保利協鑫

GCL-Poly Energy Holdings Limited

保 利 協 鑫 能 源 控 股 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 3800)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS

- Revenue in 2008 increased by 100.2% to RMB3,693.3 million compared with RMB1,844.7 million in 2007.
- Gross profit in 2008 increased by 37.2% to RMB497.3 million compared with RMB362.4 million in 2007.
- Profit attributable to equity holders of the Company in 2008 was RMB131.3 million, compared with a loss of RMB266.7 million in 2007.
- Basic earnings per share for the year was RMB0.14 compared with a loss per share of RMB0.57 in 2007.
- The Board has recommended the payment of a final dividend of HK2.3 cents per share.

The board of directors (the "Board") of GCL-Poly Energy Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 with audited comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Notes	**2008** **RMB'000**	2007 *RMB'000* (Restated)
Revenue	*3*	**3,693,330**	1,844,661
Cost of sales		**(3,196,020)**	(1,482,227)
Gross profit		**497,310**	362,434
Other income	*5*	**168,476**	109,245
Distribution and selling expenses		**(7,093)**	–
Administrative expenses		**(213,426)**	(142,594)
Other expenses and losses		**(24,352)**	(66,633)
Profit from operations		**420,915**	262,452
Finance costs	*6*	**(258,746)**	(161,513)
Share of results of associates		**44,693**	19,772
Loss on increase in fair value of convertible note		**–**	(339,738)
Discount on acquisition of a subsidiary		**–**	3,188
Profit (loss) before tax		**206,862**	(215,839)
Income tax (expense) credit	*7*	**(27,140)**	4,027
Profit (loss) for the year	*8*	**179,722**	(211,812)
Attributable to:			
Equity holders of the Company		**131,298**	(266,744)
Minority interests		**48,424**	54,932
		179,722	(211,812)
		RMB	*RMB*
Earnings (loss) per share – Basic	*9*	**0.14**	(0.57)

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**4,948,386**	4,657,533
Prepaid lease payments		**227,824**	234,132
Interests in associates		**245,322**	72,992
Goodwill		**116,011**	116,703
Other intangible assets		**14,053**	14,795
Available-for-sale investments		**8,692**	11,660
Pledged bank deposits		**56,359**	–
Deferred tax assets		**14,503**	11,376
Deposits for acquisitions of property, plant and equipment		**31,000**	–
		5,662,150	5,119,191
CURRENT ASSETS			
Inventories		**258,804**	125,985
Trade and other receivables	*10*	**468,489**	546,793
Prepaid lease payments		**8,608**	8,952
Amounts due from related companies		**25,785**	19,326
Tax recoverables		**943**	614
Pledged bank deposits		**231,034**	241,931
Bank balances and cash		**413,727**	804,048
		1,407,390	1,747,649
CURRENT LIABILITIES			
Trade and other payables	*11*	**827,485**	615,402
Amounts due to related companies		**54,003**	45,606
Tax payables		**8,474**	4,589
Borrowings – due within one year		**1,652,066**	1,491,706
		2,542,028	2,157,303
NET CURRENT LIABILITIES		**(1,134,638)**	(409,654)
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,527,512**	4,709,537

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
NON-CURRENT LIABILITIES		
Deferred income	**74,510**	62,373
Borrowings – due after one year	**1,597,181**	1,987,981
Deferred tax liabilities	**32,094**	22,303
	1,703,785	2,072,657
NET ASSETS	**2,823,727**	2,636,880
CAPITAL AND RESERVES		
Share capital	**92,779**	92,779
Reserves	**2,322,978**	2,180,012
Equity attributable to equity holders of the Company	**2,415,757**	2,272,791
MINORITY INTERESTS	**407,970**	364,089
TOTAL EQUITY	**2,823,727**	2,636,880

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments, which were measured at fair value and have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"). The accounting policies used in preparing the consolidated financial statements are consistent with those adopted by the Group in preparing the consolidated financial statements for the year ended 31 December 2007.

Change of Presentation Currency

The directors considered Renminbi ("RMB") as the functional currency of the group entities as the principal operations of the Company and its subsidiaries (the "Group") are conducting businesses in the People's Republic of China (the "PRC") in which those transactions are predominantly denominated in RMB. The Group used Hong Kong Dollars ("HK$") as the presentation currency for the convenience of the readers. During the year ended 31 December 2008, the Group implemented a new ERP accounting system and the directors considered it is more appropriate and convenience to use RMB as both the functional and presentation currency on the financial reporting for the Company. As a result, the comparative figures have been restated and resulted in the decrease of exchange reserve of approximately HK$76,892,000 for the year ended 31 December 2007.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("new IFRSs") issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") which are or have become effective.

IAS 39 & IFRS 7 (Amendments)	Reclassification of Financial Assets
IFRIC-Int 11	IFRS 2: Group and Treasury Share Transactions
IFRIC-Int 12	Service Concession Arrangements
IFRIC-Int 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment has been required.

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

IFRSs (Amendments)	Improvements to IFRSs[1]
IAS 1 (Revised)	Presentation of Financial Statements[2]
IAS 23 (Revised)	Borrowing Costs[2]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
IAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
IAS 39 (Amendment)	Eligible Hedged Items[3]
IFRS 1 & IAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
IFRS 2 (Amendment)	Vesting Conditions and Cancellation[2]
IFRS 3 (Revised)	Business Combination[3]
IFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
IFRS 8	Operating Segments[2]
IFRIC 9 & IAS 39 (Amendments)	Embedded Derivatives[4]
IFRIC 13	Customer Loyalty Programmes[5]
IFRIC 15	Agreements for the Construction of Real Estate[2]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation[6]
IFRIC 17	Distributions of Non-cash Assets to Owners[3]
IFRIC 18	Transfer of Assets from Customers[7]

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

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

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

[4] Effective for annual periods ending on or after 30 June 2009

[5] Effective for annual periods beginning on or after 1 July 2008

[6] Effective for annual periods beginning on or after 1 October 2008

[7] Effective for transfers on or after 1 July 2009

The application of IFRS 3 (revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. IAS 27 (revised) will affect the accounting treatment on changes to the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

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

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Sales of electricity	**2,188,735**	1,470,168
Sales of steam	**827,214**	374,493
Sales of coal	**677,381**	–
	3,693,330	1,844,661

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group is principally engaged in development, construction, management and operation of power plants and trading of coal in the PRC.

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

For management purposes, the Group classified its business into five business segments in the current year. Two additional segments, namely biomass fuelled plants and coal trading were introduced in the current year as a result of the conversion of coal fuelled plants to biomass fuelled plants and the acquisitions set out above.

1. Coal fuelled & resources comprehensive utilization ("RCU") plants: cogeneration plants fuelled by coal, gangue, coal sludge and other low heat value fuels.

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

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

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

5. Incineration plant & others: including a municipal solid waste incineration plant, a wind power plant (which is currently under construction) and other activities relating to the power plant industry.

Segmental information about these businesses are presented below:

Consolidated Income Statements
For the year ended 31 December 2008

	Coal-fuelled & RCU plants *RMB'000*	Gas-fuelled plants *RMB'000*	Biomass fuelled plants *RMB'000*	Coal trading *RMB'000*	Incineration plant & Others *RMB'000*	Con-solidated *RMB'000*
Revenue	**1,755,853**	**1,005,983**	**274,069**	**1,556,106**	**20,843**	**4,612,854**
Inter-segment sales	**–**	**–**	**–**	**(919,524)**	**–**	**(919,524)**
External sales	**1,755,853**	**1,005,983**	**274,069**	**636,582**	**20,843**	**3,693,330**
Segment result	**200,680**	**164,478**	**40,359**	**26,106**	**41,589**	**473,212**
Unallocated income						**17,505**
Unallocated expense						**(69,802)**
Finance costs						**(258,746)**
Share of results of associates	**2,118**	**42,575**	**–**	**–**	**–**	**44,693**
Profit before tax						**206,862**
Income tax expenses						**(27,140)**
Profit for the year						**179,722**

Inter-segment sales are charged at prevailing marketing rates.

For the year ended 31 December 2007

	Coal-fuelled & RCU plants *RMB'000* (Restated)	Gas-fuelled plants *RMB'000* (Restated)	Incineration plant & others *RMB'000* (Restated)	Con-solidated *RMB'000* (Restated)
Revenue – External sales	1,145,241	683,760	15,660	1,844,661
Segment result	195,569	105,166	29,732	330,467
Unallocated income				32,789
Unallocated expense				(100,804)
Share of results of associates	18,134	1,638	–	19,772
Finance costs				(161,513)
Loss on increase in fair value of convertible note				(339,738)
Discount an acquisition of a subsidiary				3,188
Loss before tax				(215,839)
Income tax credit				4,027
Loss for the year				(211,812)

Geographical segments

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

5. OTHER INCOME

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Government grants	**60,483**	42,697
Consultancy fee income	**36,646**	–
Interest income	**17,505**	10,496
Sales of scrap materials	**14,526**	8,745
Management fee income	**14,111**	12,573
Waiver of other payables	**4,070**	–
Amortisation of connection fee income	**5,957**	2,329
Rental income	**3,166**	4,027
Others	**12,012**	6,085
Subscription interest income	**–**	22,293
	168,476	109,245

6. FINANCE COSTS

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Interest on:		
Bank borrowings	**245,021**	161,947
Discounted bills	**13,387**	4,227
Other finance costs	**338**	214
Total borrowing costs	**258,746**	166,388
Less: Interest capitalised	**–**	(4,875)
	258,746	161,513

7. INCOME TAX (EXPENSE) CREDIT

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
The tax (expense) credit comprises:		
Current tax:		
Current year	**(20,117)**	(4,579)
(Under) overprovision in prior years	**(359)**	517
	(20,476)	(4,062)
Deferred tax	**(6,664)**	8,089
	(27,140)	4,027

The income tax (expense) credit for the year 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.

In addition, some cogeneration plants within the Group were granted 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% would have to increase their applicable tax rate progressively to 25% over a five-year 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 based on the revised income tax rate.

For subsidiaries located in other jurisdictions, there were no assessable profits for the year.

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 year.

According to a joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, dividend distributed out of the profits generated since 1 January 2008 shall be subject to PRC Enterprise Income Tax and which is withheld by the PRC entity. Deferred tax of RMB10,495,000 on the undistributed earnings has been charged to the consolidated income statement for the year ended 31 December 2008.

8. PROFIT (LOSS) FOR THE YEAR

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Profit (loss) for the year has been arrived at after charging:		
Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**148,510**	99,342
Share based payment expense	**10,753**	2,100
Retirement benefits scheme contributions	**7,765**	6,106
Total staff costs	**167,028**	107,548
Auditor's remuneration	**4,839**	4,315
Cost of inventories recognised as expense	**2,760,370**	1,179,678
Depreciation	**245,530**	159,173
Release of prepaid lease payments to income statement	**8,572**	3,502
Amortisation of intangible assets (included in administrative expenses)	**742**	49
Allowance for trade and other receivable	**4,794**	4,270
Impairment of available for sales investment	**2,968**	–
Impairment of goodwill	**692**	–
Exchange loss, net	**12,610**	11,755
Loss on disposal of property, plant and equipment	**3,288**	110
Listing expenses	**–**	50,498

9. 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:

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Earnings (loss) for the purpose of calculation of basic earnings (loss) per share	**131,298**	(266,744)

	2008	2007
	'000	*'000*
Weighted average number of shares	**972,419**	467,513

	2008	2007
	RMB	*RMB*
		(Restated)
Basic earnings (loss) per share	**0.14**	(0.57)

	2008 *RMB'000*	2007 *RMB'000* (Restated)
Earnings (loss) for the purpose of calculation of basic earnings (loss) per share	**131,298**	(266,744)
Represented by:		
Profit from ordinary operation	**131,298**	98,011
Non-recurring items		
Loss on increase in fair value of convertible note	**–**	(339,738)
Listing expenses less subscription interest income	**–**	(28,205)
Discount on acquisition of a subsidiary	**–**	3,188
Loss from non-recurring items	**–**	(364,755)

	2008 *RMB*	2007 *RMB*
Basic (loss) earnings per share		
– Profit from ordinary operation	**0.14**	0.21
– Loss from non-recurring items	**–**	(0.78)
	0.14	(0.57)

For the purpose of calculation of number of shares for the calculation of basic earnings per share for the year ended 31 December 2007, the 388,220,000 shares issued pursuant to the captialisation issue was assumed to occur as at 1 January 2007.

The employee share options has no dilution effect on the profit (loss) per share for both years as the average market price of the Company's shares was lower than the exercise price of the options.

10. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables of RMB366,025,000 (2007: RMB380,496,000), net of allowances, the aged analysis of which is as follows:

	2008 *RMB'000*	2007 *RMB'000* (Restated)
0–90 days	**362,487**	376,119
91–180 days	**3,033**	3,188
Over 180 days	**505**	1,189
	366,025	380,496

The Group has a policy of allowing an average credit period of 30 to 90 days to its trade customers.

11. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of RMB109,630,000 (2007: RMB139,268,000) and trade bills and note payables of RMB136,417,000 (2007: RMB19,909,000), the aged analysis of which are as follows:

	2008	2007
	RMB'000	*RMB'000*
		(Restated)
Trade payables		
0-90 days	**87,535**	130,437
91-180 days	**11,311**	4,045
Over 180 days	**10,784**	4,786
	109,630	139,268
Bills and notes payable (trade)		
0-90 days	**72,417**	10,068
91-180 days	**64,000**	9,841
	136,417	19,909

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to report that the Company has achieved remarkable operating results in 2008. For the financial year ended 31 December 2008, the Company recorded a turnover of RMB3,693 million, representing an increase of 100.2% over the same period last year of RMB1,845 million, and a net profit of RMB131 million, while the loss for the corresponding period in 2007 was RMB267 million, basic earnings per share amounted to RMB0.14. The Board recommends the payment of a final dividend of HK 2.3 cents per share for 2008.

Business Review

2008, was an extraordinary year for the Company, represented the first financial year of the Company after its successful listing in Hong Kong. With our dedicated efforts, the Company has attained satisfactory performance despite encountering a series of adverse factors such as the continual and substantial increase in coal prices and the economic slowdown, while we still managed to achieve encouraging results in profit although the overall power industry has suffered losses.

Such outstanding results was mainly achieved through the application of a diversified development strategy, which places strong emphasis on environmentally friendly and renewable energy by the Company over the past decade. Besides the environmentally friendly cogeneration plants that are fuelled by coal, the Company also owns clean energy cogeneration plants fuelled by natural gas, renewable energy cogeneration plants fuelled by biomass materials and incineration plant fuelled by municipal solid waste. Such plants account for almost half of the attributable installed capacity of the Company, which was the main reason attributed to the Company's profit in 2008 even under the negative effect of the substantial surge in coal prices.

Meanwhile, the outstanding execution capability of our management team was another indispensable element for the Company to achieve such excellent results. In view of the surge in coal prices, the Company's management team adopted a series of effective measures in a timely manner, which has successfully increased our revenue and reduced our expenses. On the one hand, the Company ensured the high fulfillment rate of key coal contracts and increased the fuel proportion of low price coal sludge with low heating value, resulting the average unit coal cost of the Company in 2008 increased merely by 26.7% over last year, apparently lower than the rate of increase of coal prices in the market. On the other hand, the Company also endeavored to develop its steam business and promote the "coal-heat-price-pass-through mechanism". In 2008, the sales volume of steam and the average steam price both recorded substantial growth, therefore leading to an increase of steam sales revenue of RMB 453 million as compared to the same period last year.

The Company persisted in the development of environmentally friendly and renewable energy. In January 2008, the Company acquired 49% equity interest in China Resources Golden Concord (Beijing) Cogeneration Co., Ltd., thereby expanded the weight attributable to gas-fuelled cogeneration plants in the overall business portfolio of the Company. In March 2008, the Company acquired 100% equity interest in Xilingol Guotai Wind Power Generation Co., Ltd., which marked the first step of the Company into the wind power industry.

In view of the significant fluctuation in coal price and the risks associated with coal supply, the Company announced the acquisition of 55% equity interest in the Duolun coal mine in Inner Mongolia Autonomous Region in August 2008.

Corporate Governance

As a newly listed enterprise, the Company took a series of initiatives in the past year pursuant to the requirements set out in the Code on Corporate Governance Practices of the Hong Kong Stock Exchange in order to enhance the Company's corporate governance standards. The Company's Board of Directors and each of the Board's committees functioned smoothly. A clear segregation of duties was established between the Chairman of the Board and CEO. Independent non-executive directors represented one-third of the Board's members. The Company has strengthened its internal control and has placed emphasis on financial control and risk management. The Company's various internal management tasks were further rationalised through internal control.

Since its listing, the Company has put great emphasis on investor relations. In order to achieve more effective communication with its shareholders and investors, the Company has established a professional investor relations team, engaged intermediaries specialising in investor relations, and actively organised investor relations activities such as roadshows and power plants visits, as well as participating in various local and overseas investor relations seminars.

Social Responsibilities

As an environmentally friendly and renewable energy provider, the Company highly regards its own social responsibilities. The Company has long been dedicated to energy conservation and emission reduction. In 2008, the Company's subsidiaries Baoying Cogeneration Plant, obtained financial support for the National Energy Conservation and Emission Reduction Technology Improvement Project, and Lianyungang Cogeneration Plant and Yangzhou Cogeneration Plant were awarded leading fund for Jiangsu Province Energy Conservation and Emission Reduction Project. The various pollutants emitted by the Company's power plants met the relevant standard in 2008. The efficiency of the removal rate of dust particle attained 99.8% or above. Continuous Emission Monitoring System were fully installed and commenced operation. At the beginning of the year when the unexpected snowstorm occurred in Southern China, the Company's power plants generated electricity and steam in excess of the planned scale and this helped to maintain the economic and social stability of the affected areas. After the catastrophic earthquake at Wenchuan, Sichuan Province, I and our staff have taken the initiative in donations, which amounted to approximately RMB3.69 million.

Future Prospect

Looking forward, challenges will come with opportunities in 2009. On the one hand, the fall in coal prices and the decrease in interest rates of bank loans will help the Company to mitigate its cost pressure in terms of fuel and financial expenses. On the other hand, the growth of the Company's business will be hindered inevitably as the slow economic growth will affect the demand for electricity and steam. In view of both opportunities and challenges, the Company will adopt effective measures proactively to the control of unit operation cost, expand the steam market and maintain stable steam prices, while restructuring its power plant assets portfolio. Such measures will build a solid foundation for the Company's sustainable development.

Last but not least, I would like to express my deepest gratitude to all our directors, the management and the entire staff of the Company for their dedicated hard work and to the shareholders and business partners of the Company for their support during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2008, the Group recorded a significant growth with revenue amounted to RMB3,693.3 million, representing an increase of 100.2% compared with the revenue of RMB1,844.7 million for the year ended 31 December 2007. The profit attributable to the equity holders of the Company was RMB131.3 million for the year ended 31 December 2008 as compared with the loss of RMB266.7 million for the same period last year. Basic earnings per share attributable to the equity holders of the Company increased to RMB0.14 compared with a loss per share of RMB0.57 in 2007.

The following table sets out the Group's revenue contribution by business segments:

	2008 ***RMB million***	2007 *RMB million* (Restated)
Coal-fuelled and resource comprehensive utilization plants	**1,755.9**	1,145.2
Gas-fuelled plant	**1,006.0**	683.8
Biomass fuelled plants	**274.1**	–
Coal trading	**636.5**	–
Municipal solid waste incineration plant	**20.8**	15.7
Total revenue	**3,693.3**	1,844.7

BUSINESS REVIEW

Acquisition of new power plants

The acquisition of 100% equity interest of Xilingol Guotai Wind Power Generation Co., Ltd., ("Huitengliang Project") and 49% equity interest of China Resources Golden Concord (Beijing) Cogeneration Power Co., Ltd, ("China Resources Beijing Cogeneration Plant") were completed in the first quarter of the year. For the Huitengliang Wind Power Plant, we have the right to develop a wind generation power plant with a total installed capacity of 49.5 MW in Inner Mongolia. This is the first wind generation power plant of the Group.

Generation Capacity

As at 31 December 2008, the Group (including subsidiaries and associated power plants) operates 14 coal-fuelled cogeneration plants and resources comprehensive utilization plants, 2 gas-fuelled cogeneration plants, 2 biomass cogeneration plants and 1 solid waste incineration plant, with an attributable installed capacity of 697.8MW and an attributable steam extraction capacity of 1,756.4 tonne/h, representing an increase of 17.4% and 12.4% respectively as compared to attributable installed capacity of 594.3MW and attributable steam extraction capacity of 1,562.4 tonne/h as at 31 December 2007. The increase was mainly due to the acquisition of 49% equity interest in China Resources Beijing Cogeneration plant and the expansion of installed capacity in Lianyungang Xinneng Cogeneration Plant and Puyuan Cogeneration Plant during the year.

Below are the tables detailing the generation capacity of electricity and steam as at 31 December 2008 and 31 December 2007.

Generation Capacity – Electricity

Plant	Fuel(s)	Approved Generators	Installed Capacity *MW*	Equity Interest	Attributable Installed Capacity *MW* 31.12.2008	Attributable Installed Capacity *MW* 31.12.2007
Kunshan Cogeneration Plant	Coal	2	2 x 24	51%	**24.5**	24.5
Haimen Cogeneration Plant	Coal	2	2 x 15	51%	**15.3**	15.3
Rudong Cogeneration Plant	Coal	2	2 x 15	100%	**30.0**	30.0
Huzhou Cogeneration Plant	Coal	3	2 x 15	94.77%	**28.4**	28.4
Taicang Poly Cogeneration Plant (a)	Coal	3	3 x 15	100%	**45.0**	45.0
Jiaxing Cogeneration Plant (a)	Coal	3	2 x 15 + 1 x 6	95%	**34.2**	34.2
Lianyungang Xinneng Cogeneration Plant (b)	Coal/Sludge	2	1 x 6 + 1 x 15	100%	**21.0**	6.0
Puyuan Cogeneration Plant (b)	Coal	3	2 x 15 + 1 x 6	100%	**36.0**	21.0
Fengxian Cogeneration Plant	Coal/Coal Sludge/Gangue	2	2 x 15	51%	**15.3**	15.3
Yangzhou Cogeneration Plant	Coal/Coal Sludge/Sludge	2	2 x 24	51%	**24.5**	24.5
Dongtai Cogeneration Plant (a)	Coal/Coal Sludge	2	2 x 15	100%	**30.0**	30.0
Peixian Cogeneration Plant (a)	Coal/Coal Sludge/Gangue	2	2 x 15	100%	**30.0**	30.0
Xuzhou Cogeneration Plant (a)	Coal/Coal Sludge/Gangue	2	2 x 15	75%	**22.5**	22.5
Suzhou Cogeneration Plant	Natural Gas	2	2 x 180	51%	**183.6**	183.6
Baoying Cogeneration Plant	Coal/Biomass	2	2 x 15	100%	**30.0**	30.0
Lianyungang Xiexin Cogeneration Plant	Coal/Biomass	2	2 x 15	100%	**30.0**	30.0
Taicang Incineration Plant	Municipal Solid Waster	2	1 x 6	100%	**6.0**	6.0
Sub-total			870		**606.3**	576.3
Funing Cogeneration Plant (c)	Coal/Coal Sludge	2	2 x 15	60%	**18.0**	18.0
China Resources Beijing Cogeneration Plant (d)	Natural Gas	2	2 x 75	49%	**73.5**	N/A
Total (including subsidiaries and associated power plants)			1 ,050		**697.8**	594.3

Notes:

a. Became a subsidiary from an associated company in November 2007.

b. The Group acquired 100% equity interest in November 2007

c. The Group acquired the 60% equity interest in November 2007.

d. The Group acquired the 49% equity interest in January 2008.

Generation Capacity – Steam

Plant	Approved Boilers	Installed Boilers	Steam Extraction Capacity *tonne/h*	Current Equity Interest	Attributable Steam Extraction Capacity *tonne/h* 31.12.2008	Attributable Steam Extraction Capacity *tonne/h* 31.12.2007
Kunshan Cogeneration Plant	3	3	160	51%	**81.6**	81.6
Haimen Cogeneration Plant	3	2	100	51%	**51.0**	51.0
Rudong Cogeneration Plant	3	3	100	100%	**100.0**	100.0
Huzhou Cogeneration Plant	4	2	100	94.77%	**94.8**	94.8
Taicang Poly Cogeneration Plant (a)	4	4	150	100%	**150.0**	150.0
Jiaxing Cogeneration Plant (a)	4	4	172	95%	**163.4**	163.4
Lianyungang Xinneng Cogeneration Plant (b)	3	3	125	100%	**125.0**	30.0
Puyuan Cogeneration Plant (b)	3	3	172	100%	**172.0**	122.0
Fengxian Cogeneration Plant	3	3	100	51%	**51.0**	51.0
Yangzhou Cogeneration Plant	3	2	160	51%	**81.6**	81.6
Dongtai Cogeneration Plant (a)	3	2	100	100%	**100.0**	100.0
Peixian Cogeneration Plant (a)	3	3	100	100%	**100.0**	100.0
Xuzhou Cogeneration Plant (a)	3	3	100	75%	**75.0**	75.0
Suzhou Cogeneration Plant	2	2	200	51%	**102.0**	102.0
Baoying Cogeneration Plant	3	3	100	100%	**100.0**	100.0
Lianyungang Xiexin Cogeneration Plant	3	3	100	100%	**100.0**	100.0
Taicang Incineration Plant	3	2	N/A	100%	**N/A**	N/A
Sub-total			2,039		**1,647.4**	1,502.4
Funing Cogeneration Plant (c)	3	3	100	60%	**60.0**	60.0
China Resources Beijing Cogeneration Plant (d)	2	2	100	49%	**49.0**	N/A
Total (including subsidiaries and associated power plants)			2,239		**1,756.4**	1,562.4

Notes:

a. Became a subsidiary from an associated company in November 2007.

b. The Group acquired 100% equity interest in November 2007

c. The Group acquired the 60% equity interest in November 2007.

d. The Group acquired the 49% equity interest in January 2008.

Electricity – Generation Volume

Total gross generation volume of electricity (including subsidiaries and associated power plants) was 5,931,979MWh for the year ended 31 December 2008, representing an increase of 11.9% as compared with 5,300,202MWh in 2007. Total electricity sales volume (including subsidiaries and associated power plants) was 5,462,730MWh for 2008, representing an increase of 13.6% as compared with 4,809,142MWh in 2007. The increase was mainly due to the acquisition of 49% equity interest in China Resources Beijing Cogeneration Plant. The gross generation and electricity sales volume of each of the cogeneration plants are tabled as follows:

Electricity – Generation Volume

Plant	**Gross Generation** *MWh* **2008**	Gross Generation *MWh* 2007	**Electricity Sales** *MWh* **2008**	Electricity Sales *MWh* 2007
Kunshan Cogeneration Plant	**410,183**	425,110	**362,150**	377,241
Haimen Cogeneration Plant	**153,602**	196,671	**136,350**	175,450
Rudong Cogeneration Plant	**163,594**	180,809	**145,780**	161,160
Huzhou Cogeneration Plant	**196,530**	201,823	**174,208**	178,936
Taicang Poly Cogeneration Plant(a)	**294,037**	339,912	**265,425**	299,506
Jiaxing Cogeneration Plant (a)	**243,235**	209,050	**208,640**	179,195
Lianyungang Xinneng Cogeneration Plant (b)	**85,273**	52,656	**72,450**	42,880
Puyuan Cogeneration Plant (b)	**178,754**	69,901	**154,781**	61,482
Fengxian Cogeneration Plant	**185,793**	212,364	**160,891**	185,247
Yangzhou Cogeneration Plant	**310,459**	369,728	**277,310**	328,540
Dongtai Cogeneration Plant (a)	**166,995**	198,538	**150,450**	178,910
Peixian Cogeneration Plant (a)	**157,299**	221,737	**138,623**	192,920
Xuzhou Cogeneration Plant (a)	**176,506**	221,993	**155,238**	197,074
Suzhou Cogeneration Plant	**1,801,124**	1,698,204	**1,738,923**	1,634,911
Baoying Cogeneration Plant	**228,834**	234,278	**204,770**	208,101
Lianyungang Xiexin Cogeneration Plant	**225,921**	214,115	**202,327**	193,202
Taicang Incineration Plant	**51,631**	41,450	**42,410**	31,847
Sub-total	**5,029,770**	5,088,339	**4,590,726**	4,626,602
Funing Cogeneration Plant (c)	**150,105**	211,863	**132,890**	182,540
China Resources Beijing Cogeneration Plant (d)	**752,104**	N/A	**739,114**	N/A
Total (including subsidiaries and associated power plants)	**5,931,979**	5,300,202	**5,462,730**	4,809,142

Notes:

a. Became a subsidiary from an associated company in November 2007.

b. The Group acquired 100% equity interest in November 2007

c. The Group acquired the 60% equity interest in November 2007.

d. The Group acquired the 49% equity interest in January 2008.

Average Utilization Hours

The average utilization hours of a cogeneration plant refers to the amount of electricity produced in a specified period (in MWh) divided by the average installed capacity of the power plant in such period (in MW). The average utilization hour for the Group's subsidiaries power plants was 5,866 hours in 2008, a decrease of 5.0% compared with 6,173 hours in 2007. The decrease was mainly due to the decrease in electricity generation as a result of surging coal price in 2008.

Electricity – Average Utilization Hours

Plant	**Hours 2008**	Hours 2007
Kunshan Cogeneration Plant (e)	**8,545**	8,857
Haimen Cogeneration Plant	**5,120**	6,556
Rudong Cogeneration Plant	**5,453**	6,027
Huzhou Cogeneration Plant	**6,551**	6,727
Taicang Poly Cogeneration Plant (a)	**6,534**	7,554
Jiaxing Cogeneration Plant (a)	**6,757**	5,807
Lianyungang Xinneng Cogeneration Plant (b) (e)	**4,318**	8,776
Puyuan Cogeneration Plant (b)	**7,222**	3,328
Fengxian Cogeneration Plant	**6,193**	7,079
Yangzhou Cogeneration Plant	**6,468**	7,702
Dongtai Cogeneration Plant (a)	**5,566**	6,618
Peixian Cogeneration Plant (a)	**5,243**	7,391
Xuzhou Cogeneration Plant (a)	**5,884**	7,400
Suzhou Cogeneration Plant	**5,003**	4,717
Baoying Cogeneration Plant	**7,628**	7,809
Lianyungang Xiexin Cogeneration Plant	**7,531**	7,137
Taicang Incineration Plant	**8,605**	6,908
Funing Cogeneration Plant (c)	**5,004**	7,062
China Resources Beijing Cogeneration Plant (d)	**5,014**	N/A

Notes:

a. Became a subsidiary from an associated company in November 2007.

b. The Group acquired 100% equity interest in November 2007

c. The Group acquired the 60% equity interest in November 2007.

d. The Group acquired the 49% equity interest in January 2008.

e. In 2007, the reason that average utilization hours of the Kunshan's and Xinneng's steam turbine generator cogeneration plant exceeded 8,760 hours (no. of calendar hours per annum) was due to the enormous demand of electricity in these area and the generators worked at their maximum working condition at the level of 60MW and 6.8MW respectively (the rated load and the maximum load of the two steam turbine generating units of Kunshan Cogeneration Plant were 2 x 24 MW and 2 X 30 MW respectively, while the rated load and the maximum load of the steam turbine generating unit of the Lianyungang Xinneng Cogeneration Plant were 6MW and 6.8 MW respectively). If maximum load condition is assumed, the average utilization hours would be 7,086 hours and 7,744 hours respectively.

Approved On-grid Tariff

For electricity output, the major customers of our power plants are their respective local provincial power grid companies. The price is based on the approved on-grid tariff determined by the provincial price bureaus. On-grid tariff depends on the fuel type of the relevant power plant and whether government encouraged desulphurization equipment has been installed. In 2008, the approved on-grid tariff of our subsidiaries and associated companies ranged from RMB472.0/MWh to RMB646.0/MWh (2007: RMB458.0/MWh to RMB575.0/MWh).

Steam – Generation Volume

Total output of steam of the plants (including subsidiaries and associated power plants) was 6,512,915 tonnes for the year ended 31 December 2008, representing an increase of 16.4% as compared with 5,596,645 tonnes in 2007. Steam sales of 5,733,888 tonnes for the year ended 31 December 2008 was recorded in the group's subsidiaries and associated power plant, representing an increase of 18.4% as compared with 4,842,683 tonnes in 2007. The increase was mainly due to the acquisition of China Resources Beijing Cogeneration Plant and the increase in the number of steam customers.

Steam – Generation Volume

Plant	**Total Output** ***tonne*** **2008**	Total Output *tonne* 2007	**Steam Sales** ***tonne*** **2008**	Steam Sales *tonne* 2007
Kunshan Cogeneration Plant	**572,532**	510,978	**483,221**	448,092
Haimen Cogeneration Plant	**349,809**	379,709	**317,597**	351,952
Rudong Cogeneration Plant	**505,385**	495,436	**433,498**	422,340
Huzhou Cogeneration Plant	**364,836**	265,473	**348,777**	244,474
Taicang Poly Cogeneration Plant (a)	**487,678**	508,971	**420,365**	462,799
Jiaxing Cogeneration Plant (a)	**791,534**	713,038	**749,232**	627,825
Lianyungang Xinneng Cogeneration Plant (b)	**227,768**	192,437	**194,691**	172,221
Puyuan Cogeneration Plant (b)	**650,327**	153,968	**579,192**	126,090
Fengxian Cogeneration Plant	**286,730**	338,894	**246,091**	292,748
Yangzhou Cogeneration Plant	**206,705**	301,050	**167,628**	226,874
Dongtai Cogeneration Plant (a)	**404,772**	402,485	**370,072**	348,171
Peixian Cogeneration Plant (a)	**202,909**	227,267	**170,747**	177,186
Xuzhou Cogeneration Plant (a)	**214,161**	201,372	**176,395**	166,838
Suzhou Cogeneration Plant	**549,789**	486,284	**469,363**	432,288
Baoying Cogeneration Plant	**202,243**	188,520	**151,007**	144,013
Lianyungang Xiexin Cogeneration Plant	**104,456**	54,347	**85,832**	44,101
Sub-total	**6,121,634**	5,420,229	**5,363,708**	4,688,012
Funing Cogeneration Plant (c)	**101,981**	176,416	**80,880**	154,671
China Resources Beijing Cogeneration Plant (d)	**289,300**	N/A	**289,300**	N/A
Total (including subsidiaries and associated power plants)	**6,512,915**	5,596,645	**5,733,888**	4,842,683

Notes:

a. Became a subsidiary from an associated company in November 2007.

b. The Group acquired 100% equity interest in November 2007

c. The Group acquired the 60% equity interest in November 2007.

d. The acquisition of China Resources Beijing Cogeneration Plant was completed in January 2008.

Approved Steam Price

As incentive projects encourage by the PRC Government, we sell steam to customers exclusively within a certain radius of where our cogeneration plants are located. The steam prices are negotiated commercially between the customers and the cogeneration plants and are subject to the local government pricing guidelines. Prices may vary according to the market forces. In 2008, the approved steam price of our subsidiaries and associated power plants ranged from RMB144.0/tonne to RMB226.0/tonne (2007: RMB120.0/tonne to RMB186.0/tonne).

Fuel Cost

Coal

Coal cost including coal sludge, sludge and gangue represented the major fuel cost of the Group. For the group subsidiaries power plants only, the average unit cost of coal (equivalent to 5,000 Kcal) for electricity generation for the year ended 31 December 2008 was RMB334.3/MWh, representing an increase of 30.5% as compared to RMB256.2/MWh in 2007. For the Group subsidiaries power plants only, the average unit cost of coal (equivalent to 5,000 Kcal) for steam generation for the year ended 31 December 2008 was RMB98.6/tonne, representing an increase of 24.5% as compared to RMB79.2/tonne in 2007. The increase is mainly due to the increase in coal price during the year.

Natural gas

The cost of natural gas was stable throughout 2008 and our two natural gas cogeneration plants had a stable profit contribution to the Group in 2008. The average unit cost of electricity and steam generation of Suzhou Cogeneration Plant was RMB354.5/MWh and RMB137.0/tonne respectively in 2008.

EMPLOYEES

The Group values quality employees as the most important resources. As at 31 December 2008, the Group had approximately 2,045 employees in Hong Kong and the PRC. Total employee costs for the year ended 31 December 2008, including directors' emoluments, amounted to RMB167.0 million. Employees are remunerated with reference to individual performance, working experience, qualification and the prevailing industry practice. Apart from basic remuneration and statutory retirement benefit scheme, employee benefits include discretionary bonus and share options are granted to the eligible employees.

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 in 2008.

HEALTH AND SAFETY COMPLIANCE

All power plants within our Group have adopted various internal safety policies and are taking protective measures to prevent health and safety hazards. So far, we have not encountered any material unplanned power outage during the year and we do not expect such risks in the future. For health and safety issues, they are closely monitored by our Group.

ENVIRONMENTAL PROTECTION

All existing coal-fuelled cogeneration plants are either installed with circulating fluidized bed ("CFB") boilers or pulverized coal boilers with desulphurization equipment in order to reduce the emission of air pollutants. All power plants within our Group have obtained the required applicable approvals from and have satisfied the emission requirements set forth by local governments.

All power plants within our Group have installed the CEMS (Continuous Emissions Monitoring System) which are required by the PRC Government for the purpose of monitoring pollutant emission of thermal power plants.

We believe that the environmental protection systems and installed facilities of our power plants are adequate to comply with both the national and local environmental protection regulations.

The Company has achieved energy conservation and fuel reduction through several technical innovation projects during the year. The Baoying and Lianyungang Xiexin Biomass Plants have enhanced the level of safety and operating efficiency of the generator units via technical reform of the direct combustion boiler and feeding system resulting in the reduction of raw coal consumption by 200,000 tons and the decrease in emission of carbon dioxide and sulfur dioxide by approximately 400,000 tons and 0.32 tons respectively. Such initiative has contributed significantly to local air quality improvement. As a result, government subsidies of approximately RMB5.6 million were granted under the incentive scheme of the national project of resources conservation and environmental protection.

OUTLOOK

In 2008, an unprecedented surge in coal prices had a negative effect on our Group. As a result of the "coal cost pass-through" mechanism enacted by the National Development and Reform Commission in 2005, electricity tariffs increased on 1 July 2008 and 20 August 2008. However, the level of increase in on-grid tariffs fell below the increase in coal prices which affected our fuel cost significantly in the first half of 2008. Nevertheless, we fared better than traditional coal-fired power plant operators as we were able to derive higher on-grid tariffs and steam prices from our environmental friendly energy power plants.

In November 2008, China announced a huge economic stimulus package totalling US$586 billion on a wide array of national infrastructure projects aimed at bolstering its economy and helping to fight the effects of the global economic slowdown. We believe the effect of this stimulus will be reflected in our economy during the second half of 2009.

Looking forward in 2009, amid the current global economic downturn, we anticipate steady demand for electricity and steam during the first half and a mild increase in demand in the second half of the year. As most of our power plants are located near the Yangtze River Delta region, which is the most important agricultural, industrial and economic centre in China, we believe this area will be the first in China to rebound after the recession and consequently will benefit our Group. Our confidence in 2009 is also based on the recent decrease in interest rates and coal prices which will help ease our costs significantly.

We put serveral investment projects on hold during the fourth quarter of 2008 due to the global banking liquidity problem and credit crunch. At the same time, the Group's management has been taking a more conservative approach in maintaining a reasonable cash level during the depths of this recession.

Recently, as the liquidity problems of Chinese banks have eased off, we will actively seek strategic acquisition opportunities in order to maintain our leadership role in China's clean energy power sector.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the year ended 31 December 2008 was RMB3,693.3 million, representing an increase of 100.2% as compared with RMB1,844.7 million in the previous year. The significant increase was mainly due to several acquisitions in 2007. The full year revenue was consolidated into the Group's income statement for those power plants which became the subsidiaries of the Group in 2007.

Gross Profit Margin

Overall gross profit margin for the year was 13.5% compared to 19.6% for the same period last year. The decrease was stemming from the substantial surge in coal price in 2008.

Other Income

Other income amounted to RMB168.5 million for the year ended 31 December 2008, representing a 54.3% increase from RMB109.2 million for the same period last year. The increase was mainly due to the consolidation of the first full year other income from acquisition of subsidiaries and increase in (1) government subsidies income granted by local government during the year, (2) revenue from technical support and consultation services provided to customers; and (3) revenue of scrap materials.

Finance costs

The finance costs of the Group for the year was RMB258.7 million, representing an increase of 60.2% compared to RMB161.5 million in 2007. It was mainly due to the consolidation of first full year finance costs from acquisition of subsidiaries.

Share of Results of Associates

For the year ended 31 December 2008, share of results of associates mainly represented the Group's share of 49% profit in China Resources Beijing Cogeneration Plant which was acquired in January 2008.

Income Tax

Income tax expenses for the year ended 31 December 2008 was RMB27.1 million, as compared with a credit of RMB4.0 million for the year ended 31 December 2007. The reason for the increase was due to the fact that the Group has been subject to withholding taxes on dividend income for those subsidiaries established in the PRC since 1 January 2008. Apart from that, Suzhou Cogeneration Plant was no longer entitled to full tax exemption since 1 January 2008.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company amounted to RMB131.3 million, compared with a loss of RMB266.7 million in 2007. The loss in 2007 was mainly due to a loss on valuation of the fair value of a convertible note issued.

Utilization of IPO Proceeds

The net proceeds from the Company's issue of new shares in connection with its listing on the Stock Exchange of Hong Kong Limited, after deducting the underwriting commissions and other expenses, amounted to HK$1,042.0 million. As at 31 December 2008, an aggregate amount of HK$978.0 million representing 93.9% of the total net proceeds have been utilized as set out below:

	Use of proceeds per Prospectus *HK$ million*	**Actual utilization** *HK$ million*
Redemption of the loan amount of the convertible note	275	275
Cash portion of the consideration for the acquisition of certain subsidiaries from Poly (Hong Kong) Investment Limited	50	50
Acquisition of 100% equity interest in Suzhou Fuel Company, Puyuan Cogeneration Plant, Lianyungang Xinneng Cogeneration Plant, Huitengliang Wind Power Plant, 30.6% equity interest in Funing Cogeneration Plant and 49% equity interest in China Resources Beijing Cogeneration Plant	352	352
Expansion of Puyuan Cogeneration Plant, Lianyungang Xinneng Cogeneration Plant, Jiaxing Cogeneration Plant, Rudong Cogeneration Plant, Taicang Incineration Plant and Huitengliang Wind Power Plant	263	206
Repayment of bank loans	50	43
Working capital	52	52
	1,042	**978**

Liquidity and Financial Resources

	2008	2007
	RMB million	*RMB million*
		(Restated)
Net cash provided by operating activities	**643.8**	214.0
Net cash used in investing activities	**(489.6)**	(124.0)
Net cash (used in)/provided by financing activities	**(531.9)**	538.3

Net cash provided by operating activities represented the main source of cash for the Group. The net cash provided by operating activities in 2008 amounted to RMB643.8 million which was higher than that of last year of RMB214.0 million due to the increase in profit from operation. Net cash used in investing activities was mainly used in acquisition of a 49% equity interest in China Resources Beijing Cogeneration Plant, properties, power generation plant and machinery. The main financing activities of the Group in 2008 were repayments of loans and bank interest and drawdown of new borrowings. During the year, the Group repaid loans of RMB1,755.3 million and drawdown new loan of RMB1,524.8 million.

The Group's net current liabilities as at 31 December 2008 were RMB1,134.6 million which was higher than that of previous year of RMB409.6 million. The increase in net current liabilities was mainly due to the increase in long term investment and that approximately RMB390.8 million long term borrowings as at 31 December 2007 became short term borrowings in 2008. In view of the fact that the nature of business of the Company is utility related and the Group's profitable performance in 2008, the Board is confident that these short term borrowings will be renewed by the banks on their respective due dates. As at the reporting date, the Group has renewed short-term bank borrowings of approximately RMB151.5 million with corresponding maturity dates extending to 2010. Subsequent to year end, the Group has obtained direct confirmations from certain banks which stated that they do not foresee any reasons to withdraw in the foreseeable future the existing facilities of the above mentioned short-term bank borrowings in the aggregate amount of RMB1,093.7 million and expect to renew the relevant loan facilities with similar terms upon maturity. The Group also has obtained additional banking facilities of approximately RMB120.0 million from banks for operating use subsequent to year end.

To manage the liquidity risk, the Group regularly monitors current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash in the short and long term. The directors of the Company believe that the Group will have sufficient cash resources to fund its operations for at least the next 12 months.

As at 31 December 2008, the Group's total assets were RMB7,069.5 million (2007: RMB6,866.8 million). As at 31 December 2008, the bank balances, cash and pledged bank deposits held by the Group amounted to RMB701.1 million (2007: RMB1,046.0 million).

Borrowings

As at 31 December 2008, the Group's total borrowings amounted to RMB3,249.2 million (2007: RMB3,479.7 million). Below is a table showing the borrowing structure and maturity profile of the Group's total borrowings.

	2008	2007
	RMB million	*RMB million*
		(Restated)
Secured borrowings	**2,197.6**	2,502.3
Unsecured borrowings	**1,051.6**	977.4
Maturity profile of borrowings		
Repayable:		
Within one year	**1,652.0**	1,491.7
After one year but within two years	**403.0**	415.4
After two years but within five years	**666.2**	781.2
After five years	**528.0**	791.4
Group's total borrowings	**3,249.2**	3,479.7

As at 31 December 2008, 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.

Key Financial Ratios of the Group

	2008	2007
Current ratio	**0.55**	0.81
Quick ratio	**0.45**	0.75
Net debt to equity	**105.5%**	107.0%

Current ratio	=	balance of current assets at the end of the year/ balance of current liabilities at the end of the year
Quick ratio	=	(balance of current assets at the end of the year – balance of inventories at the end of the year)/ balance of current liabilities at the end of the year
Net debt to shareholders' equity	=	(balance of total bank and other borrowings at the end of the year – 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 year

The current ratio and quick ratio decreased for the year ended 2008 compared to the year ended 2007, were mainly attributable to the acquisition of a 49% equity interest in China Resources Beijing Cogeneration Plant and the increase in investment in new construction projects.

Foreign Currency Risk

All of our revenue, cost of sales and most 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 also denominated in RMB. Since RMB is our functional currency, our foreign currency risk exposure therefore is mostly confined to assets denominated in Hong Kong and US Dollars.

For the year ended 31 December 2008, the Group did not purchase any foreign currency and interest rate derivatives or relating hedging instruments.

Pledge of Assets

As at 31 December 2008, property, plant and equipment and prepaid lease payments with a carrying value of approximately RMB3,195.7 million and RMB199.8 million respectively, were pledged as security for certain banking facilities granted to the Group. Apart from these, bank deposits in an aggregate amount of RMB287.4 million were pledged to banks to secure bills and notes payable and short term borrowings granted to the Group. The pledged bank deposits will be released upon repayment of the relevant borrowings and/or bills and notes payable.

Capital Commitments

As at 31 December 2008, 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 RMB81.7 million (2007: RMB121.8 million) and authorized but not contracted for capital commitments amounting to RMB40.0 million (2007: RMB125.0 million).

Contingent Liabilities

The Group did not have any material contingent liabilities as at 31 December 2008.

Post Balance Sheet Events

(i) On 11 August 2008, the Group entered into a conditional sale and purchase agreement with a company controlled by the controlling shareholder 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 issue of convertible notes of the Company. As at 31 December 2008, the transaction has not been completed. Details of this transaction are set out in the Company's announcement dated 11 August 2008 and a circular dated 22 September 2008.

(ii) On 15 April 2008, Park Bright Investments Limited ("Park Bright"), a wholly owned subsidiary of the Group, entered into a conditional sale and purchase agreement at a consideration of RMB35,700,000 with an independent third party for acquisition of 70% equity interest in Profit Excel Investments Limited, which directly holds 75% equity interest in Lincang Runda Hydropower Plant Company Limited, a joint venture company engaged in operating hydropower plants in Yunan, the PRC. As at 31 December 2008, a deposit of RMB20,000,000 has been paid by the Group. Details are set out in Company's announcements dated 15 April 2008. As at 31 December 2008, the transaction has not been completed.

    On 12 November 2008, the Group entered into another sale and purchase agreement with a company controlled by the controlling shareholder of the Company for the disposal of the entire issued capital of Park Bright. The consideration for the disposal was HK$25,000,000 in cash, resulting in an estimated gain on disposal of RMB1,751,000. A deposit of HK$5,000,000 (approximately RMB4,403,000) has been received by the Group before 31 December 2008. As at 31 December 2008, the transaction has not been completed. Details of this transaction are set out in the Company's announcement dated 12 November 2008.

(iii) On 16 February 2009, 40,980,000 share options were granted by the Company to the employees of the Group (including directors and executives of the Group and its associates) at an exercise price of HK$0.59 per share. Details of the grant are set out in the Company's announcement dated 16 February 2009.

DIVIDENDS

The Board recommends the payment of a final dividend HK2.3 cents per ordinary share ("Final Dividend") for the year ended 31 December 2008, amounting to approximately HK$22.4 million, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 25 May 2009. If approved, the Final Dividend will be paid on 27 July 2009 to shareholders whose names appear on the register of members of the Company on 25 May 2009.

The Company will notify the shareholders of the Company on the closure of register of members by a separate announcement in due course.

CORPORATE GOVERNANCE

The Company has complied with the provisions of the code on corporate governance practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2008.

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

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year ended 31 December 2008.

MODEL CODE SET OUT IN APPENDIX 10 OF THE LISTING RULES

The Company has established its model code (the "Code") in terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

Having made specific inquires of all directors, the Company has received from all directors confirmations of compliance with the required standard as set out in the Code throughout the year ended 31 December 2008.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.gcl-poly.com.hk) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2008 will be dispatched to shareholders of the Company and available on the above websites in due course.

REVIEW OF ANNUAL RESULTS

Audit committee of the Company has reviewed the audited financial statements of the Group for the year ended 31 December 2008.

By order of the Board
Zhu Gong Shan
Chairman

Hong Kong, 25 March 2009

Glossary of Terms

"Baoying Cogeneration Plant"	寶應協鑫生物質發電有限公司 (Baoying Xiexin Biomass Electric-Power Co., Ltd.*)
"China Resources Beijing Cogeneration Plant"	華潤協鑫（北京）熱電有限公司 (China Resources Golden Concord (Beijing) Co-generation Power Co., Ltd.*)
"Board" or "Board of Directors"	the board of Directors
"China" or "PRC"	the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
"Company"	GCL-Poly Energy Holdings Limited
"Convertible Note"	the convertible redeemable note for the principal amount of US$88 million issued by the Company to MS China 3 Limited on 7 November 2006
"Dongtai Cogeneration Plant"	東台蘇中環保熱電有限公司 (Dongtai Suzhong Environmental Protection Co-generation Co., Ltd.)

"Fengxian Cogeneration Plant"	豐縣鑫源生物質環保熱電有限公司 (Fengxian Xinyuan Biological Environmental Heat and Power Co., Ltd.)
"Funing Cogeneration Plant"	阜寧協鑫環保熱電有限公司（Funing Golden Concord Environmental Protection Co-generation Co., Ltd.)
"Group"	the Company and its subsidiaries
"Haimen Cogeneration Plant"	海門鑫源環保熱電有限公司 (Haimen Xinyuan Environmental Protection Co-generation Co., Ltd.)
"Huitengliang Wind Power Plant"	錫林郭勒國泰風力發電有限公司 ("Xinlingol Guotai Wind Power Generation Co., Ltd*）
"Huzhou Cogeneration Plant"	湖州協鑫環保熱電有限公司 (Huzhou Golden Concord Environmental Protection Cogen-Power Co., Ltd.)
"IPO"	the initial public offering and listing of Shares of the Company on the main board of the Stock Exchange on 13 November 2007
"Jiaxing Cogeneration Plant"	嘉興協鑫環保熱電有限公司 (Jia Xing Environmental Protection Cogen-Power Co., Ltd.*)
"Kunshan Cogeneration Plant"	昆山鑫源環保熱電有限公司 (Kunshan Xinyuan Environmental Protection Cogen-Power Co., Ltd.)
"Lianyungang Xiexin Cogeneration Plant"	連雲港協鑫生物質發電有限公司 (Lianyungang Xiexin Biomass Electric-power Generation Co., Ltd.)
"Lianyungang Xinneng Cogeneration Plant"	連雲港鑫能污泥發電有限公司 (Lianyungang Xinneng Sludge Power Co., Ltd.*)
"Listing"	listing of the Shares on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Peixian Cogeneration Plant"	沛縣坑口環保熱電有限公司 (Peixian Mine-site Environmental Cogen-Power Co., Ltd.)
"Poly Group"	Poly (Hong Kong) Investments Limited and/or any and/or all of its subsidiaries
"Prospectus"	this prospectus of the Company dated 31 October 2007 issued in connection with IPO
"Puyuan Cogeneration Plant"	桐鄉濮院協鑫環保熱電有限公司 (Tongxiang Puyuan Xiexin Environmental Protection Cogeneration Co., Ltd *)

"Rudong Cogeneration Plant"	如東協鑫環保熱電有限公司 (Rudong Golden Concord Environmental Protection Cogen-Power Co. Ltd.*)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Cogeneration Plant"	蘇州工業園區藍天燃氣熱電有限公司 (Suzhou Industrial Park Blue Sky Gas Cogen-Power Co., Ltd.)
"Suzhou GCL-Poly Fuel Company"	保利協鑫電力燃料有限公司 (GCL-Poly Power Fuel Co., Ltd.*)
"Taicang Incineration Plant"	太倉協鑫垃圾焚燒發電有限公司 (Taicang Xiexin Refuse Incineration Power Co. Ltd.*)
"Taicang Poly Cogeneration Plant"	太倉保利協鑫熱電有限公司 (Taicang Poly Xiexin Thermal Power Co., Ltd.)
"Xuzhou Cogeneration Plant"	徐州保鑫污泥發電有限公司 (Xuzhou Baoxin Sludge Power Co., Ltd.)
"Yangzhou Cogeneration Plant"	揚州港口污泥發電有限公司 (Yangzhou Harbour Sludge Power Co., Ltd.)

* *for identification only*

As at the date of this announcement, 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. Tam Chor Kiu 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.