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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2008

The board of directors (the "Board") of GCL-Poly Energy Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2008 together with the comparative figures for the corresponding period as follows:

FINANCIAL HIGHLIGHTS

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

FOR THE SIX MONTHS ENDED 30 JUNE 2008

		Six months ended 30 June	
		2008	2007
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue	*2*	**1,974,930**	699,331
Cost of sales		**(1,753,335)**	(564,255)
Gross profit		**221,595**	135,076
Other income		**73,506**	38,464
Distribution cost		**(3,334)**	–
Administrative expenses		**(119,865)**	(73,750)
Finance costs	*4*	**(143,452)**	(67,299)
Share of results of associates		**19,304**	9,847
Loss on increase in fair value of convertible note		**–**	(48,600)
Profit (loss) before tax		**47,754**	(6,262)
Income tax (expense) credit	*5*	**(6,186)**	935
Profit (loss) for the period	*6*	**41,568**	(5,327)
Attributable to:			
Equity holders of the Company		**22,657**	(23,664)
Minority interests		**18,911**	18,337
		41,568	(5,327)
		HK cents	*HK cents*
Earnings (loss) per share – Basic	*7*	**2.33**	(6.07)

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

AS AT 30 JUNE 2008

	NOTES	**30 June 2008** **HK$'000** **(unaudited)**	31 December 2007 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,335,134**	4,974,246
Prepaid lease payments		**262,098**	250,053
Interests in associates		**247,978**	77,955
Goodwill		**132,691**	124,639
Other intangible assets		**16,400**	15,801
Available-for-sale investments		**13,258**	12,453
Deferred tax assets		**14,333**	12,149
Pledged bank deposits		**71,062**	–
Deposit for acquisition of a subsidiary		**22,995**	–
		6,115,949	5,467,296
CURRENT ASSETS			
Inventories		**186,558**	134,552
Trade and other receivables	*8*	**655,361**	583,975
Prepaid lease payments		**9,672**	9,561
Amounts due from related companies		**21,367**	20,640
Tax recoverable		**–**	656
Pledged bank deposits		**227,281**	258,382
Bank balances and cash		**669,608**	858,724
		1,769,847	1,866,490

	NOTES	30 June 2008 HK$'000 (unaudited)	31 December 2007 HK$'000 (audited)
CURRENT LIABILITIES			
Trade and other payables	9	**653,217**	657,250
Amounts due to related companies		**79,239**	48,707
Income tax payable		**3,145**	4,901
Borrowings – due within one year		**1,793,909**	1,593,142
		2,529,510	2,304,000
NET CURRENT LIABILITIES		**(759,663)**	(437,510)
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,356,286**	5,029,786
NON-CURRENT LIABILITIES			
Deferred income		**79,504**	66,613
Borrowings – due after one year		**2,203,198**	2,123,164
Deferred tax liabilities		**30,924**	23,821
		2,313,626	2,213,598
NET ASSETS		**3,042,660**	2,816,188
CAPITAL AND RESERVES			
Share capital		**97,242**	97,242
Reserves		**2,518,411**	2,330,099
Equity attributable to equity holders of the Company		**2,615,653**	2,427,341
MINORITY INTERESTS		**427,007**	388,847
TOTAL EQUITY		**3,042,660**	2,816,188

NOTES:

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements ("Interim Financial Statements") have been prepared on the historical cost basis except for certain financial instruments, which were measured at fair value. The 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 Financial Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standard Board ("IASB").

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

2. REVENUE

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

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

3. SEGMENT INFORMATION

Business segments

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

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

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

1. Coal fuelled & RCU plants: cogeneration plants fuelled by coal, gangue, sludge and coal sludge

2. Gas fuelled plants: cogeneration plant mainly fuelled by natural gas

3. Biomass fuelled plants: cogeneration plants mainly fuelled by biomass fuels

4. Coal trading: procurement and sales of coal for inter-group cogeneration plants and outsiders

5. Others: including a municipal solid waste incineration plant and others.

For the six months ended 30 June 2008

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

Inter-segment sales are charged at prevailing market rates.

For the six months ended 30 June 2007

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

4. FINANCE COSTS

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

5. INCOME TAX (EXPENSE) CREDIT

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

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

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

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

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

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

6. PROFIT (LOSS) FOR THE PERIOD

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

7. EARNINGS (LOSS) PER SHARE

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

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

	Six months ended 30 June	
	2008	2007
	'000	*'000*
Weighted average number of shares	**972,419**	389,220
	HK cents	*HK cents*
Basic earnings (loss) per share		
Earnings from ordinary course of operation	**2.33**	6.41
Loss on increase in fair value of convertible note	**–**	(12.48)
	2.33	(6.07)

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

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

8. TRADE AND OTHER RECEIVABLES

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

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

9. TRADE AND OTHER PAYABLES

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

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

CHAIRMAN'S STATEMENT

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

Results

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

Review

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

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

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

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

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

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

Outlook

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

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

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

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

Appreciation

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

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

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

Acquisition of new power plants

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

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

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

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

Business Review

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

Acquisitions:

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

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

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

Electricity – Generation Volume

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

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

Electricity – Generation Volume

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

Note:

a. The Group acquired the 100% equity interest in November 2007.

b. The Group acquired the 49% equity interest on 2 January 2008.

c. The Group acquired 60% equity interest in the second half of 2007.

d. Became a subsidiary on 13 November 2007; previously accounted for as an associated company.

Electricity – Average Utilization Hours

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

Note:

a. The reason that the average utilization hours of the Kunshan Cogeneration Plant exceeded the 4,368 hours and 4,344 hours for half year of 2008 and 2007 are due to the generators worked at their maximum working condition at the level of 50MW and 60MW for 2008 and 2007 respectively. If maximum working condition is assumed, the average utilization hours would be 4,288 hours and 3,425 hours for the first half of 2008 and 2007 respectively.

b. The reason that the average utilization hours of the Xinneng Cogeneration Plant exceeded the 4,344 hours for half year 2007 is due to the generators worked at their maximum working condition at the level of 6.8MW. If maximum working condition is assumed, the average utilization hours would be 3,914 hours for the first half of 2007.

c. The Group acquired the 49% equity interest on 2 January 2008.

d. The Group acquired 100% equity interest in Puyuan and 60% equity interest in Funing in the second half of 2007.

e. Became a subsidiary on 13 November 2007; previously accounted for as an associated company.

Steam – Generation Volume

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

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

Steam – Generation Volume

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

Note:

a. The Group acquired 100% equity interest in Puyuan and 60% equity interest in Funing in the second half of 2007.

b. The Group acquired 49% equity interest on 2 January 2008.

c. Became a subsidiary on 13 November 2007; previously accounted for as an associated company.

Coal Cost (including coal sludge, sludge, gangue and biomass)

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

Employees

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

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

Outlook

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

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

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

Financial Review

Revenue

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

Gross Profit Margin

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

Share of Results of Associates

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

Profit for the period

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

Dividend

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

Liquidity and Financial Resources

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

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

Key financial ratios of the Group

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

Current ratio	=	balance of current assets at the end of period/balance of current liabilities at the end of the period
Quick ratio	=	(balance of current assets at the end of the period-balance of inventories at the end of the period)/balance of current liabilities at the end of the period
Net debt to shareholders' equity	=	(balance of total bank and other borrowings at the end of the period-balance of bank balances, cash and pledged bank deposits at the end of the year)/balance of equity attributable to equity holders of the Company at the end of the period

Borrowings

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

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

Capital Commitments

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

Foreign Currency Risk

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

Pledge of Assets

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

Contingent Liabilities

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

Post Balance Sheet Event

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

CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

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

MODEL CODE

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

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

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

AUDITORS AND AUDIT COMMITTEE'S REVIEW

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

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

Hong Kong, 12 September 2008

As at the date hereof, the Board comprises Mr. Zhu Gong Shan (Chairman), Mr. Sha Hong Qiu, Mr. Ji Jun, Mr. Shu Hua, Mr. Yu Bao Dong, Ms. Sun Wei and Mr. Tong Yee Ming as executive Directors; Mr. Law Ryan Wing Cheung as non-executive Director; Mr. Heng Kwoo Seng, Mr. Qian Zhi Xin, Ir. Dr. Raymond Ho Chung Tai and Mr. Xue Zhong Su as independent non-executive Directors.