702 MWh, an increase of 6.4% over the same period in 2008. Steam sales were 2,656,208 tonnes, a decrease of 2.6% over the same period in 2008. Average on-grid tariff was RMB564 per MWh for the first half of 2009, an increase of 4.5% as compared with the corresponding period of 2008. Average steam selling price was RMB180 per tonne, an increase of 16.1% as compared with that of the first half of 2008. The better-than-expected growth in revenue of the Group during the period was attributable to the increase in on-grid tariff and steam selling price as well as the stability of electricity and steam sales.

During the first half of 2009, we grasped the opportunity arising from the decrease in coal price and interest rate to exert a more effective control on fuel costs and financial expenses. In the first half of 2009, the average cost of coal (equivalent to 5,000Kcal, after deducting value-added tax) was RMB452 per tonne, representing a decrease of 3.2% as compared with the first half of 2008. The Group's financial expenses for the first half of 2009 were reduced by 12.6% even though the interest bearing liabilities increased.

We have made new progress in expanding our renewable energy business in the first half of 2009. The second phase of capacity expansion at the Taicang Incineration Plant was completed in June 2009, increasing installed capacity from 6MW to 12MW. The installation of facilities at the Wind Power Plant located in Xilin Gol in Inner Mongolia was fully completed in May 2009 and all 66 wind generator units are expected to commence operation in the second half of 2009.

Chairman's Statement

ACQUISITION OF POLYSILICON BUSINESS

On 3 June 2009, GCL-Poly entered into an agreement with investors of Jiangsu Zhongneng, the operating entity of GCL Solar in China, to acquire 100% of equity interest in Jiangsu Zhongneng at a consideration of HK\$26.35 billion, which was satisfied by means of: (1) issuance of approximately 10.04 billion new shares at HK\$2.2 per share, (2) issuance of US\$350 million secured notes; and (3) cash payment of US\$200 million. After closing of the above acquisition on 31 July 2009, the Group completed a successful placement of 1.3 billion new shares and part of the proceeds were used to fully redeem the US\$350 million secured notes.

Located in Xuzhou, Jiangsu province, Jiangsu Zhongneng is China's largest and one of the world's leading polysilicon producers. Since July 2006, Jiangsu Zhongneng has completed the construction of its phase I and phase II polysilicon production facilities and a majority of its phase III production facilities. Jiangsu Zhongneng's annual polysilicon production capacity is expected to reach 18,000 MT by the end of 2009, and will further expand to 21,000 MT by the end of 2010 through further technical improvement, making it one of the top three largest polysilicon suppliers in the world. Since its successful production of the first batch of polysilicon in September 2007, Jiangsu Zhongneng's polysilicon production volume has been increasing steadily, with over 1,000 MT of polysilicon produced for the first quarter of 2009.

Jiangsu Zhongneng adopts the most advanced hydrochlorination technology and the modified Siemens process to produce polysilicon. Leveraging on its own technological innovation capabilities, Jiangsu Zhongneng has successfully broken the monopoly of overseas polysilicon producers in the use of hydrochlorination technology. Through hydrochlorination, by-products from the polysilicon production process – Silicon Tetrachloride and Hydrogen Chloride – are effectively recycled back into TCS, one of the major raw materials used in the polysilicon production process. Not only is this process environmentally friendly but it also helps to significantly reduce unit production cost. Jiangsu Zhongneng's production cost decreased from US\$66/kg in 2008 to US\$36/kg for the month of June 2009, which is highly competitive versus its global peers who have over 10 years of experience in the polysilicon manufacturing industry.

With its rapid expansion of production capacity, steady increase in production volume, continuous technological innovation and substantial cost advantages, Jiangsu Zhongneng is able to be the first mover to take advantage of market opportunities and increase its market share, resulting in remarkable investment returns. In 2008, Jiangsu Zhongneng successfully entered into several long-term supply agreements with China's main solar cell and module manufacturers that provide for an aggregate sales volume of approximately 33,000 MT of polysilicon and approximately 15.4 GW of wafers. In the same year, GCL Solar produced 1,850 MT of polysilicon with sales revenue of approximately RMB3,521 million and a gross profit margin approximately of 72.5%. For the first half of 2009, GCL Solar produced 2,274 MT of polysilicon with sales revenue of approximately RMB1,112 million and a gross profit margin of approximately 41.4%.

Chairman's Statement

OUTLOOK

With heightening concerns over increasing global warming and depleting conventional fossil fuels, China and the rest of the world are paying more attention to the use of renewable energies and the development of a low-carbon economy, and have been initiating a series of measures to promote the adoption of clean energy. The supply of sunlight is endless and the cost of producing solar energy should continue to decrease going forward. This makes solar energy one of the most sustainable form of renewable energies and is gaining more attention and support from various countries. Recently, the Chinese government has launched the Rooftop Subsidy Plan and the Golden Sun Project to help kick start the solar industry in China. More solar subsidy programs are expected to be initiated by the Chinese government at the upcoming "New Development Plan on Alternative Energy" to further encourage the adoption of solar energy.

GCL-Poly is well-positioned to capitalize on the growth opportunities within the clean energy industry. Looking forward into the second half of 2009, we are also confident that our business operations will achieve satisfactory growth.

Governments all over the world have been advocating the use of renewable energies and the global economic environment has shown signs of recovery lately, so polysilicon price has returned to a satisfactory level. Currently, Jiangsu Zhongneng is in full operation, and the Xuzhou phase III production facility should be fully ramped up to its designed annual production capacity of 15,000 MT by year end 2009. We expect that the production volume in 2009 will meet our planned target. We believe that the Group's competitive advantages will be further strengthened with continuous technical upgrading and the implementation of the "direct electricity supply" policy. Meanwhile, the construction of an in-house wafer facility is in preparation, and we target a capacity of 1 GW by mid-2010.

As for the power generation business, demand for electricity and steam has been rebounding along with the gradual economic recovery in China. Moreover, it is expected that the government will launch additional policies to reform the electricity pricing mechanism, linking electricity price directly to coal price. These factors will help create a favourable environment for the Group to achieve better operating results in the second half of the year.

Finally, I would like to express my heartfelt gratitude to our Directors, our management team and our staff for their hard work over the past six months. I also wish to extend my gratitude to our shareholders and business partners for their continuous support.

Zhu Gong Shan

Chairman

Hong Kong, 21 September 2009

Management Discussion and Analysis

OVERVIEW

For the six months ended 30 June 2009, GCL-Poly Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") achieved significant growth with profit attributable to owners of the Company amounting to approximately RMB71.8 million. This represented an increase of 250.4 percent compared to approximately RMB20.5 million (restated) for the six months ended 30 June 2008. These achievements were due in large part to the support from our customers, suppliers, business partners as well as from the dedicated efforts of our management team and employees.

COMPLETION OF VERY SUBSTANTIAL ACQUISITION

On 31 July 2009, the Group completed the acquisition of 100% equity interest of Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd, ("Jiangsu Zhongneng") via the acquisition of GCL Solar Energy Technology Holdings Inc. ("GCL Solar"), Sun Wave Group Limited ("Sun Wave") and Greatest Joy International Limited ("Greatest Joy"). GCL Solar is one of the world's leading suppliers of polysilicon and wafers to companies operating in the solar industry with production facilities located in Xuzhou, Jiangsu province, China. Polysilicon is the primary raw material for wafers used in the solar and electronics industries.

The acquisition of GCL Solar provides a golden opportunity for the Group to gain access to technologies for large-scale renewable energy-related projects, and also enable the Group to further develop operations in the renewable energy industry. In particular, the Group will be able to diversify its current utility business portfolio while forming integrated synergies by raising its competitiveness, expanding its upstream business operations and commercialising solar energy products for business and retails markets.

For the six months ended 30 June 2009, the unaudited revenue, gross profit margin and EBITDA of GCL Solar were approximately RMB1,112.2 million, 41.40% and RMB471.5 million respectively. During the six months ended 30 June 2009, GCL Solar sold 1,917MT of polysilicon and 9.3MW of wafers, with realised average selling price of US\$80.0/kg and US\$0.78/W respectively. Polysilicon production volume and average production cost for the corresponding period amounted to 2,274MT and US\$43.4/kg respectively. The amount of capital expenditure was approximately RMB1,068 million for the six months ended 30 June 2009.

PLACING OF NEW SHARES

During the period under review, the Company placed 50 million shares at a price of HK\$1.55 per share, raising approximately HK\$75.5 million after deducting placing commission and related expenses. The proceeds will primarily used as general working capital and for the future business development of the Group.

In August 2009, the Company successfully placed 1.3 billion shares at a price of HK\$2.83 per share. The net proceeds totalled approximately HK\$3.53 billion after deducting the placing commission, professional fees and all other related expenses. As at the reporting date, an aggregate amount of HK\$2.85 billion, representing 80.7% of total net proceeds, had been utilised for repayment of the secured notes and related expenses.

Management Discussion and Analysis

BUSINESS REVIEW

As at 30 June 2009, the Group (including its subsidiaries and associated power plants) operated 19 power plants. These comprised 14 coal-fired cogeneration plants and comprehensive resource utilisation plants, 2 gas-fuelled cogeneration plants, 2 biomass cogeneration plants and 1 solid waste incineration plant with an attributable installed capacity of 703.8MW and attributable steam extraction capacity of 1,756.4 tonne/h. This represented an increase of 3.1% and 5% respectively compared to an attributable installed capacity of 682.8MW and attributable steam extraction capacity of 1,673.3 tonne/h as at 30 June 2008. This increase was due primarily to the expansion of installed capacity at the Puyuan Cogeneration Plant and Taicang Incineration Plant.

In addition, a wind power plant (the Huitengliang Project) located in the Inner Mongolia Autonomous Region with installed capacity of 49.5MW is expected to begin commercial operations during the second half of 2009.

Electricity and Steam – Sales Volume

For the Group's subsidiary power plants, the total sales volume of electricity increased by 6.4% to 2,588,702MWh in the first half of 2009 as compared to the same period last year. However, total volume of steam sales decreased by 2.6% to 2,656,208 tonnes due to the difficult conditions to the steam customers during the economic downturn.

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

Plant	Gross Generation MWh 30.6.2009	Gross Generation MWh 30.6.2008	Electricity Sales MWh 30.6.2009	Electricity Sales MWh 30.6.2008
Kunshan Cogeneration Plant	214,228	214,411	190,046	189,828
Haimen Cogeneration Plant	82,194	83,748	73,060	74,500
Rudong Cogeneration Plant	100,532	90,993	89,790	81,330
Huzhou Cogeneration Plant	98,700	96,286	88,187	85,297
Taicang Poly Cogeneration Plant	125,785	159,774	112,187	146,289
Jiaxing Cogeneration Plant	127,997	121,200	112,904	100,620
Lianyungang Xinneng Cogeneration Plant	68,132	50,520	60,387	43,400
Puyuan Cogeneration Plant	124,030	83,637	110,396	72,166
Fengxian Cogeneration Plant	116,908	108,826	101,154	95,172
Yangzhou Cogeneration Plant	150,063	171,641	134,220	153,850
Dongtai Cogeneration Plant	95,845	88,399	86,570	80,200
Peixian Cogeneration Plant	107,610	102,492	95,873	91,242
Xuzhou Cogeneration Plant	110,250	101,050	97,392	88,853
Suzhou Cogeneration Plant	1,050,820	927,185	1,013,481	894,963
Baoying Cogeneration Plant	116,546	118,126	104,560	105,840
Lianyungang Xiexin Cogeneration Plant	108,128	120,202	96,631	108,416
Taicang Incineration Plant	27,152	24,649	21,864	20,447
Sub-total	2,824,920	2,663,139	2,588,702	2,432,413
Funing Cogeneration Plant	105,391	90,048	94,980	80,510
China Resources Beijing Cogeneration Plant	346,370	337,721	336,732	328,093
Total (including subsidiaries and associated power plants)	3,276,681	3,090,908	3,020,414	2,841,016

Management Discussion and Analysis

The following table indicates total steam output and steam sales of each power plant.

Plant	Steam Output	Steam Output	Steam Sales	Steam Sales
	tonne 30.6.2009	tonne 30.6.2008	tonne 30.6.2009	tonne 30.6.2008
Kunshan Cogeneration Plant	255,185	290,262	217,568	242,398
Haimen Cogeneration Plant	183,904	193,044	165,167	175,170
Rudong Cogeneration Plant	255,476	277,189	221,276	236,929
Huzhou Cogeneration Plant	170,440	185,000	162,328	180,861
Taicang Poly Cogeneration Plant	234,721	252,723	196,013	221,349
Jiaxing Cogeneration Plant	380,184	362,116	339,528	339,820
Lianyungang Xinneng Cogeneration Plant	80,568	139,040	70,214	119,658
Puyuan Cogeneration Plant	335,610	274,015	317,894	244,262
Fengxian Cogeneration Plant	150,456	133,639	128,367	113,912
Yangzhou Cogeneration Plant	123,723	97,704	99,193	71,319
Dongtai Cogeneration Plant	196,241	211,022	172,641	193,281
Peixian Cogeneration Plant	107,203	102,674	85,780	88,908
Xuzhou Cogeneration Plant	122,745	126,072	102,906	109,889
Suzhou Cogeneration Plant	292,162	314,113	261,215	263,698
Baoying Cogeneration Plant	80,621	113,585	61,966	85,936
Lianyungang Xiexin Cogeneration Plant	66,022	51,225	54,152	40,208
Sub-total	3,035,261	3,123,423	2,656,208	2,727,598
Funing Cogeneration Plant	52,002	56,289	40,493	44,983
China Resources Beijing Cogeneration Plant	164,484	155,130	162,482	152,049
Total (including subsidiaries and associated power plants)	3,251,747	3,334,842	2,859,183	2,924,630

Average Utilization Hours

The average utilization hours of a power plant refers to the amount of electricity produced during a specified period (in MWh) divided by the average installed capacity of the plant during the same period (in MW). For the six months ended 30 June 2009, the average utilization hours of the Group's subsidiary power plants was 3,243 hours compared to the same period last year of 3,124 hours.

Fuel cost

Coal

Coal costs include coal, coal sludge, sludge and gangue. The Group's coal costs were stable during the period under review. The average unit cost of coal (equivalent to 5,000 Kcal) in the first half of 2009 was RMB315/MWh and RMB94/tonne for electricity generation and steam generation respectively.

Natural gas

The average unit cost of electricity generation and steam generation of Suzhou Cogeneration Plant in the first half of 2009 was RMB356/MWh and RMB156 per tonne respectively,

Management Discussion and Analysis

EMPLOYEES

The Group values quality staff as our most important resources. As at 30 June 2009, the Group had approximately 1,853 employees in Hong Kong and the PRC. Total employee costs for the period ended 30 June 2009, including directors' emoluments, amounted to approximately RMB84.4 million.

The Group's top management personnel believe that our success and long-term growth will depend on the quality, performance and commitment of our employees. To this end, we sponsored a number of training and development programmes for our employees at various levels during the period under review.

OUTLOOK

The remarkable results achieved in the first half of 2009 were primarily due to higher on-grid tariffs and steam prices. The increase in electricity generation volume compared with last year was due in part to China's aggressive government spending programme during the last quarter of 2008 with ramped-up outlays for infrastructure and social programmes to ward off the global economic downturn. In view of the gradual recovery of mainland China's economic situation, electricity demand is expected to increase during the second half of 2009.

It is generally known that coal price fluctuations have important effects on the overall profitability of the Group because coal is still a dominant component of our cost of goods sold. The coal price in China was relatively stable in the first half of 2009 and we expect this trend to carry over into the second half of this year. Therefore, we are optimistic about the prospects for our energy business and expect the electricity and steam sales in the second half of 2009 to record a moderate increase compared with 2008.

With our reputation as a leading environmentally friendly power plant operator in China, our long-term prospects for business continue to look encouraging in light of the Chinese government's policies that now focus on the development of clean energy. In particular, the acquisition of GCL Solar will further extend our business in the solar energy sector and will strengthen our position as one of the leading clean energy power plant operators in China.

The Group will continue to actively expand its clean and renewable energy business in China and, at the same time, we will also explore other new business opportunities abroad.

FINANCIAL REVIEW

Revenue

Revenue for the six months ended 30 June 2009 amounted to approximately RMB1,951.8 million, representing a 9.2% increase from approximately RMB1,787.3 million (restated) for the six month period in 2008. This growth was mainly driven by the increase in sales volume of electricity and an upward adjustment of on-grid tariffs in the second half of 2008 as well as an increase in steam prices.

Gross profit margin

The Group's gross profit margin increased from 11.2% in the first half of 2008 to 15.4% in the corresponding period of 2009. The increase in gross profit margin was mainly due to increase in on-grid tariffs and steam prices.

Management Discussion and Analysis

Share of profits of associates

The Group's share of profits of associates for the six months ended 30 June 2009 was approximately RMB1.9 million, representing a decrease of 89.3% compared with the corresponding period last year. The lower share of profits of associates was due to the Beijing Cogeneration Plant reporting lower profits in the first half of 2009 compared to the same period last year.

Profit attributable to owners of the Company

As a result of the factors noted above, for the six months ended 30 June 2009, profit attributable to owners of the Company increased significantly by 250.4% to approximately RMB71.8 million from approximately RMB20.5 million (restated) for the same period last year.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: nil).

Liquidity and financial resources

As at 30 June 2009, the Group had net current liabilities of approximately RMB661.8 million. However, taking into account the Group's presently available banking facilities, internal financial resources and proceeds from placing of new shares of the Company, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period.

As at 30 June 2009, the Group's bank balances, cash and pledged bank deposits amounted to approximately RMB1,507.5 million.

For the six months ended 30 June 2009, the Group's main sources of funding included new bank loans, net cash inflows from operating activities and proceeds from placing new shares, which amounted to approximately RMB1,442.2 million, RMB422.7 million and RMB68.3 million respectively. The Group's funds were primarily used for repayment of short-term bank loans, purchase of properties, plants and equipment and payment of interest, which amounted to approximately RMB859.3 million, RMB132.1 million and RMB117.2 million respectively.

Management Discussion and Analysis

Borrowings

All of the Group's borrowings were denominated in RMB. The borrowings carry both fixed and floating rate interest at rates with reference to the Benchmark Borrowing Rate of The People's Bank of China. As at 30 June 2009, the Group's total borrowings were approximately RMB3,832.2 million (as at 31 December 2008: approximately RMB3,249.2 million). The maturity profile of the group's borrowings is as follows:

	30 June 2009 RMB million	31 December 2008 RMB million
Secured borrowings	2,405.0	2,197.6
Unsecured borrowings	1,427.2	1,051.6
Maturity profile of borrowings:		
On demand or within one year	1,981.3	1,652.0
After one year but within two years	449.9	403.0
After two years but within five years	867.0	666.2
After five years	534.0	528.0
Group's total borrowings	3,832.2	3,249.2

Key financial ratios of the Group

	30 June 2009	31 December 2008
Current ratio	0.77	0.55
Quick ratio	0.71	0.45
Net debt to shareholders' equity	91.4%	105.5%
	For six months ended 30 June 2009	For six months ended 30 June 2008 (restated)
EBITDA (million)	372.4	301.4

Current ratio = balance of current assets at the end of the 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 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 owners of the Company at the end of the period

EBITDA = profit before taxation + interest expense + depreciation and amortisation

Management Discussion and Analysis

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 United States 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 United States Dollars.

Pledge of assets

As at 30 June 2009, property plant and equipment and prepaid lease payment with a carrying value approximately of RMB2,952.7 million and RMB220.3 million respectively, were pledged as security for certain banking facilities granted to the Group. Apart from these, a bank deposit amounting to approximately RMB460.5 million was pledged to certain banks for securing the banking facilities granted to the Group.

Capital commitments

As at 30 June 2009, the Group had capital commitments in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements amounting to approximately RMB126.3 million (as at 31 December 2008: approximately RMB81.7 million) and authorized but not contracted for capital commitments amounting to approximately RMB50.2 million (as at 31 December 2008: RMB40.0 million).

Contingent liabilities

As at 30 June 2009, the Group provided guarantees of RMB15 million to bank in respect of banking facilities granted to an associate.

Events after the end of reporting period

On 16 July 2009, the authorised share capital of the Company increased from HK\$1 billion to HK\$2 billion by the creation of an additional 10 billion shares of HK\$0.10 each.

On 31 July 2009, the Group completed the acquisition of Jiangsu Zhongneng. The consideration for this acquisition is comprised US\$200 million cash, US\$350 million secured notes and the issuance of 10,039,772,727 new ordinary shares at an issue price of HK\$2.2 each. The secured notes were fully redeemed on 17 August 2009 by the proceeds from placing of new shares.

On 4 August 2009, the Company and BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, ICBC International Securities Limited, Morgan Stanley & Co. International plc, the Hongkong and Shanghai Banking Corporation as well as UBS AG, Hong Kong Branch (the "Placing Agents") entered into a placing agreement, whereby the Company agreed to issue and the Placing Agents sought to procure investors who would subscribe for 1.3 billion new shares at a price of HK\$2.83 per placing share. The transaction has been completed on 11 August 2009.

Independent Review Report

Deloitte. 德勤

**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 interim financial information set out on pages 14 to 33, which comprise the condensed consolidated statement of financial position of GCL-Poly Energy Holdings Limited (the “Company”) and its subsidiaries as of 30 June 2009 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on these interim financial information 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 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, 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.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 September 2009

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
Revenue	3	1,951,810	1,787,267
Cost of sales		(1,650,973)	(1,586,729)
Gross profit		300,837	200,538
Other income	5	54,284	66,522
Distribution and selling expenses		(2,766)	(3,018)
Administrative expenses		(108,961)	(108,474)
Profit from operations		243,394	155,568
Finance costs	6	(113,463)	(129,821)
Share of profits of associates		1,865	17,470
Profit before tax		131,796	43,217
Income tax expense	7	(16,807)	(5,599)
Profit and total comprehensive income for the period	8	114,989	37,618
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		71,847	20,504
Minority interests		43,142	17,114
		114,989	37,618
		RMB	RMB
Earnings per share	10		
– Basic		0.073	0.021
– Diluted		0.072	–

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,917,093	4,948,386
Prepaid lease payments		224,330	227,824
Interests in associates	12	217,204	245,322
Goodwill		116,011	116,011
Other intangible assets		11,282	14,053
Available-for-sale investments		8,031	8,692
Deferred tax assets		14,242	14,503
Pledged bank deposits		57,800	56,359
Deposits for acquisitions of property, plant and equipment		4,760	31,000
		5,570,753	5,662,150
CURRENT ASSETS			
Inventories		167,601	258,804
Trade and other receivables	13	532,215	468,489
Prepaid lease payments		7,798	8,608
Amounts due from related companies	23(a)	43,562	25,785
Tax recoverable		4,272	943
Pledged bank deposits		402,742	231,034
Bank balances and cash		1,046,955	413,727
		2,205,145	1,407,390
CURRENT LIABILITIES			
Trade and other payables	14	818,374	827,485
Amounts due to related companies	23(a)	47,520	54,003
Tax payables		19,690	8,474
Borrowings – due within one year	15	1,981,314	1,652,066
		2,866,898	2,542,028
NET CURRENT LIABILITIES		(661,753)	(1,134,638)
TOTAL ASSETS LESS CURRENT LIABILITIES		4,909,000	4,527,512
NON-CURRENT LIABILITIES			
Deferred income		73,342	74,510
Borrowings – due after one year	15	1,850,868	1,597,181
Deferred tax liabilities	16	33,872	32,094
		1,958,082	1,703,785
NET ASSETS		2,950,918	2,823,727

Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
CAPITAL AND RESERVES			
Share capital	17	97,208	92,779
Reserves		2,445,482	2,322,978
Equity attributable to owners of the Company		2,542,690	2,415,757
MINORITY INTERESTS		408,228	407,970
TOTAL EQUITY		2,950,918	2,823,727

The consolidated financial statements on pages 14 to 33 were approved and authorised for issue by the board of directors on 21 September 2009 and are signed on its behalf by:

Director

Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2009

	Attributable to owners of the Company										Minority interests	Total
	Share capital	Share premium	Capital reserve	Contribution		Other reserves	Share Investment		Deficit	Sub-total		
				from a shareholder			options reserve	revaluation reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Restated)												
At 1 January 2008 (audited)	92,779	2,211,965	115,972	73,482	10,188	2,100	6,390	(240,085)	2,272,791	364,089	2,636,880	
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	20,504	20,504	17,114	37,618	
Capital contribution arising from acquisition of an associate from a shareholder	-	-	-	915	-	-	-	-	915	-	915	
Contribution from a minority shareholder	-	-	-	-	-	-	-	-	-	1,600	1,600	
Employee share options	-	-	-	-	-	6,276	-	-	6,276	-	6,276	
Transfer to reserves	-	-	-	-	11,240	-	-	(11,240)	-	-	-	
Dividends to minority shareholders	-	-	-	-	-	-	-	-	-	(7,247)	(7,247)	
(Restated)												
At 30 June 2008 (unaudited)	92,779	2,211,965	115,972	74,397	21,428	8,376	6,390	(230,821)	2,300,486	375,556	2,676,042	
At 1 January 2009 (audited)	92,779	2,211,965	115,972	74,397	18,232	12,853	6,390	(116,831)	2,415,757	407,970	2,823,727	
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	71,847	71,847	43,142	114,989	
Issuance of new shares from placing	4,406	63,894	-	-	-	-	-	-	68,300	-	68,300	
Share issuance expense	-	(1,715)	-	-	-	-	-	-	(1,715)	-	(1,715)	
Exercise of share options	23	154	-	-	-	(42)	-	-	135	-	135	
Employee share options	-	-	-	-	-	8,087	-	-	8,087	-	8,087	
Transfer to reserves	-	-	-	-	12,284	-	-	(12,284)	-	-	-	
Final dividends declared	-	-	-	-	-	-	-	(19,721)	(19,721)	-	(19,721)	
Dividends to minority shareholders	-	-	-	-	-	-	-	-	-	(42,884)	(42,884)	
At 30 June 2009 (unaudited)	97,208	2,274,298	115,972	74,397	30,516	20,898	6,390	(76,989)	2,542,690	408,228	2,950,918	

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
NET CASH FROM OPERATING ACTIVITIES	422,654	285,888
INVESTING ACTIVITIES		
Purchases of and deposits paid for property, plant and equipment	(132,097)	(182,600)
Increase in pledged bank deposits	(173,149)	(20,464)
Proceeds on disposal of a subsidiary holding an investment project (note 18)	17,348	–
Repayment from (advance to) related companies	1,392	(1,821)
Dividends received from associates	–	18,945
Acquisition of associates	–	(145,788)
Acquisitions of subsidiaries	–	(16,568)
Deposit for acquisition of a subsidiary	–	(20,224)
Others	7,230	9,148
NET CASH USED IN INVESTING ACTIVITIES	(279,276)	(359,372)
FINANCING ACTIVITIES		
Proceeds from issuance of new shares	68,300	–
Proceeds from exercise of share options	135	–
Cost of issuance of new shares	(1,715)	–
New loans raised	1,442,200	802,350
Repayments of borrowings	(859,265)	(766,552)
Advances from (repayment to) related companies	122	(2,410)
Dividends paid to minority shareholders	(42,934)	(41,809)
Interest paid	(117,169)	(123,327)
Contribution from minority shareholders	–	1,600
NET CASH FROM (USED IN) FINANCING ACTIVITIES	489,674	(130,148)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	633,052	(203,632)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	413,727	804,048
Effect of foreign exchange rate changes	176	(11,491)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	1,046,955	588,925

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. BASIS OF PREPARATION

The condensed consolidated 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 (“IAS”) 34 “Interim Financial Reporting”.

The Company and its subsidiaries (collectively the “Group”) had net current liabilities of approximately RMB661,753,000 as at 30 June 2009. The directors of the Company are of the opinion that, taking into account the presently available banking facilities, internal financial resources of the Group and the proceeds from placing of shares of the Company issued subsequent to the end of the reporting period, the Group has sufficient working capital for its present requirements within one year from the end of the reporting period. Hence, the consolidated financial statements have been prepared on a going concern basis.

Change of Presentation Currency

As stated on the annual report of the Group for the year ended 31 December 2008, the presentation currency of the Group has been changed from Hong Kong dollar to Renminbi, as a result, the comparative figures for the six months ended 30 June 2008 have been restated and resulted in the decrease of exchange reserve of approximately HK\$76,892,000 as at 1 January 2008 and HK\$158,180,000 for the six months ended 30 June 2008.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value, as appropriate.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised IFRSs”) issued by the International Accounting Standard Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”) which are effective for the Group’s financial year beginning on 1 January 2009.

IFRSs (Amendments)	Improvements to IFRSs issued in 2008, except for the amendment to IFRS 5 that is effective for annual periods beginning or after 1 July 2009
IFRSs (Amendments)	Improvements to IFRSs issued in relation to the amendment to paragraph 80 of IAS 39
IAS 1 (Revised 2007)	Presentation of Financial Statements
IAS 23 (Revised 2007)	Borrowing Costs
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 2 (Amendment)	Vesting Conditions and Cancellation
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
IFRS 8	Operating Segments
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except as described below.

IAS 1 (Revised 2007) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in the presentation and disclosure. However, IAS 1 (Revised 2007) has had no impact on the reported results or financial position of the Group.

IFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of IFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14 Segment Reporting (see note 4) and has had no impact on the reported results or financial position of the Group.

The Group has not applied in advance the following revised standards, amendments and interpretations that have been issued but not yet effective.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs issued in 2008 ¹
IFRSs (Amendments)	Improvements to IFRSs issued in 2009 ²
IAS 27 (Revised 2008)	Consolidated and Separate Financial Statements ¹
IAS 39 (Amendment)	Eligible Hedged Items ¹
IFRS 3 (Revised 2008)	Business Combinations ¹
IFRIC 17	Distributions of Non-cash Assets to Owners ¹
IFRIC 18	Transfer of Assets from Customers ³
IFRS 1 (Amendment)	First-time Adoption of International Financial Reporting Standards ⁴
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴

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

² Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

³ Effective for transfers on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 January 2010

The adoption of IFRS 3 (revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. IAS 27 (revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other revised standards, amendments and interpretations will have no material impact on how the results and the financial position of the Group are prepared and presented.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

3. REVENUE

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

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
Sales of electricity	1,248,269	1,122,222
Sales of steam	422,381	373,443
Sales of coal	281,160	291,602
	1,951,810	1,787,267

4. SEGMENT INFORMATION

IFRS 8 Operating Segments, with effect from 1 January 2009, requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group reported information by business segments in accordance with the different types of fuels used in power generation by each power plant and coal trading. The Group now reports information by the following two operating segments:

(a) Power plants operations

For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews operating results and financial information on a plant by plant basis. Each power plant shares similar economic characteristics, produces electricity and/or steam by using similar production process and all of electricity and/or steam produced are distributed and sold to regional power grid companies and the similar class of customers respectively. Accordingly, the Group's power plants operations are aggregated into a single reportable segment.

(b) Coal trading

The Group has a subsidiary engaged in procurement and sales of coal to group companies and other external customers.

The application of IFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with IAS 14. Accordingly, segment information by power plants operations and coal trading is presented. Amounts reported for the prior period have been restated to conform to the requirements of IFRS 8.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

4. SEGMENT INFORMATION *(continued)*

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the six months ended 30 June 2009

	Power plants operations RMB'000 (Unaudited)	Coal trading RMB'000 (Unaudited)	Consolidated RMB'000 (Unaudited)
Revenue	1,670,650	612,616	2,283,266
Inter-segment sales	–	(331,456)	(331,456)
External sales	1,670,650	281,160	1,951,810
Segment result	258,656	8,007	266,663
Other income			5,557
Administrative expense			(28,826)
Profit from operations			243,394
Finance costs			(113,463)
Share of profits of associates			1,865
Profit before tax			131,796

For the six months ended 30 June 2008

	Power plants operations RMB'000 (Unaudited) (Restated)	Coal trading RMB'000 (Unaudited) (Restated)	Consolidated RMB'000 (Unaudited) (Restated)
Revenue	1,495,665	743,965	2,239,630
Inter-segment sales	–	(452,363)	(452,363)
External sales	1,495,665	291,602	1,787,267
Segment result	172,949	7,840	180,789
Other income			12,234
Administrative expense			(37,455)
Profit from operations			155,568
Finance costs			(129,821)
Share of profits of associates			17,470
Profit before tax			43,217

Inter-segment sales are charged at prevailing market rates.

Segment result represents pre-tax generated by the group entities engaged in the respective segment operation. Corporate income and expenses, finance costs, management fee income and consultancy fee income earned and incurred by the management companies and investment holding companies are not allocated to the segments.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

5. OTHER INCOME

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Government grants	22,314	25,337
Sales of scrap materials	7,352	9,352
Consultancy fee income (Note)	6,857	–
Interest income	6,611	8,498
Management fee income	3,232	5,574
Amortisation of connection fee income	3,105	2,625
Gain on disposal of a subsidiary holding an investment project (Note 18)	1,751	–
Rental income	352	2,279
Waiver of other payables	215	4,184
Others	2,495	8,673
	54,284	66,522

Notes:

Consultancy fee income mainly represents (i) provision for consultancy services to the property developers for their construction of steam supply pipes to their customers; and (ii) provision of consultancy services on the setting up of operation and management system and maintenance services for a power plant and boilers facilities.

6. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
		(Restated)
Interest on:		
Bank borrowings	109,001	124,944
Discounted bills	4,139	5,028
Other finance costs	323	402
Total borrowing costs	113,463	130,374
Less: Interest capitalised	–	(553)
	113,463	129,821

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
The tax expense comprises:		
Current tax:		
PRC Enterprise Income Tax	3,608	1,935
Withholding tax on declared dividends	11,160	–
Deferred tax	2,039	3,664
	16,807	5,599

The income tax expense for the period represents income tax in the People's Republic of China (the "PRC") which is calculated at the prevailing tax rate on the taxable income of subsidiaries in the PRC.

The subsidiaries located in other jurisdictions have no assessable profits for the period. No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profit arising in Hong Kong for the period.

The Group, which has subsidiaries that are tax resident in the PRC, is subject to the PRC dividend withholding tax of 5% or 10% for those non-PRC resident immediate holdings company registered in Hong Kong and the British Virgin Islands, respectively, when and if undistributed earnings are declared to be paid as dividends out of profits that arose on or after 1 January 2008. Accordingly, a provision for dividend withholding tax of approximately RMB2,775,000 has been recognised for the six months ended 30 June 2009.

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
Profit for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	122,485	123,717
Release of prepaid lease payments to statement of comprehensive income	4,304	4,253
Amortisation of intangible assets	371	371
Total depreciation and amortisation	127,160	128,341
Impairment loss recognised in respect of trade and other receivables	2,229	1,583
Impairment of intangible assets (Note)	2,400	–
Impairment of available-for-sale investments	661	–
Loss on disposal of property, plant and equipment	4,315	115
Exchange (gain) loss, net	(176)	11,491

Note: During the period, the impairment of intangible assets of RMB2,400,000 (six months ended 30 June 2008: Nil) has been recognised in the statement of comprehensive income as the estimated future income from the steam customers has been revised downward.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

9. DIVIDENDS

On 25 May 2009, a final dividend of HK2.3 cents per share (2008: Nil) amounting to approximately RMB19,721,000 payable to shareholders for the year ended 31 December 2008 has been approved at the annual general meeting. The dividend has been paid on 27 July 2009.

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil) .

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2009	2008
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (Restated)
Earnings for the purpose of calculation of basic and diluted earnings per share	71,847	20,504

	Number of share	
	Six months ended 30 June	
	2009	2008
	'000	'000
	(Unaudited)	(Unaudited)
Weighted average number of shares for the purpose of basic earnings per share	980,227	972,419
Effect of dilutive potential ordinary shares on share options	16,314	–
Weighted average number of shares for the purpose of diluted earnings per share	996,541	–

	Six months ended 30 June	
	2009	2008
	RMB	RMB
	(Unaudited)	(Unaudited) (Restated)
Basic earnings per share	0.073	0.021
Diluted earnings per share	0.072	–

The employee share options had no dilution effect on the earnings per share for 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group spent approximately RMB96,149,000 (six months ended 30 June 2008: RMB159,065,000 restated) on construction of 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.

12. INTERESTS IN ASSOCIATES

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Unlisted investments in associates, at cost	200,443	200,443
Share of post-acquisition profits, net of dividends	16,761	44,879
Carrying amounts of interests in associates	217,204	245,322

The carrying amounts of interests in associates have been reduced by dividends of approximately RMB29,983,000 in the current period.

13. TRADE AND OTHER RECEIVABLES

Trade and bill receivables at the financial position date mainly comprise amounts receivable from the sales of electricity, steam and coal trading. The Group generally allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of trade and bill receivables, net of allowances, is as follows:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade receivables:		
0–90 days	422,603	362,487
91–180 days	3,853	3,033
Over 180 days	633	505
	427,089	366,025
Bill receivables – trade:		
0–90 days	14,942	9,471
91–180 days	1,330	300
	16,272	9,771
	443,361	375,796

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

14. TRADE AND OTHER PAYABLES

Trade and bill payables principally comprise amounts outstanding for purchases of coal and ongoing costs. The average credit period for trade purchases is 30 to 90 days. The aged analysis of trade and bill payables is as follows:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Trade payables:		
0–90 days	106,209	87,535
91–180 days	3,646	11,311
Over 180 days	13,044	10,784
	122,899	109,630
Bill payables – trade:		
0–90 days	32,500	72,417
91–180 days	78,568	64,000
	111,068	136,417
	233,967	246,047

Other payables mainly represent construction payables, dividend payables, deposits received from customers, other tax payables, interest payables and accruals.

15. BORROWINGS

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Short-term bank borrowings	1,551,910	1,267,163
Long-term bank borrowings		
due within one year	429,404	384,903
due after one year	1,850,868	1,597,181
	3,832,182	3,249,247
Less: Amounts due within one year shown under current liabilities	(1,981,314)	(1,652,066)
Amounts due after one year	1,850,868	1,597,181
Representing:		
Secured	2,405,022	2,197,624
Unsecured	1,427,160	1,051,623
	3,832,182	3,249,247

Certain borrowings are guaranteed by minority shareholders of subsidiaries and related companies in which the major shareholder of the Company have beneficial interests. Certain borrowings are secured by property, plant and equipment, prepaid lease payments and bank deposits.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

16. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities mainly represents the deferred tax liabilities recognised on the aggregate amount of temporary differences associated with the undistributed earnings of the PRC subsidiaries. For the six months ended 30 June 2009, an amount of deferred tax expenses of RMB2,775,000 has been recognized in the statement of comprehensive income.

17. SHARE CAPITAL

	Number of shares		Amount	
	30 June 2009 '000 (Unaudited)	31 December 2008 '000 (Audited)	30 June 2009 HK\$'000 (Unaudited)	31 December 2008 HK\$'000 (Audited)
Ordinary shares of HK\$0.1 each				
Authorised:				
At beginning and end of period	10,000,000	10,000,000	1,000,000	1,000,000
	Number of shares		Amount	
	30 June 2009 '000 (Unaudited)	31 December 2008 '000 (Audited)	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Issued and fully paid:				
At beginning of period	972,419	972,419	92,779	92,779
Placing of new shares (Note)	50,000	–	4,406	–
Exercise of share options	260	–	23	–
At the end of period	1,022,679	972,419	97,208	92,779

Note: Pursuant to a placing agreement entered on 14 May 2009, the Company allotted and issued 50,000,000 new shares of HK\$0.1 each at the subscription price of HK\$1.55 per share.

18. DISPOSAL OF A SUBSIDIARY HOLDING AN INVESTMENT PROJECT

On 15 April 2008, the Group entered into a conditional sale and purchase agreement at a consideration of RMB35,700,000 with an independent third party for the acquisition of the equity interest in Lincang Runda Hydropower Plant Company Limited, a joint venture company engaged in operating hydropower plants in Yunan, the PRC (the "investment project"). As at 31 December 2008, a deposit of RMB20,000,000 was paid by the Group.

On 12 November 2008, the Group entered into another sale and purchase agreement with a company controlled by a shareholder of the Company for the disposal of the subsidiary holding the deposit for the investment project. The consideration for the disposal was HK\$25,000,000 (approximately RMB22,046,000). A deposit of HK\$5,000,000 (approximately RMB4,403,000) was received by the Group before 31 December 2008. The transaction has been completed and resulted in a gain on disposal of a subsidiary holding an investment project of RMB1,751,000 and a net cash inflow of RMB17,348,000 (net of transaction cost of approximately RMB295,000) during the six months ended 30 June 2009.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

19. CAPITAL COMMITMENTS

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided	126,276	81,731
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	50,208	40,000

20. SHARE-BASED PAYMENTS

On 22 October 2007, a Pre-IPO Share Option Scheme ("Pre-IPO Share Option Scheme") and a Share Option Scheme ("Share Option Scheme") were approved by the resolution of the sole shareholder, and were adopted by the Company. Pursuant to the schemes, the Company may grant option to the directors, employees of the Company and its subsidiaries and qualifying grantees to subscribe for shares of the Company.

Options granted are exercisable during the period after respective vesting date to the last day of the ten-year period after grant date.

The options granted under the Pre-IPO Share Option Scheme has vesting period in three tranches of 20%, 30% and 50% of its options granted from the grant date to 13 November 2010, 13 November 2011 and 13 November 2012, respectively.

The options granted on 16 February 2009 under the Share Option Scheme are subject to a vesting scale in tranches of one-fifth of the shares on 1 April 2009 and the first, second, third and fourth anniversary dates of the date of grant respectively.

The options granted on 24 April 2009 under the Share Option Scheme are subject to a vesting scale in tranches of one-fifth of the shares on 1 May 2009 and the first, second, third and fourth anniversary dates of the date of grant respectively.

Movement of options granted under the Pre-IPO Share Option Scheme in 2007 and Share Option Scheme in 2009 are as follows:

	Exercise price	Date of grant	Number of share options				Outstanding at 30 June 2009
			Outstanding at 1 January 2009	During the period		Lapsed or cancelled	
				Granted	Exercised		
Directors	4.1	13.11.2007	7,680,000	-	-	-	7,680,000
	0.59	16.02.2009	-	9,180,000	-	-	9,180,000
Employees and others	4.1	13.11.2007	21,260,000	-	-	(1,780,000)	19,480,000
	0.59	16.02.2009	-	31,800,000	(260,000)	(520,000)	31,020,000
	1.054	24.04.2009	-	3,040,000	-	-	3,040,000
			28,940,000	44,020,000	(260,000)	(2,300,000)	70,400,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

20. SHARE-BASED PAYMENTS *(continued)*

The closing price of the Company's shares immediately before 16 February 2009 and 24 April 2009, the date of options granted were HK\$0.59 per share and HK\$1.03 per share, respectively.

The fair value of the options granted in the current period, measured at the date of grant on 16 February 2009 and 24 April 2009 were approximately HK\$0.206 per share and HK\$0.361 per share, respectively. The following significant assumptions were used to derive the fair value, using the Binominal model:

	16 February 2009	24 April 2009
Spot price (closing price of grant date)	0.59	1.03
Exercise price	0.59	1.054
Expected volatility	52.7%	53.2%
Dividend yield	0%	0%
Risk-free interest rate	1.65%	2.122%
Exercise multiple	1.5	1.5

The Binominal model has been used to estimate the fair value of the options. The variables and assumptions used in estimating the fair value of the share options are based on the director's best estimate. Change in subjective input assumptions can materially affected the fair value.

In the current period, an amount of share option expense of RMB8,087,000 (six months ended 30 June 2008: RMB6,276,000) has been recognised in the statement of comprehensive income.

The weighted average closing price of the Company's shares at dates on which the options were exercised during the period was HK\$1.71 per share.

At each reporting date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in statement of comprehensive income, with a corresponding adjustment to the share options reserve.

21. CONTINGENCIES AND COMMITMENTS

As at 30 June 2009, the Group provided guarantees of RMB15 million to bank in respect of banking facilities granted to an associate. The directors consider that the fair value of the financial guarantees at date of inception is immaterial.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

22. EVENTS AFTER THE END OF THE REPORTING PERIOD

- (i) On 11 August 2008, the Group entered into a conditional sale and purchase agreement with a company controlled by a shareholder of the Company for the acquisition of 55% equity interest 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 for the equity interest and the capital injection will not be more than RMB127,936,000 and will be settled by the issuance of convertible notes of the Company. As at 30 June 2009, the transaction has not been completed. Details of this transaction and conditions are set out in the Company's announcements dated 11 August 2008 and 7 August 2009 and a circular dated 22 September 2008.

The transaction has not been completed as the conditions have not been fulfilled at the date of this report.

- (ii) On 3 June 2009, the Company entered into the conditional acquisition agreement A (the "Acquisition Agreement A") and acquisition agreement B (the "Acquisition Agreement B"), pursuant to which, the Company will acquire 100% of the equity interest in Jiangsu Zhongneng Polysilicon Technology Development Co., Ltd ("Jiangsu Zhongneng") subject to the terms of the Acquisition Agreement A and Acquisition Agreement B.

Pursuant to Acquisition Agreement A, the Company will acquire 64% of the equity interest in Jiangsu Zhongneng through the acquisition of 1,033,356,685 ordinary shares and 16,667,000 series A convertible preferred shares of GCL Solar Energy Technology Holdings Inc.. Consideration for the Acquisition Agreement A will be satisfied by the issuance of 9,051,242,615 new shares of the Company.

Pursuant to Acquisition Agreement B, the Company will acquire 36% of the equity interest in Jiangsu Zhongneng through the acquisition of 100% of the issued share capital of Greatest Joy International Limited and Sun Wave Group Limited. Consideration for the Acquisition Agreement B will be satisfied as to (i) US\$200 million by cash; (ii) US\$350 million by the issuance of the secured notes; and (iii) issuance of 988,530,112 new shares of the Company.

Jiangsu Zhongneng, with its factory plant located in Xuzhou, Jiangsu Province, China, supplies polysilicon and wafers to companies operating in the solar industry. Polysilicon is the primary raw material for wafers used in the solar and electronics industries.

The transaction has been completed on 31 July 2009. The secured notes have been redeemed on 17 August 2009 by part of the proceeds from the placing of shares set out in (iv) below.

Financial information about the acquisition is not presented because the Group is still in the process of obtaining the information to determine the fair value.

- (iii) On 16 July 2009, the authorised share capital of the Company was increased from HK\$1,000,000,000 to HK\$2,000,000,000 by the creation of an additional 10,000,000,000 shares of HK\$0.10 each.
- (iv) On 4 August 2009, the Company and BOCI Asia Limited, China International Capital Corporation Hong Kong Securities Limited, ICBC International Securities Limited, Morgan Stanley & Co. International plc, The Hongkong and Shanghai Banking Corporation and UBS AG, Hong Kong Branch (the "Placing Agents") entered into a placing agreement, pursuant to which the Company agreed to issue and the Placing Agent agree to procure investors to subscribe for 1,300,000,000 new shares at a price of HK\$2.83 per placing share. The transaction has been completed on 11 August 2009.

Notes to the Condensed Consolidated Financial Statements

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23. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties:

	30 June 2009 RMB'000 (Unaudited)	31 December 2008 RMB'000 (Audited)
Amounts due from:		
Trade-related	6,010	16,825
Non-trade related	37,552	8,960
	43,562	25,785
Amounts due to:		
Trade-related	5,085	10,845
Non-trade related	42,435	43,158
	47,520	54,003

For trade-related amounts with related companies, the amounts are unsecured, non-interest bearing and with a credit term 90 days.

(b) Transaction with related parties:

	Six months ended 30 June 2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
Transactions with related companies in which directors of the Company have beneficial interests:		
Sales of coal	59,044	59,622
Proceeds on disposal of a subsidiary holding an investment project	22,046	–
Consultancy service fee income	2,200	–
Management fee income	2,300	5,200
Rental expense	1,413	3,413
Rental income	144	–
Construction related services expense	813	72
Sales of steam	44	–
Office expense	–	963
Purchases of coal	–	18,730
Purchase of property, plant and equipment and construction in progress	–	48
Transactions with associates:		
Management income	300	250
Sales of coal	6,953	15,592
Transactions with minority shareholders of subsidiaries:		
Purchases of coal	4,736	–
Rental expense	2,000	–
Sales of steam	1,121	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

23. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel

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

	Six months ended 30 June	
	2009 RMB'000 (Unaudited)	2008 RMB'000 (Unaudited) (Restated)
Salaries and other allowances	3,956	4,171
Share-based payment	2,103	1,727
Retirement benefits scheme contributions	121	110
	6,180	6,008

The remuneration of Directors and key executives is determined by having regard to the performance of individuals and market trends.

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

As at 30 June 2009, 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) Long position in the shares and underlying shares of the Company

Name of director/ chief executive	Number of ordinary shares held		Number of underlying shares held under equity derivates	Total	Approximate percentage of issued share capital of the Company
	Corporate interests	Personal interests			
Zhu Gong Shan	5,965,628,327 (notes 1, 2, 3)	–	118,395,719 (note 4)	6,084,024,046	594.91%
Sha Hong Qiu	–	–	3,360,000 (note 5)	3,360,000	0.33%
Ji Jun	–	–	3,000,000 (note 5)	3,000,000	0.29%
Shu Hua	–	–	3,000,000 (note 5)	3,000,000	0.29%
Yu Bao Dong	19,832,032 (note 6)	–	3,000,000 (note 5)	22,832,032	2.23%
Sun Wei	–	2,843,000	3,000,000 (note 5)	5,843,000	0.57%
Tong Yee Ming	–	20,000	1,500,000 (note 5)	1,520,000	0.15%

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

(ii) Short position in the shares and underlying shares of the Company

Name of director/ chief executive	Number of ordinary shares held		Number of underlying shares held under equity derivates	Total	Approximate percentage of issued share capital of the Company
	Corporate interests	Personal interests			
Zhu Gong Shan	900,000,000 (note 3)	–	–	900,000,000	88%

Notes:

- (1) The interests of Mr. Zhu Gong Shan are held by Highexcel Investments Limited and Happy Genius Holdings Limited ("Happy Genius"), which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is ultimately held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan and his family.
- (2) Highexcel Investments Limited holds 352,518,443 shares.
- (3) Upon completion of the acquisition ("Acquisition") of the entire issued share capital of GCL Solar Energy Technology Holdings Inc., Sun Wave Group Limited and Greatest Joy International Limited which took place on 31 July 2009, Happy Genius received 4,713,109,884 shares as the consideration for the Acquisition and transferred 900,000,000 shares to holders of exchangeable bonds.
- (4) Mr. Zhu Gong Shan is the legal and beneficial owner of the entire issued share capital of Get Famous Investments Limited ("Get Famous"). On 11 August 2008, a subsidiary of the Company and Get Famous entered into a sale and purchase agreement pursuant to which such subsidiary conditionally agreed to acquire and Get Famous agreed to sell the entire issued share capital of Joint Loyal Holdings Limited. The consideration for such acquisition is to be satisfied by the issuance of convertible notes by the Company to Get Famous in the principal amount of not exceeding RMB127,936,000. Get Famous or its nominee has the right to convert any part of the principal amount of the convertible notes into shares at a conversion price of HK\$1.23 (subject to adjustment). If Get Famous exercises all the principal amount of the convertible notes, a total of 118,395,719 shares will be converted. As at 30 June 2009, none of such convertible notes had been issued since the completion of such acquisition had yet to be completed.
- (5) These are share options granted by the Company to the Directors, pursuant to the pre-IPO share option scheme and the share option scheme, both adopted by the shareholders on 22 October 2007. Such share options can be exercised by the Directors at various intervals during the period from 1 April 2009 to 15 February 2019 at an exercise price of HK\$4.10 and HK\$0.59, respectively.
- (6) Mr. Yu Bao Dong is the ultimate beneficial owner of Bonus Billion Group Limited ("Bonus Billion") and Joy Big Holdings Limited ("Joy Big"). Bonus Billion and Joy Big are both members of vendors of GCL Solar Energy Technology Holdings Inc.. Upon completion of the Acquisition on 31 July 2009, Bonus Billion and Joy Big in aggregate received 19,832,032 shares as part of their share of their consideration.
- (7) The total number of ordinary shares of the Company in issue as at 30 June 2009 was 1,022,679,487.

Save as disclosed above, as at 30 June 2009, 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

(i) 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 2009 (the “Period”) are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price HK\$	Number of options				
				Outstanding as at 01.01.2009	Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	Outstanding as at 30.6.2009
Directors/chief executive								
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

(i) Pre-IPO share option scheme (continued)

Name or category of participant	Date of grant	Exercise period	Exercise Price HK\$	Number of options				
				Outstanding as at 01.01.2009	Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	Outstanding as at 30.6.2009
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	4,252,000	-	(356,000)	-	3,896,000
		13.11.2011 to 12.11.2017	4.10	6,378,000	-	(534,000)	-	5,844,000
		13.11.2012 to 12.11.2017	4.10	10,630,000	-	(890,000)	-	9,740,000
Total				28,940,000	-	(1,780,000)	-	27,160,000

During the Period, a total of 1,780,000 option shares were lapsed.

(ii) 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.

During the Period, the Company has granted a total of 44,020,000 option shares under the Share Option Scheme, out of which 520,000 option shares were lapsed, 260,000 option shares were exercised and there were 43,240,000 option shares outstanding as at 30 June 2009.

Details of the share options outstanding and movements under the Share Option Scheme during the six months ended 30 June 2009 are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise Price HK\$	Number of options				
				Outstanding as at 01.01.2009	Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	Outstanding as at 30.6.2009
Directors/chief executive								
Sha Hong Qiu	16.2.2009	01.04.2009 to 15.02.2019	0.59	-	336,000	-	-	336,000
		16.02.2010 to 15.02.2019	0.59	-	336,000	-	-	336,000
		16.02.2011 to 15.02.2019	0.59	-	336,000	-	-	336,000
		16.02.2012 to 15.02.2019	0.59	-	336,000	-	-	336,000
		16.02.2013 to 15.02.2019	0.59	-	336,000	-	-	336,000

Option Schemes

(ii) Share option scheme (continued)

Name or category of participant	Date of grant	Exercise period	Exercise Price HK\$	Number of options				
				Outstanding as at 01.01.2009	Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	Outstanding as at 30.6.2009
Ji Jun	16.2.2009	01.04.2009 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2010 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2011 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2012 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2013 to 15.02.2019	0.59	-	300,000	-	-	300,000
Shu Hua	16.2.2009	01.04.2009 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2010 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2011 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2012 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2013 to 15.02.2019	0.59	-	300,000	-	-	300,000
Yu Bao Dong	16.2.2009	01.04.2009 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2010 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2011 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2012 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2013 to 15.02.2019	0.59	-	300,000	-	-	300,000
Sun Wei	16.2.2009	01.04.2009 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2010 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2011 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2012 to 15.02.2019	0.59	-	300,000	-	-	300,000
		16.02.2013 to 15.02.2019	0.59	-	300,000	-	-	300,000

Option Schemes

(ii) Share option scheme (continued)

Name or category of participant	Date of grant	Exercise period	Exercise Price HK\$	Number of options				
				Outstanding as at 01.01.2009	Granted during the Period	Lapsed or cancelled during the Period	Exercised during the Period	Outstanding as at 30.6.2009
Tong Yee Ming	16.2.2009	01.04.2009 to 15.02.2019	0.59	–	300,000	–	–	300,000
		16.02.2010 to 15.02.2019	0.59	–	300,000	–	–	300,000
		16.02.2011 to 15.02.2019	0.59	–	300,000	–	–	300,000
		16.02.2012 to 15.02.2019	0.59	–	300,000	–	–	300,000
		16.02.2013 to 15.02.2019	0.59	–	300,000	–	–	300,000
Non-director employees (in aggregate)	16.2.2009	01.04.2009 to 15.02.2019	0.59	–	6,360,000	(40,000)	(260,000)	6,060,000
		16.02.2010 to 15.02.2019	0.59	–	6,360,000	(120,000)	–	6,240,000
		16.02.2011 to 15.02.2019	0.59	–	6,360,000	(120,000)	–	6,240,000
		16.02.2012 to 15.02.2019	0.59	–	6,360,000	(120,000)	–	6,240,000
		16.02.2013 to 15.02.2019	0.59	–	6,360,000	(120,000)	–	6,240,000
	24.4.2009	01.05.2009 to 23.04.2019	1.054	–	608,000	–	–	608,000
		24.04.2010 to 23.04.2019	1.054	–	608,000	–	–	608,000
		24.04.2011 to 23.04.2019	1.054	–	608,000	–	–	608,000
		24.04.2012 to 23.04.2019	1.054	–	608,000	–	–	608,000
		24.04.2013 to 23.04.2019	1.054	–	608,000	–	–	608,000
Total				–	44,020,000	(520,000)	(260,000)	43,240,000

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 2009, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as record in the register kept pursuant to Section 336 of the SFO:

(i) Long position in the shares of the Company

Name	Note	Capacity/ nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Amplewood Resources Limited	1	Beneficial interest	51,720,220	5.06%
Asia Pacific Energy Fund Limited	2, 3, 4	Interest in a controlled corporation	5,965,628,327	583.33%
Balderton Capital III, L.P.	1	Beneficial interest	150,000,000	14.67%
Faith Rise Limited	1	Beneficial interest	202,173,387	19.77%
CDH New Energy Limited	1	Beneficial interest	202,173,387	19.77%
Credit Suisse Trust Limited	2, 3, 4	Trustee	5,965,628,327	583.33%
D. E. Shaw Composite Investments Asia 5 (Cayman) Limited	1, 5	Beneficial interest	101,086,633	9.88%
D. E. Shaw Composite Portfolios, L.L.C.	5	Beneficial interest	415,204,301	40.60%
Excel Class Holdings Limited	1	Beneficial interest	345,005,628	33.74%
Get Famous Investments Limited	6	Interest in a controlled corporation	118,395,719	11.58%
Greenrich Investments Limited	1	Beneficial interest	175,221,333	17.13%
Guinness Mahon & Co. Limited	1	Beneficial interest	202,173,387	19.77%
Mandra Esop Limited	1, 7	Beneficial interest	103,440,439	10.11%
Mandra Materials Limited	1, 7	Beneficial interest	857,693,644	83.87%
Mandra Silicon Limited	1	Beneficial interest	187,025,199	18.29%
Milestone Silicon Limited	1	Beneficial interest	303,260,142	29.65%
Morgan Stanley	8	Interest in a controlled corporation	160,696,000	15.72%

Interests and Short Positions of Substantial Shareholders

(i) Long position in the shares of the Company (continued)

Name	Note	Capacity/ nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
New Horizon Melody Investment Limited	1	Beneficial interest	101,086,755	9.88%
Pearl Ever Group Limited	1	Beneficial interest	134,782,217	13.18%
Poly (Hong Kong) Investments Limited	9	Interest in a controlled corporation	134,791,044	13.18%
Star Right Limited	1	Beneficial interest	202,173,509	19.77%
Success Central Investments Limited	1	Beneficial interest	76,239,397	7.46%
Sun Ally Holdings Limited	1	Beneficial interest	161,738,783	15.82%
TB Silicon	1	Beneficial interest	410,477,524	40.14%
Total Master Holdings Limited	1	Beneficial interest	129,300,549	12.64%

(ii) Short position in the shares and underlying shares of the Company

Name	Note	Capacity/ nature of interest	Number of shares/ underlying shares	Approximate percentage of issued share capital of the Company
Asia Pacific Energy Fund Limited	4	Interest in a controlled corporation	900,000,000	88%
Credit Suisse Trust Limited	4	Trustee	900,000,000	88%
Morgan Stanley	8	Interest in a controlled corporation	616,000	0.06%

Interests and Short Positions of Substantial Shareholders

Notes:

- (1) Upon completion ("Completion") of the acquisition ("Acquisition") of the entire issued shares of GCL Solar Energy Technology Holdings Inc., Sun Wave Group Limited and Greatest Joy International Limited on 31 July 2009, new shares were issued to these entities as consideration.
- (2) The interests of Mr. Zhu Gong Shan are held by Highexcel Investments Limited and Happy Genius Holdings Limited ("Happy Genius"), which are wholly-owned by Golden Concord Group Limited, which in turn is wholly-owned by Asia Pacific Energy Holdings Limited. Asia Pacific Energy Holdings Limited is in turn wholly-owned by Asia Pacific Energy Fund Limited. Asia Pacific Energy Fund Limited is held under a discretionary trust by Credit Suisse Trust Limited for Mr. Zhu Gong Shan and his family.
- (3) Highexcel Investments Limited holds 352,518,443 shares.
- (4) Upon Completion, Happy Genius received 4,713,109,884 shares as consideration under the Acquisition and transferred 900,000,000 shares to holders of exchangeable bonds.
- (5) Mr. David Elliot Shaw, who indirectly owns both the entire interest of D. E. Shaw Composite Investment Asia 5 (Cayman) Limited and D. E. Shaw Composite Portfolios, L.L.C., is deemed to be interested in 516,290,934 shares.
- (6) Mr. Zhu Gong Shan is the legal and beneficial owner of the entire issued share capital of Get Famous Investments ("Get Famous"). On 11 August 2008, a subsidiary of the Company and Get Famous entered into a sale and purchase agreement pursuant to which such subsidiary conditionally agreed to acquire and Get Famous agreed to sell the entire issued share capital, Joint Loyal Holdings Limited. The consideration for such acquisition is to be satisfied by the issuance of convertible notes by the Company to Get Famous in the principal amount of not exceeding RMB127,936,000. Get Famous or its nominee has the right to convert any part of the principal amount of the convertible notes into shares at a conversion price of HK\$1.23 (subject to adjustment). If Get Famous exercises all the principal amount of the convertible notes, a total of 118,395,719 shares will be converted. As at 30 June 2009, none of such convertible notes had been issued since the completion of such acquisition had yet to be completed.
- (7) Mr. Zhang Songyi and Ms. Mui Bing How (being the wife of Mr. Zhang Songyi) both indirectly hold 50% interest each in Mandra Esop Limited and Mandra Materials Limited, and are deemed to be interested in 961,134,083 shares.
- (8) The interests of Morgan Stanley in the Company are held through:
 - (a) MS China 3 Limited which holds 160,080,000 shares and is a wholly-owned subsidiary of Morgan Stanley Emerging Markets Inc. which in turn is wholly-owned by Morgan Stanley. Morgan Stanley is therefore deemed to be interested in the 160,080,000 shares held by MS China 3 Limited; and
 - (b) Morgan Stanley & Co. Inc. which holds both a long and short position in 616,000 shares, is a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley is therefore deemed to be interested in the long and short position in 616,000 shares held by Morgan Stanley & Co. Inc..
- (9) The interests of Poly (Hong Kong) Investments Limited are held through its indirect wholly-owned subsidiary, Power Jade Holdings Limited.
- (10) The total number of ordinary shares of the Company in issue as at 30 June 2009 was 1,022,679,487.

Save as disclosed aforesaid, so far as is known to any Directors or chief executive of the Company, as at 30 June 2009, 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 2008 Annual Report. During the six months ended 30 June 2009, 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 deviation of Code E.1.2 which states that the chairman of the board should attend the annual general meeting. As Mr. Zhu Gong Shan, Chairman of the Company, was out of town and therefore unable to attend the annual general meeting of the Company held on 25 May 2009. Mr. Tong Yee Ming, an executive Director and Chief Financial Officer of the Company, represented Mr. Zhu to chair the annual general meeting accordingly.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Board has adopted the model code for securities transactions by Directors (the "Model Code") with terms no less exacting than required provisions set out in Appendix 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 2009.

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR'S AND AUDIT COMMITTEE'S REVIEW

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2009 have been reviewed by Deloitte Touche Tohmatsu (the auditor of the Company) and the audit committee of the Company, which consists of three independent non-executive Directors, namely Mr. Yip Tai Him, Ir Dr. Raymond Ho Chung Tai and Mr. Qian Zhi Xin. The audit committee expressed no disagreement with the accounting policies and principles adopted by the Group.

Corporate Governance and Other Information

CHANGES IN THE INFORMATION ON DIRECTORS

Changes in the information on the Directors of the Company from 1 January 2009 to the date of this interim report that are required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:–

Mr. Zhu Gong Shan, an executive Director, the Chairman and a member of the Strategic Planning Committee of the Company, has been appointed as the Chief Executive Officer of the Company with effect from 1 September 2009. Mr. Zhu Gong Shan has entered into a supplemental service contract with the Company dated 1 September 2009, under which Mr. Zhu Gong Shan is entitled to receive an annual fixed remuneration of HK\$3,000,000 and discretionary bonus commencing from 1 September 2009.

Ms. Sun Wei, an executive Director of the Company, is responsible for the corporate finance of the power as well as the polysilicon and wafer business sectors of the Company, including participation in the budget planning process of the Company and its subsidiaries. Ms. Sun Wei has entered into a supplemental service contract with the Company dated 1 September 2009, under which she is entitled to receive an annual fixed remuneration of HK\$2,000,000 and discretionary bonus commencing from 1 September 2009.

Mr. Zhu Yu Feng, the son of Mr. Zhu Gong Shan, was appointed as an executive Director and Vice President of the Company with effect from 21 September 2009.

Mr. Sha Hong Qiu, the President (Power Business), an executive Director and a member of the Strategic Planning Committee of the Company, will remain responsible for the overall operation and management as well as taking a lead to implement the Company's strategy for the power business of the Company.

Mr. Yip Tai Him, an independent non-executive Director of the Company, is currently an independent non-executive director of Wing Lee Holdings Limited, China Cyber Port (International) Company Limited, Vinco Financial Group Limited, UURG Corporation Limited, Golife Concepts Holdings Limited and iOne Holdings Limited, the shares of these companies are listed on The Stock Exchange of Hong Kong Limited.

Corporate Information

CHAIRMAN & CHIEF EXECUTIVE OFFICER

Zhu Gong Shan

PRESIDENTS

Sha Hong Qiu (Power Business)

Jiang You (Solar Business)

EXECUTIVE DIRECTORS

Zhu Gong Shan

Sha Hong Qiu

Ji Jun

Shu Hua

Yu Bao Dong

Sun Wei

Tong Yee Ming

Zhu Yu Feng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Qian Zhi Xin

Raymond Ho Chung Tai

Xue Zhong Su

Yip Tai Him

COMPOSITION OF BOARD COMMITTEES

Audit Committee

Yip Tai Him (*Chairman*)

Qian Zhi Xin

Raymond Ho Chung Tai

Remuneration Committee

Raymond Ho Chung Tai (*Chairman*)

Yip Tai Him

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

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (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

Tricor Investor Services Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong law

Hogan & Hartson
21st Floor, Two Pacific Place
88 Queensway
Hong Kong

As to Cayman Islands law

Conyers Dill & Pearman
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Grand Cayman, KY1-1111
Cayman Islands

As to PRC law

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Chaoyang District
Beijing, 200026
PRC

COMPANY WEBSITE

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