AMBER

Amber Energy Limited
琥 珀 能 源 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 90)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

The board of directors (the "Board") of Amber Energy Limited (the "Company") is pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2010 as follows:

Consolidated statement of comprehensive income

For the six months ended 30 June 2010 (unaudited)

		Six months ended 30 June	
	Note	**2010** *RMB'000*	2009 *RMB'000*
Turnover	*4*	**239,271**	245,622
Operating expenses			
Fuel consumption		**(167,425)**	(164,707)
Depreciation and amortisation		**(20,409)**	(20,966)
Repairs and maintenance		**(660)**	(1,208)
Personnel costs		**(7,599)**	(6,460)
Administrative expenses		**(7,377)**	(5,500)
Sales related taxes		**(391)**	(400)
Other operating expenses		**(1,163)**	(1,071)
Operating profit		**34,247**	45,310
Finance income		**485**	2,602
Finance expenses		**(18,882)**	(20,945)
Net finance costs	*5(i)*	**(18,397)**	(18,343)
Other net income	*5*	**1,029**	2,234
Profit before income tax	*5*	**16,879**	29,201
Income tax	*6*	**(930)**	—
Profit for the period		**15,949**	29,201
Other comprehensive income for the period (after tax and reclassification adjustment):			
Foreign currency translation differences for foreign operations		**(918)**	—
Total comprehensive income attributable to equity shareholders of the Company for the period		**15,031**	29,201
Basic and diluted earnings per share (RMB)	*7*	**0.04**	0.10

Consolidated statement of financial position

At 30 June 2010 (unaudited)

	Note	**At 30 June 2010** *RMB'000*	At 31 December 2009 *RMB'000*
Non-current assets			
Property, plant and equipment	*8*	**820,398**	838,683
Lease prepayments	*9*	**28,899**	30,896
		849,297	869,579
Current assets			
Inventories		**3,768**	3,954
Trade and other receivables	*10*	**78,025**	34,456
Tax recoverable		**3,132**	3,132
Pledged deposits	*11*	**65,000**	89,500
Cash and cash equivalents		**178,126**	185,318
		328,051	316,360
Current liabilities			
Interest-bearing borrowings	*12*	**245,000**	235,000
Trade and other payables	*13*	**141,677**	119,306
		386,677	354,306
Net current liabilities		**(58,626)**	(37,946)
Total assets less current liabilities		**790,671**	831,633
Non-current liabilities			
Interest-bearing borrowings	*12*	**296,700**	345,000
Long-term payables		**23,327**	25,744
Deferred tax liabilities		**930**	—
		320,957	370,744
Net assets		**469,714**	460,889
Capital and reserves			
Share capital		**36,582**	36,582
Reserves		**433,132**	424,307
Total equity attributable to equity shareholders of the Company		**469,714**	460,889
Total equity		**469,714**	460,889

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 Reorganisation and basis of presentation

Amber Energy Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 8 September 2008 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

Pursuant to a reorganisation of the Company and its subsidiaries (collectively referred to as the "Group") to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 29 June 2009 (the "Prospectus"). The Company's shares were listed on the Stock Exchange on 10 July 2009.

Since all entities which took part in the Reorganisation were under common control of a group of ultimate equity shareholders, the Group is regarded as a continuing entity resulting from the Reorganisation of entities under common control. The unaudited interim financial report has been prepared on the basis that the current group structure had been in existence at the beginning of the earliest period presented. Accordingly, the consolidated results of the Group for the six months ended 30 June 2009 and 2010 include the results of the Company and its subsidiaries with effect from 1 January 2009 or, if later, since their respective dates of incorporation as if the current group structure had been in existence throughout the two periods presented. All material intra-group transactions and balances have been eliminated on consolidation.

2 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34 "Interim financial reporting" adopted by the International Accounting Standards Board ("IASB").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2010.

3 Changes in accounting policies

The IASB has issued two revised IFRSs, a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 3 (revised 2008), Business combinations
- Amendments to IAS 27, Consolidated and separate financial statements
- Improvements to IFRSs (2009)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The improvements to IFRSs (2009) have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to IFRS 3 and the amendments to IAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination) and there is no requirement to restate the amounts recorded in respect of previous such transactions.
- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:
  - — Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.
  - — If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.
  - — Contingent consideration will be measured at fair value at the acquisition date. Any subsequent changes in the measurement of that contingent consideration will be recognised in profit or loss, unless they arise from obtaining additional information about facts and circumstances that existed at the acquisition date within 12 months from the date of acquisition (in which case they will be recognised as an adjustment to the cost of the business combination). Previously, contingent consideration was recognised at the acquisition date only if payment of the contingent consideration was probable and it could be measured reliably. All subsequent changes in the measurement of contingent consideration and from its settlement were previously recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.
  - — If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

3 Changes in accounting policies (continued)

— In addition to the Group's existing policy of measuring the non-controlling interests (previously known as the "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of IAS 27 (amended 2008), the following changes in policies will be applied as from 1 January 2010:

— If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

In accordance with the transitional provisions in IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

4 Segment reporting

The principal activities of the Group are the development, operation and management of power plants.

The most senior executive management have identified three operating segments, being the three power plants, namely Zhejiang De-Neng Natural Gas Power Generation Co., Ltd. ("De-Neng Power Plant"), Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd. ("Jing-Xing Power Plant") and Hangzhou Blue Sky Natural Gas Power Generation Co., Ltd. ("Blue Sky Power Plant"), respectively. The most senior executive management are of the view that these three operating segments contribute the entire revenue of the Group and should be aggregated to a single reportable segment of the Group, power segment, for financial reporting purpose as they have similar economic characteristics and are similar in respect of nature of products, production processes, the type of class of customers and the regulatory environment.

Segment assets include all tangible, intangible assets, current assets with the exception of other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to sales activities of the power segment and bank borrowings managed directly by the power segment, with the exception of corporate expense payables.

(a) Reconciliations of reportable segment turnover, profit, assets and liabilities

Turnover

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Reportable segment turnover	**239,271**	245,622
Consolidated turnover	**239,271**	245,622

4 **Segment reporting (continued)**

(a) **Reconciliations of reportable segment turnover, profit, assets and liabilities (continued)**

Profit

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Reportable segment profit	**19,431**	31,081
Unallocated corporate expenses	**(2,552)**	(1,880)
Consolidated profit before income tax	**16,879**	29,201

Assets

	At 30 June	At 31 December
	2010	*2009*
	RMB'000	*RMB'000*
Reportable segment assets	**1,068,830**	1,069,226
Other corporate assets	**108,518**	116,713
Consolidated total assets	**1,177,348**	1,185,939

Liabilities

	At 30 June	At 31 December
	2010	2009
	RMB'000	*RMB'000*
Reportable segment liabilities	**705,988**	723,951
Corporate expense payables	**1,646**	1,099
Consolidated total liabilities	**707,634**	725,050

5 Profit before income tax

Profit before income tax is arrived at after charging/(crediting):

(i) Net finance costs

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Interest expenses	**18,512**	20,811
Net foreign exchange loss	**90**	—
Bank charges	**280**	134
Financial expenses	**18,882**	20,945
Net foreign exchange gain	**—**	(222)
Interest income	**(485)**	(2,380)
Financial income	**(485)**	(2,602)
Net finance costs	**18,397**	18,343

(ii) Other items

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Depreciation	**20,000**	20,539
Amortisation	**409**	427
Government grants	**(529)**	(2,234)

6 Income tax

Income tax expense in the consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**1,706**	2,725
Income tax credit	**(1,706)**	(2,725)
Deferred tax		
Origination of temporary differences	**930**	—
Total income tax expense in the consolidated statement of comprehensive income	**930**	—

(a) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

6 Income tax (continued)

(b) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2010.

(c) The provision for PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on 1 January 2008. According to the New Tax Law, the applicable tax rates of the Group's subsidiaries in the PRC are unified at 25% with effect from 1 January 2008. Pursuant to the transitional arrangement under the New Tax Law, some of the Group's subsidiaries in the PRC will continue to enjoy tax holiday of tax-exemption for two years followed by 50% reduction on the applicable income tax rate for three years that were previously granted prior to the enactment of the New Tax Law, and thereafter they are subject to the unified rate of 25%.

Pursuant to the New Tax Law, 5% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. Deferred tax liabilities have been recognised for the profits earned by the Group's PRC subsidiaries for the six months ended 30 June 2010 to the extent that the earnings would be distributed in the foreseeable future. As at 31 December 2009, no deferred tax liabilities were recognised as any withholding tax in this respect has been undertaken by Amber International Investment Co., Ltd. ("Amber International") according to the undertaking agreements entered into separately by Amber Deneng (HK) Limited ("Amber Deneng"), Amber Jingxing (HK) Limited ("Amber Jingxing") and Amber Bluesky (HK) Limited ("Amber Bluesky"), with Amber International on 18 June 2009.

(d) Pursuant to the relevant PRC tax law and regulations, the Group was granted income tax credits of RMB1,706,000 and RMB2,725,000 for purchases of domestic equipment for production for the six months ended 30 June 2010 and 30 June 2009, respectively.

7 Basic and diluted earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the profit attributable to equity shareholders of the Company for the period of RMB15,949,000 (30 June 2009: RMB29,201,000) and the weighted average of 415,000,000 ordinary shares (30 June 2009: 300,000,000) in issue during the period.

There were no dilutive potential ordinary shares throughout the periods, and therefore, the basic and diluted earnings per share are the same.

8 Property, plant and equipment

During the six months ended 30 June 2010, the Group acquired items of equipment with costs of RMB1,885,000 in total (six months ended 30 June 2009: RMB4,010,000). Items of equipment with a net book value of RMB170,000 were disposed of during the six months ended 30 June 2010 (six months ended 30 June 2009: Nil), resulting in a loss on disposal of RMB19,000 (six months ended 30 June 2009: Nil).

9 Lease prepayments

An item of lease prepayments with a net book value of RMB1,588,000 was disposed of during the six months ended 30 June 2010, resulting in a loss on disposal of RMB171,000.

10 Trade and other receivables

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Trade receivables	**67,913**	16,291
Prepayments	**5,839**	15,411
Non-trade receivables	**4,273**	2,754
	78,025	34,456

All of the trade and other receivables are expected to be recovered within one year. Credit term granted to power grid companies is 30 days.

An ageing analysis of trade receivables of the Group is as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 month	**67,913**	16,291

11 Pledged deposits

Pledged deposits can be analysed as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Guarantee deposits for issuance of commercial bills and banking facilities	**65,000**	89,500

12 Interest-bearing borrowings

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Current		
Unsecured bank loans	**190,000**	190,000
Current portion of non-current secured bank loans	**25,000**	25,000
Current portion of non-current unsecured bank loans	**30,000**	20,000
	245,000	235,000
Non-current		
Secured bank loans	**241,260**	279,560
Unsecured bank loans	**55,440**	65,440
	296,700	345,000
	541,700	580,000

12 Interest-bearing borrowings (continued)

(i) The secured bank borrowings as at 30 June 2010 bore interest at rates ranging from 5.40% to 5.94% (31 December 2009: 5.76% to 5.94%) per annum and were secured by the following assets:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Carrying amounts of assets:		
Property, plant and equipment	**634,766**	701,796
Lease prepayments	**28,899**	30,896

(ii) Unsecured bank borrowings as at 30 June 2010 bore interest at rates ranging from 5.10% to 5.94% (31 December 2009: 5.10% to 5.94%) per annum.

(iii) The Group's non-current bank borrowings were repayable as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 1 year	**55,000**	45,000
Over 1 year but less than 2 years	**50,000**	215,000
Over 2 years but less than 5 years	**246,700**	130,000
	296,700	345,000
	351,700	390,000

13 Trade and other payables

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Trade and bill payables	**126,911**	105,344
Non-trade payables and accrued expenses	**14,766**	13,962
	141,677	119,306

An ageing analysis of trade and bill payables of the Group is as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Within 3 months	**41,059**	57,112
Over 3 months but less than 6 months	**85,852**	48,232
	126,911	105,344

14 Related party transactions

During the six months ended 30 June 2010, transactions with the following parties are considered as related party transactions. The following is a summary of the material related party transactions carried out by the Group with the below related parties for the period.

Name of party	Relationship
Amber International	Parent company of the Company
Wanxiang Finance Co.,Ltd. ("Wanxiang Finance")	Fellow subsidiary

(a) Significant related party transactions and balances with related parties

Particulars of significant transactions between the Group and the above related parties during the period are as follows:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Related party loans interest charged by		
Wanxiang Finance	**—**	2,165
Expense paid on behalf of the Group by		
Amber International	**—**	5,390

There were no balances arising from the above transactions as at 30 June 2010 and 31 December 2009, respectively.

(b) Key management personnel remunerations

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
Short-term employee benefits	**1,289**	1,116
Post-employment benefits	**61**	45
	1,350	1,161

15 Capital commitments

Capital commitments in respect of purchase of property, plant and equipment outstanding at the period end but not provided for in the interim financial report were as follows:

	At 30 June 2010	At 31 December 2009
	RMB'000	*RMB'000*
Authorised but not contracted for	**89,530**	91,199
Contracted for	**5,302**	—
	94,832	91,199

16 Operating lease commitments

Non-cancellable operating lease rentals were payable as follows:

	At 30 June 2010 *RMB'000*	At 31 December 2009 *RMB'000*
Less than 1 year	**1,231**	647
Over 1 year but less than 5 years	**165**	448
	1,396	1,095

17 Subsequent events

On 14 July 2010, the Company received an official notice from the Zhejiang Provincial Price Bureau regarding the adjustment of natural gas price. It was specified in the notice that, effective on 15 July 2010, natural gas price offered by Zhejiang Province Natural Gas Development Company (the sole natural gas supplier of the Group) to the Company's gas-fired power plants would be adjusted from RMB2.08 per m^3 to RMB2.41 per m^3.

On 19 July 2010, the Company received an additional official notice from the Zhejiang Provincial Price Bureau regarding an upward adjustment of the Group's on-grid tariff by RMB0.06 per Kwh from RMB0.74 per Kwh to RMB0.80 per Kwh (inclusive of value added tax) with effective from 15 July 2010, the same day on which the adjustment of natural gas price took effect.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Installed Capacity

As at 30 June 2010, the Group has three wholly-owned gas-fired power plants, namely Zhejiang De-Neng Natural Gas Power Generation Co., Ltd*（浙江德能天然氣發電有限公司）("De-Neng Power Plant"), Hangzhou Blue Sky Natural Gas Power Generation Co., Ltd*（杭州藍天天然氣發電有限公司）("Blue Sky Power Plant") and Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd*（浙江琥珀京興天然氣發電有限公司）("Jing-Xing Power Plant"). The total installed capacity and total attributable installed capacity were both 299MW, remaining the same as compared with the corresponding period last year.

Natural Gas Supply

The amount of natural gas supply for the six months ended 30 June 2010 was 91.81 million m^3, representing a decrease of 7.07% as compared with the corresponding period last year (first half of 2009: 98.80 million m^3).

The number of severe cold days in the first quarter of 2010 was exceptionally high, triggering higher demand for natural gas for heating systems in northern China. In addition, natural gas supply via Sichuan gas pipeline was delayed until the end of February 2010. The natural gas supplied to Zhejiang Province was initially not sufficient to cope with the increased demand in the province which resulted in the prolonged insufficiency of natural gas supply in the first quarter of 2010.

In spite of a significant increase of natural gas supply in Zhejiang Province in the second quarter of 2010, the natural gas supply for the first half of 2010 decreased by 7.07% as compared with the corresponding period last year due to the shortage of natural gas in the first quarter of 2010.

Production Volume

The production volume for the six months ended 30 June 2010 was 392,933 Mwh, representing a decrease of 6.65% as compared with last year (first half of 2009: 420,904 Mwh). With the drop of production volume due to the shortage of natural gas in the first quarter of 2010, the decrease in production volume over the corresponding period last year was in line with the decrease of natural gas supply in the first half of 2010.

Cost of Fuel

For the six months ended 30 June 2010, natural gas was the only source of fuel for the Group's power plants. Due to the upward adjustment in natural gas price, the average unit cost of fuel of the Group increased as compared with the corresponding period last year. The natural gas price is determined by the Zhejiang Provincial Price Bureau. The price of natural gas (inclusive of VAT) was increased by RMB0.14/m^3 from RMB1.94/m^3 to RMB2.08/m^3 on 20 February 2010.

On-grid Tariff

On-grid tariff is determined by the Zhejiang Provincial Price Bureau after reasonably taking into account the types of fuel, cost structure and operating profit of similar power plants within the provincial grid. The on-grid tariff and natural gas price for the six months ended 30 June 2010 have allowed the Group to maintain its profit margin in line with the historical results. The on-grid tariff (inclusive of VAT) was increased by RMB0.035/Kwh from RMB0.705/Kwh to RMB0.74/Kwh on 20 February 2010, which was synchronized with the increase in natural gas price (inclusive of VAT) by RMB0.14/m^3 from RMB1.94/m^3 to RMB2.08/m^3 on 20 February 2010.

Financial Review

Due to the shortage of natural gas in Zhejiang Province in the first quarter of 2010, turnover of the Group for the six months ended 30 June 2010 was RMB239,271,000 (first half of 2009: RMB245,622,000), representing a decrease of 2.59% as compared with the corresponding period last year.

For the six months ended 30 June 2010, profit attributable to equity shareholders of the Company was RMB15,949,000 (first half of 2009: RMB29,201,000), representing a decrease of 45.38% as compared with the corresponding period last year. A profit warning announcement was issued by the Board on 7 July 2010 to inform the shareholders and potential investors that the loss in the first quarter of 2010 due to the shortage of natural gas has resulted in a significant decrease of operating results for the first half of 2010 as compared with the corresponding period last year. Earnings per share amounted to RMB0.04 for the six months ended 30 June 2010 (first half of 2009: RMB0.10).

Turnover

Turnover of the Group for the six months ended 30 June 2010 amounted to RMB239,271,000, representing a decrease of 2.59% as compared with RMB245,622,000 for the corresponding period last year. The decrease in turnover was primarily due to lower production volume caused by the shortage of natural gas in Zhejiang Province in the first quarter of 2010.

Operating Costs

For the six months ended 30 June 2010, the operating costs of the Group were RMB205,024,000, representing an increase of 2.35% as compared with RMB200,312,000 for the corresponding period last year. The slight increase in operating costs was primarily due to the increase in natural gas costs arising from the increase in natural gas price and the slight increase in staff costs and administrative expenses in respect of the development and management of the Group after its listing.

Income Tax

All our power plants are entitled to full exemption from PRC income tax for the first two years commencing from the first profitable year of operation and a 50% reduction of the applicable PRC income tax rates for the following three years. According to the relevant regulations by the State Administration of Taxation, the power plants of the Group being the foreign-owned enterprises which purchased PRC-manufactured equipment, are entitled to a corporate income tax credit of up to 40% of the respective purchase amount. No provision of PRC income tax was provided for the six months ended 30 June 2010, because all our power plants were entitled to such corporate income tax credit granted by the State Taxation Bureau of the respective local county. No provision of income tax was made for the members of the Group outside of the PRC as the Group had no assessable profits generated outside the PRC.

Pursuant to the New Tax Law, 5% withholding tax is levied on foreign investors in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. As at 30 June 2010, deferred tax liabilities of RMB930,000 was recognized.

Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2010, profit attributable to equity shareholders of the Company was RMB15,949,000 (first half of 2009: RMB29,201,000), representing a decrease of 45.38% as compared with the corresponding period last year.

The Company made disclosure in advance in respect of its declining operating results for the first half of 2010. In the announcement of annual results of the Company for 2009 on 26 March 2010, the shareholders and potential investors were informed that losses might occur in the first quarter of 2010 and a significant decrease in results over the corresponding period last year was expected for the first half of 2010. Based on the preliminary review on the management accounts of the Group for the first half of 2010, a profit warning announcement was issued by the Company on 7 July 2010 to inform the shareholders and potential investors that the Group recorded losses in the first quarter of 2010 due to the shortage of natural gas in Zhejiang Province and the operating results of the Group for the first half of 2010 decreased significantly as compared with the corresponding period last year.

Decrease in profit attributable to equity shareholders of the Company was mainly due to the losses of the Group resulting from the shortage of natural gas in the first quarter of 2010. Net profit for the first quarter of 2010 decreased significantly as compared with the first quarter last year. Although the supply of natural gas improved and losses have been overturned through the Group's great efforts in the second quarter, the net profit for the first half of the year recorded a significant decrease as compared with the corresponding period last year due to the significant decrease in net profit in the first quarter and the slight increase in staff costs and administrative expenses in respect of the development and management needs after the listing of the Group.

Liquidity and Financial Resources

Net cash generated from operating activities for the first half of 2010 was RMB14,339,000, representing a significant decrease over last year (first half of 2009: RMB141,672,000). Such decrease was due to the tariff incurred in the previous month is recovered in the current month and used for the settlement of fuel purchase of the current month. The Group recovered less tariff in January 2010 for the lower power generation in December 2009 and more tariff will be recovered in July 2010 for the higher power generation in June 2010. Expense of fuel purchase for June 2010 was relatively higher. Turnover period of the Group's receivables is one month and customers are of good credit record. There was no risk of recovery in the past. Net cash used in investing activities was RMB1,525,000 (first half of 2009: RMB68,369,000) which was mainly used for payment for the property, plant and equipment. Net cash used in financing activities was RMB20,006,000 (first half of 2009: RMB41,186,000) which was mainly used for dividend payment to shareholders and repayment of certain bank loans.

As at 30 June 2010, the Group had a cash balance of RMB178,126,000 (31 December 2009: RMB185,318,000). Of which, approximately RMB89,530,000 raised from the Company's listing, representing part of the proceeds, was designated for financing new investment project while the remaining balance of RMB88,596,000 was intended to be used for general working capital purpose. Cash was generally placed with licensed banks as short-term deposit.

As at 30 June 2010, the Group had net current liabilities of RMB58,626,000 (31 December 2009: RMB37,946,000). The net current liabilities slightly increased as compared with the end of last year and such increase was primarily due to increased bill payables for payment of natural gas purchase as power generation raised since the second quarter of the year, and the repayment of certain long-term borrowings during the period under review.

The Group regularly monitors current and expected liquidity requirements and its compliance with lending covenants, to ensure that it fulfils its short-term and long-term liquidity requirements. In spite of the fact that part of its borrowings is short-term borrowings expiring within one year, as the major banks and the Group maintains long term satisfactory cooperation relationships, the Directors are confident that the Group will be able to satisfy all conditions required by the bank associated with the renewal of the short-term borrowing. The Directors believe that the Group has sufficient working capital for future operations.

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all loans and borrowings as well as long-term payables, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt. As at 30 June 2010, the gearing ratio was 45.17%, representing a decrease of 2.53 percentage points over last year (31 December 2009: 47.70%). The further decrease in gearing ratio was mainly due to repayment of certain bank borrowings during the period.

Foreign Exchange

The Group has placed short-term deposits with licensed bank in Hong Kong in Hong Kong Dollars, which will affect the Group's financial conditions as the exchange rate of Hong Kong Dollars to Renminbi fluctuates. As the Group's operating expenses were mainly denominated in Renminbi and our turnover was also settled in Renminbi, the Group has not hedged the risks of exchange rate fluctuations through any forward contracts or borrowings.

Contingent Liabilities and Capital Commitments

As at 30 June 2010, the Group had authorized but not contracted for capital commitments relating to property, plant and equipment of RMB89,530,000. During the period under review, the Group had no major contingent liabilities nor off-balance-sheet commitments.

Details of the capital commitment of the Group are set out in note 15 to the interim financial report.

Use of Proceeds from Initial Public Offering

In July 2009, the Company issued 115,000,000 shares (including 15,000,000 shares issued upon the exercise of over-allocation option) pursuant to its initial public offering. The offer price was HK$1.66 per share and the net proceeds from the initial public offering were approximately RMB129,306,000 after deducting share offering expenses.

As at the date of this announcement, approximately RMB30,000,000 had been used in accordance with the manner as set out in the prospectus of the Company dated 29 June 2009 in respect of the initial public offering (the "Prospectus") for the balance consideration for the acquisition of 47% minority interests in De-Neng Power Plant. According to the Prospectus and the announcement regarding the over-allocation of shares, approximately RMB92,540,000 would be used for the development of the first phase of a new gas-fired cogeneration power plant in Anji county, Zhejiang Province. Since the Anji power project is undergoing approval process, the remaining unused net proceeds have been temporarily placed with bank as short-term deposits in Hong Kong.

Major Investment, Acquisitions and Disposals

During the six months ended 30 June 2010 and up to the date of this announcement, the Group did not have any other major acquisitions or disposals. The Group is in preparation of the development and investment in new clean energy projects, including Phase I of Anji gas-fired cogeneration power plant project stated in the Prospectus, and further expansion of its business scale.

Health and Safety Compliance

The Group's power plants have adopted various internal policies and implemented protective measures to prevent health and safety hazards. The policies adopted by the Company are in line with government regulations. There were no material accidents or suspension during the track record period.

Outlook

With the increasing global concern over climate change, low-carbon economies will be the mainstream while the clean energy industry will be one of the most promising industries in the future.

The Board is of the view that the PRC government will exert efforts in promoting energy saving and discharge reduction as well developing low-carbon economy. The percentage of renewable energy resources in total energy consumption in the PRC is, at present, very limited, and natural gas is the best fossil fuel and crucial transitional fuel in compliance with the environmental protection requirements. As such, the PRC government will strive to develop renewable energy and raise the percentage of natural gas in the consumption of primary energy resources. Natural gas will be one of the major clean fuels for power generation in China in the first half of the 21st century.

Gas-fired power plants are ideal for peak-loading in cities with heavy power consumption. In order to obtain enough peak-loading capability, power grid companies will attach much importance to the peak-loading of gas-fired power plants which in turn will facilitate the development of gas-fired power plants.

With the gradual recovery of the PRC economy, it is expected that the PRC economy will maintain an annual growth of 8% or above and the overall domestic demand for power will also increase. The Company's power plants have been granted the 3,500-hour power generation plan for 2010 by the relevant government authorities.

The Company believes that the total supply of natural gas in Zhejiang Province will increase continuously and the natural gas supply will be improved in the future. It is expected that the supply of natural gas from West-East Gas Pipeline (Phase I) in 2010 will further increase from approximately 1.77 billion m^3 in 2009. Sichuan gas pipeline（川氣東輸）has started to supply natural gas to Zhejiang Province since the second half of February 2010 and it is expected that the total supply of natural gas to Zhejiang Province from Sichuan will amount to 0.5 to 1 billion m^3 in 2010.

On-grid tariff is determined by Zhejiang Provincial Price Bureau after reasonably taking into account the types of fuel, cost structure and operating profit of similar power plants within the provincial grid. Based on the Group's experience, the on-grid tariff is usually raised according to the upward adjustment of natural gas price. However, the Company received an official notice from Zhejiang Provincial Price Bureau on 14 July 2010 regarding the adjustment of natural gas price. It is specified in the notice that, effective on 15 July 2010, natural gas price offered by Zhejiang Province Natural Gas Development Company to the Company's gas-fired power plants will be adjusted from RMB2.08/m^3 to RMB2.41/m^3. The Company received another official notice from

Zhejiang Provincial Price Bureau on 19 July 2010 regarding an upward adjustment of the Group's on-grid tariff by RMB0.06 per Kwh from RMB0.74/Kwh to RMB0.80/Kwh (inclusive of VAT) with effective from 15 July 2010, the same day on which the adjustment of natural gas price took effect. According to the regulatory plan for the increase of natural gas price formulated by Zhejiang Provincial Price Bureau, 30% of the increased natural gas cost should be borne by gas-fired power plants and the remaining 70% of the increase could be covered by raising the on-grid tariff applicable to the power plants. The Board informed the shareholders of the Company and potential investors on the above adjustments of natural gas price and on-grid tariff in the announcements dated 15 July 2010 and 20 July 2010 respectively, and stated that the operating results of the Group would be adversely affected as the increase in natural gas price failed to fully transfer to its customers through the upward adjustment of on-grid tariff.

The Group plans to explore and invest in new projects in areas such as gas-fired power generation and cogeneration projects, and carry out investigation and research and development of other clean energy projects other than natural gas. The Group will further increase its project reserves for current and long term development and expand the market share in the clean energy supply in the PRC. The Anji gas-fired cogeneration power plant project is under approval and it is expected to commence operation in the second half of 2011.

The Group will further strengthen and develop its human resources and the training of talents to create a better enterprise cultural atmosphere. In addition, the Group will continue to enhance its budget management and risk control and enhance its corporate governance in order to facilitate its steady growth and sustainable development.

Leveraging the core business of clean energy in the PRC, the Group believes that it will have remarkable development in the future and will become a leading clean energy enterprise in China in the long run.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (first half of 2009: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2010, the Group had a total of 276 employees (31 December 2009: 253). The Group determines employees' remuneration according to industry practices, financial performance and employees' performance. The Group also provides other fringe benefits, such as insurance, medical benefits and mandatory provident fund with an aim to retain talents on all levels to ensure their continuing contributions to the Group.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The Board has been adamant in upholding high standards of corporate governance to maximize the operational efficiency, corporate values and shareholder returns. The Company adopted sound governance and disclosure practices and continued to upgrade internal control system, strengthen risk control management and reinforce the corporate governance structure.

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") throughout the six months ended 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code. All the directors confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2010.

AUDIT COMMITTEE

The Company established the audit committee ("Audit Committee") in June 2009 and has formulated its written terms of reference, which may from time to time be modified, in accordance with the provisions set out in the CG Code. The Audit Committee comprises all the independent non-executive directors, namely Mr. Tse Chi Man, Mr. Zhang Shou Lin and Mr. Yao Xian Guo, and one non-executive director, namely Mr. Feng Li Min, of the Company.

The principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, and review of the Group's financial information and relationship with the external auditor of the Company.

The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2010.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.amberenergy.com.hk). The 2010 interim report of the Company will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
Amber Energy Limited
Chai Wei
President

Hong Kong, 20 August 2010

As at the date of this announcement, the executive directors of the Company are Mr. Chai Wei and Mr. Hu Xian Wei; the non-executive directors are Mr. Ding Guang Ping and Mr. Feng Li Min; and the independent non-executive directors are Mr. Zhang Shou Lin, Mr. Tse Chi Man and Mr. Yao Xian Guo.

* *The English names of the companies/entities established in the PRC are unofficial English transliterations or translations and are for identification purposes only.*