AMBER

Amber Energy Limited
琥珀能源有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 90)

2010 ANNUAL RESULTS ANNOUNCEMENT

The Directors of Amber Energy Limited (the "**Company**") announce the audited results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	Note	**2010** *RMB'000*	2009 *RMB'000*
Turnover	*4*	**654,315**	396,229
Operating expenses			
Fuel consumption		**(480,600)**	(270,652)
Depreciation and amortisation		**(47,661)**	(37,558)
Repairs and maintenance		**(2,261)**	(2,014)
Personnel costs		**(21,658)**	(15,388)
Administrative expenses		**(16,457)**	(11,787)
Sales related taxes		**(1,136)**	(581)
Other operating expenses		**(2,710)**	(1,655)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Operating profit		**81,832**	56,594
Finance income		**2,519**	3,621
Finance expenses		**(42,649)**	(40,882)
Net finance costs	5	**(40,130)**	(37,261)
Other net income		**1,354**	2,234
Profit before taxation		**43,056**	21,567
Income tax	6	**(2,141)**	—
Profit attributable to equity shareholders of the Company for the year		**40,915**	21,567
Other comprehensive income for the year (after tax and reclassification adjustment):			
Foreign currency translation differences for foreign operations		**(3,387)**	(45)
Total comprehensive income attributable to equity shareholders of the Company for the year		**37,528**	21,522
Basic and diluted earnings per share (RMB)	8	**0.10**	0.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	2010 RMB'000	2009 RMB'000
Non-current assets			
Property, plant and equipment		**803,645**	838,683
Lease prepayments		**28,483**	30,896
		832,128	869,579
Current assets			
Inventories		**8,978**	3,954
Trade and other receivables	*10*	**73,073**	34,456
Tax recoverable	*6(iii)*	**3,375**	3,132
Pledged deposits		**132,513**	89,500
Cash and cash equivalents		**174,881**	185,318
		392,820	316,360
Current liabilities			
Interest-bearing borrowings	*11*	**239,000**	235,000
Trade and other payables	*12*	**221,598**	119,306
		460,598	354,306
Net current liabilities		**(67,778)**	(37,946)
Total assets less current liabilities		**764,350**	831,633
Non-current liabilities			
Interest-bearing borrowings	*11*	**247,700**	345,000
Long-term payables	*13*	**22,298**	25,744
Deferred tax liabilities	*6(i)(c)*	**2,141**	—
		272,139	370,744
Net assets		**492,211**	460,889
Capital and reserves			
Share capital	*14*	**36,582**	36,582
Reserves		**455,629**	424,307
Total equity attributable to equity shareholders of the Company		**492,211**	460,889

NOTES TO THE FINANCIAL STATEMENTS

1 General information and basis of presentation

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 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. These financial statements have 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 years ended 31 December 2010 and 2009 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 years presented. All material intra-group transactions and balances have been eliminated on consolidation.

2 Significant accounting policies

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (**IFRSs**), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (**IASs**) and related Interpretations, promulgated by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting period reflected in these financial statements.

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
- Amendments to IFRS 5, Non-current assets held for sale and discontinued operations-plan to sell the controlling interest in a subsidiary
- Improvements to IFRSs (2009)

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

3 Changes in accounting policies (continued)

The improvements to IFRSs (2009) have had no material impact on the Group's financial statements as the improvements 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 and IFRS 5 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) and IAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) 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. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were 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.

  — 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.

3 Changes in accounting policies (continued)

- 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 acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

  — 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 end of reporting period 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.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

- As a result of the amendments to IAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

4 Turnover

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

Turnover represents revenue from the sale of electricity to power grid companies.

5 Net finance costs

	2010	2009
	RMB'000	*RMB'000*
Interest expenses	**41,723**	40,525
Net foreign exchange loss	**247**	—
Bank charges	**679**	357
Financial expenses	**42,649**	40,882
Net foreign exchange gain	**—**	(26)
Interest income	**(2,519)**	(3,595)
Financial income	**(2,519)**	(3,621)
Net finance costs	**40,130**	37,261

6 Income tax

(i) Income tax in the consolidated statement of comprehensive income represents:

	2010	2009
	RMB'000	*RMB'000*
Current tax		
PRC corporate income tax	**5,150**	2,080
Income tax credit	**(5,150)**	(2,080)
Deferred tax		
Origination of temporary differences		
— Dividend withholding tax	**2,141**	—
Total income tax expense in the consolidated statement of comprehensive income	**2,141**	—

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

(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 year ended 31 December 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, 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 profit earned after 1 January 2008. Deferred tax liabilities of RMB2,141,000 have been recognised for the profits earned by the Group's PRC subsidiaries for the year ended 31 December 2010.

(d) Pursuant to the relevant PRC tax law and regulations, the Group was granted an income tax credit of RMB5,150,000 for purchases of domestic equipment for production in 2010 (2009: RMB2,080,000).

6 Income tax (continued)

(ii) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2010	2009
	RMB'000	*RMB'000*
Profit before taxation	**43,056**	21,567
Notional tax on profit before taxation, calculated at 25%	**10,764**	5,392
Effect of different tax rates applicable to subsidiaries	**(6,555)**	(3,120)
Tax effect of non-deductible expenses/(non-taxable income)	**941**	(192)
Income tax credit	**(5,150)**	(2,080)
Withholding tax on profits retained by PRC subsidiaries	**2,141**	—
	2,141	—

(iii) Tax recoverable in the consolidated statement of financial position represents:

	2010	2009
	RMB'000	*RMB'000*
Balance at beginning of the year	**(3,132)**	(3,504)
Provision for income tax for the year	**5,150**	2,080
Entitlement to income tax credit for the year*	**(5,150)**	(2,080)
Income tax (paid)/ received during the year	**(243)**	372
Balance at the end of the year	**(3,375)**	(3,132)

* This represents tax credit relating to the purchases of domestic equipment for production (see note 6(i)(d)).

7 Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2010	2009
	RMB'000	*RMB'000*
Interim dividend declared and paid during the year	**—**	28,188
Final dividend proposed after the reporting date of HKD0.03 per share (2009: HKD0.017 per share)	**10,474**	6,206

Pursuant to a resolution passed at the board of directors' meeting on 18 June 2009, an interim dividend of HKD31,976,700 (equivalent to RMB28,188,420) were declared and fully paid by the Company to Amber International Investment Co., Ltd. ("Amber International") the parent company.

Pursuant to a resolution passed at the board of directors' meeting on 26 March 2010, dividends of HKD7,055,000 (equivalent to RMB6,206,000) were declared and fully paid on 22 June 2010.

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date.

7 Dividends (continued)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2010	2009
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year, approved and paid during the year	**6,206**	40,348

Pursuant to a resolution passed at the board of directors' meeting of De-Neng Power Plant on 10 May 2009, dividends of RMB40,348,000 were declared to the then respective shareholders, including dividends of RMB21,385,000 declared to Amber International and RMB18,963,000 declared to the non-controlling shareholders.

Dividends of RMB21,385,000 were then contributed by Amber International to the Company on 11 June 2009 and dividends of RMB18,963,000 were fully paid to the non-controlling shareholders.

8 Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB40,915,000 (2009: RMB21,567,000) and the weighted average of 415,000,000 ordinary shares (2009: 354,273,973) in issue during the year.

Weighted average number of ordinary shares	**2010**	2009
	Number of shares	Number of shares
Share issued at 1 January (note 14(i))	**415,000,000**	1
Issuance of new shares upon the Reorganisation (note 14(i))	**—**	3
Capitalisation issue (note 14(ii))	**—**	299,999,996
Effect of issuance of shares by share offer and over-allocation (note 14(iii))	**—**	54,273,973
Weighted average number of ordinary shares at 31 December	**415,000,000**	354,273,973

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

9 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, which are 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 Amber Blue Sky Natural Gas Power Generation Co., Ltd., originally named Hangzhou Blue Sky Natural Gas Power Generation Co., Ltd., ("**Blue Sky Power Plant**"). The most senior executive management are of the view that these three operating segments contribute to 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 and 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.

9 Segment reporting (continued)

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

Turnover	**2010**	2009
	RMB'000	*RMB'000*
Reportable segment turnover	**654,315**	396,229
Consolidated turnover	**654,315**	396,229

Profit	**2010**	2009
	RMB'000	*RMB'000*
Reportable segment profit	**54,250**	25,840
Unallocated corporate expenses	**(11,194)**	(4,273)
Consolidated profit before taxation	**43,056**	21,567

Assets	**2010**	2009
	RMB'000	*RMB'000*
Reportable segment assets	**1,120,702**	1,069,226
Other corporate assets	**104,246**	116,713
Consolidated total assets	**1,224,948**	1,185,939

Liabilities	**2010**	2009
	RMB'000	*RMB'000*
Reportable segment liabilities	**726,204**	723,951
Corporate expense payables	**6,533**	1,099
Consolidated total liabilities	**732,737**	725,050

10 Trade and other receivables

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	**61,418**	16,291
Prepayments	**5,949**	15,411
Non-trade receivables	**5,706**	2,754
	73,073	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.

10 Trade and other receivables (continued)

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

	2010	2009
	RMB'000	*RMB'000*
Within 1 month	**61,418**	16,291

11 Interest-bearing borrowings

	2010	2009
	RMB'000	*RMB'000*
Current		
Secured bank loans	**14,000**	—
Unsecured bank loans	**180,000**	190,000
Current portion of non-current secured bank loans	**25,060**	25,000
Current portion of non-current unsecured bank loans	**19,940**	20,000
	239,000	235,000
Non-current		
Secured bank loans	**212,200**	279,560
Unsecured bank loans	**35,500**	65,440
	247,700	345,000
	486,700	580,000

(i) The secured bank loans as at 31 December 2010 carried interest at rates ranging from 5.10% to 5.94% (2009: 5.76% to 5.94%) per annum and were secured by the following assets:

	2010	2009
	RMB'000	*RMB'000*
Carrying amounts of assets:		
Property, plant and equipment	**671,647**	701,796
Lease prepayments	**28,483**	30,896
Pledged deposits	**15,000**	—

(ii) Unsecured bank loans as at 31 December 2010 carried interest at rates ranging from 4.86% to 6.39% (2009: 5.10% to 5.94%) per annum.

11 Interest-bearing borrowings (continued)

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

	2010 RMB'000	2009 RMB'000
Within 1 year	**45,000**	45,000
Over 1 year but less than 2 years	**172,700**	215,000
Over 2 years but less than 5 years	**75,000**	130,000
	247,700	345,000
	292,700	390,000

12 Trade and other payables

	2010 RMB'000	2009 RMB'000
Trade and bill payables	**202,247**	105,344
Non-trade payables and accrued expenses (see note 13)	**19,351**	13,962
	221,598	119,306

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

	2010 RMB'000	2009 RMB'000
Within 3 months	**64,296**	57,112
Over 3 months but less than 6 months	**137,951**	48,232
	202,247	105,344

13 Long-term payables

	2010 RMB'000	2009 RMB'000
Payable for purchase of property, plant and equipment	**22,298**	25,744

The balance represents the payable for the purchase of an imported generator equipment. The nominal value of the purchase consideration of RMB60,448,000 is payable over a period of 10 years. The amount has been measured at fair value being future cash outflows discounted at the prevailing interest rates as at the respective reporting dates.

Current portion of long-term payables of RMB7,551,000 (2009: RMB7,125,000) has been included in non-trade payables and accrued expenses (see note 12).

14 Share capital

		2010		2009	
		No. of shares	**Amount**	No. of shares	Amount
	Note		***RMB'000***		*RMB'000*
Authorised:					
Ordinary shares of HKD0.10 each	(i)	**1,000,000,000**	**88,050**	1,000,000,000	88,050
Ordinary shares, issued and fully paid					
At 1 January		**415,000,000**	**36,582**	1	—
Issuance of new shares upon the Reorganisation	(i)	**—**	**—**	3	—
Capitalisation issue	(ii)	**—**	**—**	299,999,996	26,446
Issuance of shares by share offer	(iii)	**—**	**—**	100,000,000	8,814
Issuance of shares by over-allocation	(iii)	**—**	**—**	15,000,000	1,322
At 31 December		**415,000,000**	**36,582**	415,000,000	36,582

(i) The Company was incorporated in the Cayman Islands on 8 September 2008 with an authorised share capital of HKD380,000 divided into 3,800,000 ordinary shares of par value HKD0.10 each. On 8 September 2008, one share was allotted and issued to the initial subscriber and was subsequently transferred to Amber International on the same date. On 20 March 2009, two shares were allotted and issued to Amber International to settle the consideration for the transfer of Blue Sky Power Plant and Jing-Xing Power Plant to Amber Bluesky (HK) Limited and Amber Jingxing (HK) Limited respectively. On 11 June 2009, one share was allotted and issued to Amber International to settle the consideration for the transfer of De-Neng Power Plant to Amber Deneng (HK) Limited.

Pursuant to a resolution passed by the then sole shareholder of the Company on 18 June 2009, the authorised share capital of the Company was increased from HKD380,000 divided into 3,800,000 ordinary shares to HKD100,000,000 divided into 1,000,000,000 ordinary shares.

(ii) Pursuant to a written resolution of the then sole shareholder of the Company passed on 18 June 2009, 299,999,996 shares of HKD0.10 each in the Company were issued at par value on 9 July 2009 to the Company's existing shareholder as at 18 June 2009 by way of capitalisation of HKD30,000,000 (equivalent to RMB26,446,000) from the share premium account.

(iii) On 10 July 2009, 100,000,000 ordinary shares of HKD0.10 each were issued at a price of HKD1.66 per share under the share offer. The proceeds of HKD10,000,000 (equivalent to RMB8,814,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of HKD156,000,000 (equivalent to RMB137,500,000), before the share issue expenses, were credited to the share premium account.

On 31 July 2009, the sole underwriter of the share offer exercised the over-allocation option for the issuance of 15,000,000 ordinary shares of HKD0.10 each at HKD1.66 per share. The proceeds of HKD1,500,000 (equivalent to RMB1,322,000) representing the par value, were credited to the Company's share capital. The remaining proceeds of HKD23,400,000 (equivalent to RMB20,629,000), before the share issue expenses, were credited to the share premium account.

15 Commitments

(i) Capital commitments in respect of purchase of property, plant and equipment outstanding at the year end but not provided for in the financial statements were as follows:

	2010	2009
	RMB'000	*RMB'000*
Authorised but not contracted for	**83,551**	91,199
Contracted for	**3,783**	—

(ii) Non-cancellable operating lease rentals were payable as follows:

	2010	2009
	RMB'000	*RMB'000*
Less than 1 year	**1,124**	647
Over 1 year but less than 5 years	**164**	448
	1,288	1,095

16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2010

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and Interpretations and one new standard which are not yet effective for the year ended 31 December 2010 and which have not been adopted in these financial statements. These include the following:

		Effective for accounting periods beginning on or after
Amendments to IAS 32	Financial instruments: Presentation — Classification of rights issues	1 February 2010
Amendments to IFRS 1	First-time adoption of International Financial Reporting Standards-Limited exemption from comparative IFRS 7 disclosures for first-time adopters	1 July 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	1 July 2010
Improvements to IFRSs 2010		1 July 2010 or 1 January 2011
Amendments to IFRIC 14, IAS 19	The limit on a defined benefit asset, minimum funding requirements and their interaction-Prepayments of a minimum funding requirement	1 January 2011
Revised IAS 24	Related party disclosures	1 January 2011
Amendments to IFRS 1	First-time adoption of International Financial Reporting Standards-Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011
Amendments to IFRS 7	Financial instruments: Disclosures — Transfer of financial assets	1 July 2011
Amendments to IAS 12	Income taxes — Deferred tax: Recovery of underlying of financial assets	1 January 2012
IFRS 9	Financial Instruments (2010) Basis for conclusions on IFRS 9 (2010) Implementation guidance on IFRS 9 (2010)	1 January 2013

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Installed Capacity

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 Amber Blue Sky Natural Gas Power Generation Co., Ltd (杭州琥珀藍天天然氣發電有限公司) (formerly known as 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**”). As at 31 December 2010, the aggregate installed capacity and attributable installed capacity of the power plants of the Group was approximately 299MW.

Production Volume

The production volume for the year ended 31 December 2010 was 1,021,772 Mwh, representing an increase of 50.28% as compared with last year (2009: 679,891 Mwh).

The supply of natural gas in Zhejiang has increased significantly since April 2010 when compared with that in November and December in 2009, and the first quarter of 2010. The Group also managed to obtain adequate natural gas for the rest of 2010. Having benefited from government policies encouraging the use of clean energy, power generation improved significantly. As a result, power generation in 2010 saw a remarkable growth.

Natural Gas Supply

The total natural gas supply for the year ended 31 December 2010 was 239.59 million m^3, representing an increase of 49.90% as compared with last year (2009: 159.83 million m^3).

Cost of Fuel

Natural gas is the only source of fuel for the Group’s power plants. The natural gas price is determined by the Price Bureau of Zhejiang Province. The price of natural gas (inclusive of VAT) has been increased by RMB0.14/m^3 from RMB1.94/m^3 to RMB2.08/m^3 since 20 February 2010, and has been further increased by RMB0.33/m^3 to RMB2.41/m^3 since 15 July 2010.

On-grid Tariff

On-grid tariff is determined by the Price Bureau of Zhejiang Province 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 (inclusive of VAT) has been increased by RMB0.035/kwh from RMB0.705/kwh to RMB0.74/kwh since 20 February 2010, which was in line with the increase of natural gas price. The on-grid tariff (inclusive of VAT) has been further increased by RMB0.06/kwh to RMB0.80/kwh since 15 July 2010.

The adjustment of on-grid tariff was reasonably determined in line with the increment of natural gas price in terms of scale and time. However, with effect from 15 July 2010, the natural gas price increased by RMB0.33/m^3, of which 30% of the increment was borne by natural gas power plants and the remaining 70% of the increment was covered by the increase of on-grid tariff. Therefore, the Group was unable to pass all increased cost onto our users. The Board of Directors had promptly made relevant announcements on 15 July 2010 and 20 July 2010.

Since the Group was unable to pass the entire increase in natural gas price to users, the percentage of fuel cost to turnover has increased. For the year ended 31 December 2010, the fuel cost accounted for 73.45% of the turnover, representing an increase of 5.14 percentage points.

Financial Review

The turnover of the Group for the year ended 31 December 2010 was approximately RMB654,315,000 (2009: RMB396,229,000), representing an increase of 65.14% as compared with last year.

The profit attributable to equity shareholders of the Company for the year ended 31 December 2010 was approximately RMB40,915,000 (2009: RMB21,567,000), representing an increase of 89.71% as compared with 2009. Earnings per share amounted to RMB0.10 (2009: RMB0.06). An announcement on positive profit alert was issued by the Board of Directors on 7 December 2010.

Turnover

Turnover of the Group for the year ended 31 December 2010 amounted to approximately RMB654,315,000, representing an increase of 65.14% as compared with RMB396,229,000 last year. The increase in turnover was primarily due to substantial increase in production volume as compared with last year.

Operating Costs

In 2010, the operating costs of the Group was approximately RMB572,483,000, representing an increase of approximately 68.56% as compared with RMB339,635,000 in 2009. The rise in operating costs was in line with the increase in turnover.

Fuel Consumption

The cost of fuel consumption remains the most significant portion of the Group's operating expenses and accounted for approximately 83.95% of the operating costs in 2010, which is slightly increased from last year. In 2010, the cost of fuel consumption of the Group was approximately RMB480,600,000, representing an increase of approximately 77.57% as compared with RMB270,652,000 in 2009. The increase in cost of fuel consumption was due to the increase in power generation and natural gas price.

Depreciation and Amortization

Depreciation and amortization consist of charges on depreciation of the property, plant and equipment and the amortization of the land use rights. Major generator equipment of the Group's power plants were depreciated at a rate with reference to the production hours operated. Depreciation and amortization for the year ended 31 December 2010 amounted to approximately RMB47,661,000 (2009: RMB37,558,000). The increase in depreciation and amortization during 2010 was primarily due to increased production hours operated by our major power generators.

Repairs and Maintenance

The repairs and maintenance costs for the year ended 31 December 2010 were approximately RMB2,261,000 (2009: RMB2,014,000).

Staff Costs

Staff costs mainly comprise of salaries paid to employees, contributions to pension funds, medical insurance, unemployment insurance and housing fund paid to relevant government authorities. The staff costs for the year ended 31 December 2010 amounted to approximately RMB21,658,000 (2009: RMB15,388,000), representing an increase of 40.75% as compared with 2009. The increase in staff costs was due to various reasons. Salaries of front line technicians and general staff were increased in the third quarter of 2009 to improve their relatively low level of salaries in general in the past, so as to maintain a strong workforce. The increase in salary had its full effect in 2010. More staff was employed to further expand the Group's talent reserve to satisfy the Group's needs after the listing of the Company on the Stock Exchange and new business projects. Increase in staff costs also reflects the payment of bonus to outstanding staff with reference to the Group's annual result and individual staff appraisal.

Administrative Expenses

Administrative expenses comprise mainly of professional service fees, utilities, insurance and testing fees. The administrative expenses for the year ended 31 December 2010 amounted to approximately RMB16,457,000 (2009: RMB11,787,000), representing a growth of 39.62% as compared with last year. The growth was mainly due to a substantial increase in professional service fees as compared with last year since the year of 2010 was the first complete financial year after the listing of the Company on the Stock Exchange.

Net Finance Costs

Net finance costs mainly comprise of the net balance of bank interest income and interest expense on bank and other borrowings. For the year ended 31 December 2010, net finance costs amounted to approximately RM40,130,000 (2009: RMB37,261,000), representing an increase of 7.70% as compared with last year. The increase in net finance costs was due to the increase in interest expenses on bank borrowings as the People's Bank of China raised the benchmark interest rates of loans denominated in Renminbi from financial institutions twice since October 2010.

Other Net Income

Other net income refers to the government grants from local government authorities which are offered as incentives for the Group's development in the clean energy power industry and our contributions to the local economy. For the year ended 31 December 2010, other net income of approximately RMB1,354,000 (2009: RMB2,234,000) was mainly comprised of local government grants received by power plants of the Group that were awarded with the "Excellence Contribution for Production in Development Area" (開發區產出貢獻優勝獎) prize and granted with the "Subsidy for Environmental Protection Campaign" (環保在綫監測運維補助) as the result of the Group's contribution to the local economy. Other net income decreased by 39.39% as compared with the corresponding period last year due to the fact that De-Neng Power Plant received the VAT subsidy of approximately RMB2,030,000 in 2009, which was the last year in which De-Neng Power Plant was entitled to the VAT subsidy. No such subsidy was granted to De-Neng Power Plant in 2010. Therefore, other net income decreased as compared with last year.

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 year ended 31 December 2010 because all our power plants were entitled to such corporate income tax credit granted by the State Tax 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, foreign investors are subject to an applicable withholding tax rate of 5% in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. The applicable tax rate of the Group is 5%. As at 31 December 2010, RMB2,141,000 of deferred tax liabilities were recognized.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31 December 2010, profit attributable to equity shareholders of the Company was approximately RMB40,915,000 (2009: RMB21,567,000), which is an increase of RMB19,348,000, representing an increase of approximately 89.71%, as compared with last year.

The significant increase in profit attributable to equity shareholders of the Company was mainly attributable to the significant growth of natural gas supply in Zhejiang from April 2010 as compared with November and December of 2009 and the first quarter of 2010. The Group also managed to obtain adequate natural gas for the rest of 2010. Having benefited from government policies encouraging the use of clean energy, power generation improved significantly as compared with 2009.

Natural gas price increased by RMB0.33/m^3 with effect from 15 July 2010; 30% of the increased cost was borne by natural gas power plants and the remaining 70% was covered by increasing the tariff by RMB0.06/kwh. Pursuant to Circular Guofa [2010] No.35 issued by the State Council of the PRC on 18 October 2010, foreign-investment enterprises were not entitled to waivers or reductions in construction tax and education surcharge with effect from 1 December 2010. The power plants of the Group were required to pay construction tax and education surcharge from 1 December 2010 at the rates of 5% or 7% and 3% of the VAT payable respectively. Although the two reasons above brought certain adverse effect to the operating results of the Group, the Group managed to increase power generation and achieved remarkable growth of net profit in 2010 as compared with 2009.

Liquidity and Financial Resources

Net cash generated from operating activities was RMB143,714,000 (2009: RMB110,054,000), representing an increase over last year. In general, the tariff revenue generated in the previous month is received in the current month and used for the settlement of fuel purchases of the current month. Net cash used in investing activities was RMB11,632,000 (2009: RMB102,303,000) which was mainly used for the payment of property, plant and equipment. Net cash used in financing activities was RMB142,519,000 (net cash generated in 2009: RMB139,460,000), which mainly consists of repayment of interest-bearing borrowings amounting to RMB357,300,000 and proceeds from a new interest-bearing borrowings of RMB264,000,000, and payment of dividends of RMB6,206,000.

As at 31 December 2010, the Group had a cash balance of RMB174,881,000 (31 December 2009: RMB185,318,000) of which approximately RMB87,334,000 (raised from the Company's listing, representing part of the proceeds), was designated for financing new investment projects, while the remaining balance of approximately RMB87,547,000 was available for working capital purpose. Cash was generally placed with bank as short-term deposit.

As at 31 December 2010, the Group had net current liabilities of approximately RMB67,778,000 (31 December 2009: RMB37,946,000). The net current liabilities increased mainly due to the increase in relatively low interest bills payable by the Group in 2010 to finance the purchases of natural gas.

The Group regularly monitors current and expected liquidity requirements and its compliance with lending covenants, to ensure that it fulfills 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 from major banks with which the Group maintains long term satisfactory cooperation relationships, the Directors are confident that the Group will be able to satisfy all conditions associated with the renewal of the short-term borrowing required by the banks. The Directors believe that the Group has sufficient working capital for future operations.

The Group monitors its capital structure on the basis of its 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 31 December 2010, the gearing ratio was 40.43%, representing a decrease of 7.27 percentage points (31 December 2009: 47.70%) over 2009.

Foreign Exchange

The Group has a Hong Kong dollar short term deposit placed in a licensed bank in Hong Kong. With the exchange rate fluctuation between the Hong Kong Dollar and Renminbi, such exchange movement may affect the financial position of the Group. Since the Group's operating expenses were mainly denominated in Renminbi and its turnover was also settled in Renminbi, the Group did not hedge the exchange risks through any forward contracts or other instruments.

Contingent Liabilities and Capital Commitments

As at 31 December 2010, the Group had authorized, but not contracted for, capital commitments relating to property, plant and equipment of approximately RMB83,551,000. During the period under review, the Group had not had any major contingent liabilities and off-balance-sheet commitments.

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

Use of Proceeds from the IPO

In July 2009, the Company issued 115,000,000 shares (including 15,000,000 shares issued upon the exercise of over-allocation option) under the IPO. The offer price was HK$1.66 per share and the net proceeds from the IPO were approximately HK$148,000,000 after deducting IPO expenses.

As at the date of this announcement, approximately HK$34,000,000 of the net proceeds was used in accordance with the manner as set out in the Prospectus for payment of the balance consideration for the acquisition of 47% minority interests in De-Neng Power Plant. According to the Prospectus and the announcement on the over-allocation of shares, approximately HK$105,100,000 was set aside for the development of the first phase of a new gas-fired cogeneration power plant in Anji county ("**Anji Power Plant**") in Zhejiang Province.

Although the approval process of Anji Project took longer than we expected due to certain factors which were beyond the control of the Group, after our efforts in communicating and negotiating with relevant government authorities, Anji Project was approved by the Zhejiang Provincial Development and Reform Commission on 27 December 2010, with an installed capacity of 38.5MW and a total investment of RMB303.79 million.

According to our plan, the construction of Anji Project is scheduled to commence in the second quarter of 2011, and its core equipment will be imported from a designated supplier in Japan, but no contract has been signed yet. As a huge earthquake hit Japan in early March 2011, the Group believes the timely supply of the core equipment from the said Japanese supplier will likely be affected. Currently, the Group is investigating the case. The Group anticipates that there will be a reasonable delay in the construction of Anji Project.

PROSPECTS

Looking forward, since climatic changes and development of low carbon economy will be under global spotlight, the clean energy industry will be one of the industries with the strongest development potential. Under the 12th Five Year Plan, the clean energy industry of China will be further developed to optimize the structure of the energy generation industry. The use of coal in power generation will be reduced while the use of natural gas and other reusable energy sources will be increased. As one of the clean energy providers in Zhejiang Province, our Group will benefit from the favourable policies promoting environmentally friendly energy of the PRC government.

According to the strategic planning of the energy industry of China, the percentage of use of natural gas to total energy consumption will increase from 4% at present to approximately 8% by the end of the 12th Five Year Plan period. The natural gas power plants play an essential role in energy saving, emission reduction and peak-load regulation of the power grid. The outlook of natural gas power generation is promising.

China's economy continues to develop steadily. According to the statistics released by the National Bureau of Statistics of China on 20 January 2011, the GDP of China for 2010 was RMB39,798.3 billion, representing an increase of 10.3% as compared with last year. According to the statistics released by China Electricity Council on 17 January 2011, the total power consumption of China in 2010 was 4,192.3 billion kwh, an increase of 14.56% as compared with last year. The growth rate was 8.12 percentage points higher than that of last year. It is expected that the demand for power will continue to grow in 2011. Like last year, our power plants have been granted the 3,500-hours power generation plan for 2011 by the relevant government authorities.

As a clean, efficient and high quality energy, natural gas is used worldwide. Natural gas is also important to the adjustment of overall energy structure, environmental protection and industrial development in Zhejiang Province. Therefore, natural gas is widely introduced in Zhejiang Province. It is expected that the supply of gas from Sichuan to Zhejiang will further increase to approximately 1.6–1.8 billion m^3 in 2011, representing an increase of 0.35–0.55 billion m^3 as compared to 1.25 billion m^3 in 2010. The supply of natural gas through West-East Gas Pipeline (Phase I) of PetroChina to Zhejiang will also increase slightly. The Company believes that the Group will benefit from the increase of supply of natural gas in Zhejiang in 2011.

In addition, the Group is well prepared to develop and invest in new projects in areas such as gas-fired power generation and cogeneration projects, and carry out investigation, research and development of clean energy projects other than natural gas. The Group will further increase its reserves in projects for current and long term development, and will expand its market share in the clean energy supply in the PRC.

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 upgrade 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.03 per share payable to shareholders of the Company whose names appear on the register of members on 3 June 2011. The proposed final dividend will be paid on or around 24 June 2011 following approval at the forthcoming annual general meeting.

MAJOR INVESTMENT, ACQUISTIONS AND DISPOSALS

As of the year ended 31 December 2010 and the date of this announcement, the Group did not have any major acquisitions and disposals. The Group is seeking investment opportunities in other clean energy projects to further expand its operation.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As of the year ended 31 December 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The annual general meeting will be held on 3 June 2011. A notice convening the annual general meeting will be published and despatched to the shareholders of the Company in late April 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 1 June 2011 to Friday, 3 June 2011 (both dates inclusive). In order to qualify for the proposed final dividend and the right to attend and vote at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Tuesday, 31 May 2011 at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2010, the Group had a total of 257 employees, excluding 18 temporary staff (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 who will make further contributions to the Group.

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 suspensions during the track record period.

ENVIRONMENT PROTECTION

Each of the Group's power plants has installed a monitoring system to monitor the emission volume of sulphur dioxide and nitrogen oxides on a real-time basis. The emission is inspected regularly to determine whether the relevant standard has been satisfied before discharge.

During the power generation process, conventional coal-fired power plant discharges waste water and emits air pollutants, such as sulphur dioxide, nitrogen oxides and fine particles. The Group's power plants are fuelled with natural gas which is a cleaner fossil fuel. Unlike conventional coal-fired power plants, the Group's power plants emit significantly less amount of nitrogen oxides and barely any sulphur dioxide and fine particles. For the same amount of heat generated, combusting natural gas releases less than 50% carbon dioxide as compared to combusting coal.

The Group believes that the environmental protection system and facilities in our power plants are in full compliance with the national and local regulations on environment protection.

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**") and the rules on the Corporate Governance Report (the "**CG Rules**") as set out respectively in Appendices 14 and 23 to the Listing Rules during the year ended 31 December 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company, that they complied with the required standard set out in the Model Code throughout the year ended 31 December 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, review of the Group's financial information and review of the relationship with the external auditor of the Company.

The Audit Committee has reviewed the Group's annual results for the year ended 31 December 2010.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL 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 annual report of the Company will be despatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in late April 2011.

By Order of the Board
Amber Energy Limited
Chai Wei
President

Hong Kong, 25 March 2011

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