AMBER

Amber Energy Limited

琥珀能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 90)

2011 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 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Turnover	4	**720,412**	654,315
Operating expenses			
Fuel consumption		**(547,576)**	(480,600)
Depreciation and amortisation		**(48,904)**	(47,661)
Repairs and maintenance		**(1,453)**	(2,261)
Personnel costs	5(ii)	**(21,195)**	(21,658)
Administrative expenses		**(15,236)**	(16,457)
Sales related taxes		**(5,233)**	(1,136)
Other operating expenses		**(3,264)**	(2,710)
Operating profit		**77,551**	81,832

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2011

	Note	**2011** **RMB'000**	2010 RMB'000
Finance income		**3,890**	2,519
Finance costs		**(44,886)**	(42,649)
Net finance costs	5(i)	**(40,996)**	(40,130)
Other net income		**1,367**	1,354
Profit before taxation	5	**37,922**	43,056
Tax expense	6	**(1,882)**	(2,141)
Profit attributable to equity shareholders of the Company for the year		**36,040**	40,915
Other comprehensive income for the year (after tax and reclassification adjustment):			
Exchange differences on translation of financial statement of overseas subsidiaries		**(2,234)**	(3,387)
Total comprehensive income attributable to equity shareholders of the Company for the year		**33,806**	37,528
Basic earnings per share (RMB)	8	**0.09**	0.10
Diluted earnings per share (RMB)	8	**0.09**	0.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**808,977**	803,645
Lease prepayments		**27,670**	28,483
		836,647	832,128
Current assets			
Inventories		**7,812**	8,978
Trade and other receivables	*9*	**84,650**	73,073
Tax recoverable		**7,643**	3,375
Pledged deposits		**47,084**	132,513
Cash and cash equivalents		**168,709**	174,881
		315,898	392,820
Current liabilities			
Interest-bearing borrowings	*10*	**244,000**	239,000
Trade and other payables	*12*	**43,816**	221,598
		287,816	460,598
Net current assets/(liabilities)		**28,082**	(67,778)
Total assets less current liabilities		**864,729**	764,350
Non-current liabilities			
Interest-bearing borrowings	*10*	**239,000**	247,700
Convertible bonds	*11*	**71,818**	—
Long-term payables	*13*	**18,503**	22,298
Deferred tax liabilities	*6(i)(c)*	**4,023**	2,141
		333,344	272,139
Net assets		**531,385**	492,211
Capital and reserves			
Share capital	*14*	**36,582**	36,582
Reserves		**494,803**	455,629
Total equity attributable to equity shareholders of the Company		**531,385**	492,211

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting entity and background information

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. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 July 2009 (the "**Listing**").

The consolidated financial statements for the year ended 31 December 2011 of the Company comprise the Company and its subsidiaries. The principal activities of the Group are the development, operation and management of power plants.

2 Significant accounting policies

These financial statements of the Group 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. A summary of the significant accounting policies adopted by the Group is set out below.

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 periods reflected in these financial statements.

3 Changes in accounting policies

The IASB has issued 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:

- IAS 24 (revised 2009), Related party disclosures
- Consequential amendment to IFRS 8, Operating segments
- Improvements to IFRSs (2010)
- IFRIC 19, Extinguishing financial liabilities with equity instruments

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

The consequential amendment to IFRS 8 has had no material impact on the Group's financial statements as they were consistent with policies already adopted by the Group. IFRIC 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of these developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, Financial instruments: Disclosures. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the Group's financial statements in the current and previous periods.

4 Turnover and segment reporting

(a) 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.

4 Turnover and segment reporting (continued)

(b) Segment reporting

The most senior executive management have identified four operating segments, which are the four power plants, namely:

- Amber (Anji) Gas Turbine Thermal Power Co., Ltd. ("**Anji Power Plant**");
- Zhejiang Amber De-Neng Natural Gas Power Generation Co., Ltd, originally named 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. ("**Blue Sky Power Plant**").

The most senior executive management are of the view that these four 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.

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

Turnover	**2011** ***RMB'000***	2010 *RMB'000*
Reportable segment turnover	**720,412**	654,315
Consolidated turnover	**720,412**	654,315

Profit	**2011** ***RMB'000***	2010 *RMB'000*
Reportable segment profit	**47,617**	54,250
Unallocated corporate expenses	**(9,695)**	(11,194)
Consolidated profit before taxation	**37,922**	43,056

Assets	**2011** ***RMB'000***	2010 RMB'000
Reportable segment assets	**1,076,376**	1,120,702
Other corporate assets	**76,169**	104,246
Consolidated total assets	**1,152,545**	1,224,948

Liabilities	**2011** ***RMB'000***	2010 *RMB'000*
Reportable segment liabilities	**536,371**	726,204
Corporate expense payables	**84,789**	6,533
Consolidated total liabilities	**621,160**	732,737

5 Profit before taxation

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

(i) Net finance costs

	2011	2010
	RMB'000	*RMB'000*
Interest income	**(3,774)**	(2,519)
Net foreign exchange gain	**(116)**	—
Financial income	**(3,890)**	(2,519)
Interest expenses	**44,436**	41,723
Net foreign exchange loss	**—**	247
Bank charges	**450**	679
Financial cost	**44,886**	42,649
Net finance costs	**40,996**	40,130

(ii) Personnel costs

	2011	2010
	RMB'000	*RMB'000*
Wages, salaries and other benefits	**20,052**	20,684
Contribution to defined contribution plan	**1,143**	974
	21,195	21,658

The Group participates in pension funds organised by the PRC government. According to the respective pension fund regulations, the Group is required to pay annual contributions. The Group remits all the pension fund contributions to the respective social security offices, which are responsible for the payments and liabilities relating to the pension funds. The Group has no obligation for payment of retirement and other post-retirement benefits of employees other than the contributions described above.

The Group also operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance for all of its employees employed by the Company in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(iii) Other items

	2011	2010
	RMB'000	*RMB'000*
Operating lease charges	**1,249**	1,277
Gain on disposal of plant, property and equipment	**(2)**	(294)
Amortisation	**813**	825
Depreciation	**48,091**	46,836
Auditor's remuneration — audit services	**1,113**	1,183

6 Taxes

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

	2011	2010
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**8,454**	5,150
Income tax credit	**(8,454)**	(5,150)
Deferred tax		
Origination of temporary differences		
— Dividend withholding tax	**1,882**	2,141
Total income tax expense in the consolidated statement of comprehensive income	**1,882**	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 2011 (2010: Nil).

(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.

According to the Corporate Income Tax Law of the People's Republic of China ("**New Tax Law**") which took effect on 1 January 2008, the applicable tax rates of the Group's subsidiaries in the PRC have been unified at 25%. Pursuant to the transitional arrangements under the New Tax Law, the Group's subsidiaries in the PRC will continue to enjoy the tax holiday previously granted prior to the enactment of the New Tax Law, i.e. tax exemption for two years followed by 50% reduction in the applicable income tax rate for three years. Thereafter, these subsidiaries 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 RMB1,882,000 have been recognised for the profits earned by the Group's PRC subsidiaries for the year ended 31 December 2011 (2010: RMB2,141,000).

(d) Pursuant to the relevant PRC tax law and regulations, the Group was granted an income tax credit of RMB8,454,000 for purchases of domestic equipment for production (2010: RMB5,150,000).

6 Taxes (continued)

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

	2011	2010
	RMB'000	*RMB'000*
Profit before taxation	**37,922**	43,056
Notional tax on profit before taxation, calculated at 25%	**9,481**	10,764
Effect of different tax rates applicable to subsidiaries	**(1,726)**	(6,555)
Tax effect of non-deductible expenses	**699**	941
Income tax credit	**(8,454)**	(5,150)
Withholding tax on profits retained by PRC subsidiaries	**1,882**	2,141
Actual tax expense	**1,882**	2,141

7 Dividends

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

	2011	2010
	RMB'000	*RMB'000*
Interim dividend declared and paid during the year of HKD0.03 per share (2010: Nil)	**10,223**	—
Final dividend proposed after the reporting date of HKD0.025 per share (2010: HKD0.03 per share)	**8,403**	10,474

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

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

	2011	2010
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year, approved and paid during the year of HKD0.03 per share (2010: HKD0.017 per share)	**10,474**	6,206

8 Basic and diluted earnings per share

(a) *Basic earnings per share*

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB36,040,000 (2010: RMB40,915,000) and the weighted average of 415,000,000 ordinary shares (2010: 415,000,000) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2011 Number of shares	2010 Number of shares
Issued ordinary shares at 1 January (note 14(i))	**415,000,000**	415,000,000
Weighted average number of ordinary shares at 31 December	**415,000,000**	415,000,000

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB36,040,000 (2010: RMB40,915,000) and the weighted average number of ordinary shares of 418,945,205 shares (2010: 415,000,000), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

The interest expenses on the liability component of convertible bonds (see note 11) have been capitalised during the year. Therefore, there is no effect on the profit attributable to the equity shareholders of the Company.

(ii) Weighted average number of ordinary shares (diluted)

	2011 Number of shares	2010 Number of shares
Weighted average number of ordinary shares at 31 December	**415,000,000**	415,000,000
Effect of conversion of convertible bonds	**3,945,205**	—
Weighted average number of ordinary shares (diluted) at 31 December	**418,945,205**	415,000,000

9 Trade and other receivables

	2011 ***RMB'000***	2010 *RMB'000*
Trade receivables	**27,986**	61,418
Prepayments	**47,073**	5,949
Other receivables	**9,591**	5,706
	84,650	73,073

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.

9 Trade and other receivables (continued)

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

	2011	2010
	RMB'000	*RMB'000*
Not past due	**27,986**	61,418

10 Interest-bearing borrowings

	2011	2010
	RMB'000	*RMB'000*
Current		
Secured bank loans	**29,000**	14,000
Unsecured bank loans	**160,000**	180,000
Current portion of non-current secured bank loans	**55,000**	25,060
Current portion of non-current unsecured bank loans	**—**	19,940
	244,000	239,000
Non-current		
Secured bank loans	**139,000**	212,200
Unsecured bank loans	**100,000**	35,500
	239,000	247,700
	483,000	486,700

(i) The secured bank loans as at 31 December 2011 carried interest at rates ranging from 6.56% to 8.52% (2010: 5.10% to 5.94%) per annum and were secured by the following assets:

	2011	2010
	RMB'000	*RMB'000*
Carrying amounts of assets:		
Property, plant and equipment	**633,559**	671,647
Lease prepayments	**27,670**	28,483
Pledged deposits	**30,000**	15,000

(ii) Unsecured bank loans as at 31 December 2011 carried interest at rates ranging from 6.10% to 7.54% (2010: 4.86% to 6.39%) per annum.

10 Interest-bearing borrowings (continued)

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

	2011	2010
	RMB'000	*RMB'000*
Within 1 year	**55,000**	45,000
Over 1 year but less than 2 years	**45,000**	172,700
Over 2 years but less than 5 years	**194,000**	75,000
	239,000	247,700
	294,000	292,700

11 Convertible bonds

On 29 November 2011, the Company issued convertible bonds (the "**Convertible Bonds**") in the aggregate principal amount of HKD124,800,000. The subscriber of the Convertible Bonds is Amber International Investment Co., Ltd. ("**Amber International**"), the immediate holding company of the Company. The principal terms of the Convertible Bonds are as follows:

(a) Optional conversion

The holder of Convertible Bonds ("**Bondholder**") may convert the Convertible Bonds in integral multiples of HKD3,900,000 into fully paid ordinary shares of the Company with a par value of HKD0.10 each at an initial conversion price ("**Conversion Price**") of HKD1.30 per share at any time from 29 November 2011 (the "**Issue Date**") up to (and including) 28 November 2016 (the "**Maturity Date**"). The Conversion Price is subject to adjustments in the manner set out in the Convertible Bonds agreement as a result of dilutive events. The maximum number of ordinary shares that may be converted is limited to the extent that following such conversion, the shares held by public should not be less than 25% of the then issued share capital of the Company.

(b) Redemption

Unless previously converted, purchased or cancelled, the Company shall redeem the Convertible Bonds at the principal amount and pay all the outstanding interest on Maturity Date.

As the functional currency of the Company is the Hong Kong Dollar ("**HKD**"), the conversion of the Convertible Bonds will be settled by exchange of a fixed amount of cash in HKD with a fixed number of the Company's equity instruments. In accordance with the requirements of IAS 39 Financial Instruments — Recognition and Measurement, the Convertible Bonds agreement needs to be separated into a liability component consisting of the straight debt element and redemption elements of the bonds, and an equity component representing the options of the Bondholder to convert the bonds into equity. The proceeds received from the issue of the Convertible Bonds have been split as follows:

(i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion features.

The interest capitalised for the period from the Issue Date up to 31 December 2011 is calculated by applying an effective interest rate of 9.72% to the liability component since the Convertible Bonds were issued.

11 Convertible bonds (continued)

The fair value of the liability component of the Convertible Bonds was calculated using the discounted cash flow model. The major inputs used in the model as at the Issue Date were as follows:

	Liability component of the Convertible Bonds
Stock price	HKD0.90
Expected dividend yield	4.4%
Risk-free rate for equity	0.79%
Expected life	5 years
Volatility	59%

The Company's stock price was HKD0.90 as at 29 November 2011. The risk-free rate was determined with reference to Hong Kong Exchange Fund Notes sourced from Hong Kong Monetary Authority. The expected life was the remaining life of the Convertible Bonds. The volatility was determined based on the historical share price volatility of the Company.

Any changes in the major inputs used in the model will result in changes in the fair value of the liability component. The variables and assumptions used in calculating the fair value of the liability component are based on the directors' best estimates.

(ii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component from the proceeds of issue of the Convertible Bonds as a whole.

The movement of the liability component and the equity component of the Convertible Bonds since the Issue Date up to 31 December 2011 is set out below:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
As at 29 November 2011	74,720	27,080	101,800
Transaction costs on issue of the Convertible Bonds	(2,802)	(1,015)	(3,817)
Interest capitalised during the period from 29 November 2011 to 31 December 2011	527	—	527
Foreign currency translation difference	(627)	—	(627)
As at 31 December 2011	71,818	26,065	97,883

No conversion, redemption, purchase or cancellation of the Convertible bonds has taken place up to 31 December 2011.

12 Trade and other payables

	2011	2010
	RMB'000	*RMB'000*
Trade and bill payables	**20,906**	202,247
Other payables and accrued expenses (see note 13)	**22,910**	19,351
	43,816	221,598

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

	2011	2010
	RMB'000	*RMB'000*
Within 3 months	**12,628**	64,296
Over 3 months but less than 6 months	**8,278**	137,951
	20,906	202,247

13 Long-term payables

	2011	2010
	RMB'000	*RMB'000*
Payable for purchase of property, plant and equipment	**18,503**	22,298

The balance represents 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 RMB7,131,000 (2010: RMB7,551,000) has been included in other payables and accrued expenses (see note 12).

14 Share Capital

		2011		2010	
		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**	415,000,000	36,582
At 31 December		**415,000,000**	**36,582**	415,000,000	36,582

14 Share Capital (continued)

(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 and Amber Jingxing 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.

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 consolidated financial statements were as follows:

	2011	2010
	RMB'000	*RMB'000*
Authorised but not contracted for	**487,238**	83,551
Contracted for	**389,930**	3,783
	877,168	87,334

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

	2011	2010
	RMB'000	*RMB'000*
Less than 1 year	**690**	1,124
Over 1 year but less than 5 years	**700**	164
	1,390	1,288

16 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2011

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

		Effective for accounting periods beginning on or after
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 assets	1 January 2012
Amendments to IAS 1	Presentation of financial statements — Presentation of items of other comprehensive income	1 July 2012
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of interest in other entities	1 January 2013
IFRS 13	Fair value measurement	1 January 2013
IAS 27	Separated financial statements (2011)	1 January 2013
IAS 28	Investments in associates and joint ventures (2011)	1 January 2013
Revised IAS 19	Employee benefits	1 January 2013
Amendments to IFRS 7	Financial instruments: Disclosures — Mandatory	1 January 2015
IFRS 9	Financial instruments	1 January 2015
Amendments to IFRS 9	Financial instruments	1 January 2015

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 Amber De-Neng Natural Gas Power Generation Co., Ltd.* (浙江琥珀德能天然氣發電有限公司)(formerly known as 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) ("**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 2011, the aggregate installed capacity and attributable installed capacity of the above power plants was approximately 299MW.

Development of Gas Turbine Thermal Power Project

Amber (Anji) Gas Turbine Thermal Power Co., Ltd., a wholly-owned subsidiary of the Company, was incorporated on 25 February 2011 in Anji in Zhejiang Province for the development of the first phase of Anji power project ("**Anji Project**"), a new project of gas turbine thermal power cogeneration. The installed capacity of the first phase of Anji Project was planned to be 38.5MW and the total investment amounted to approximately RMB303,790,000. The construction of foundation commenced in the end of December 2011.

In addition, the Company has started the preparation work for the development of a new Anji power project, including project design and application for governmental approvals. The planned installed capacity of the new Anji power project is approximately 115MW.

Production Volume

The production volume for the year ended 31 December 2011 was 1,087,889Mwh, representing an increase of 6.47% as compared with last year (2010: 1,021,772Mwh).

In 2011, Zhejiang Province was experiencing power shortages, with sufficient gas supply due to the increase of aggregate amount of natural gas. The Group, as a clean energy plant for peak-loading, benefited from the government policies which encouraged the use of clean energy. As a result, our power production volume increased in 2011.

The three power plants operated by the Group are peak-loading plants and they were granted a 3,500-hours power generation plan by the relevant government authorities in 2011. For the year ended 31 December 2011, the average utilization hours were 3,638 hours, representing an increase of 6.47% as compared with last year (2010: 3,417 hours).

Natural Gas Supply

In 2011, as the natural gas supply in Zhejiang Province was comparatively sufficient, the Group had sufficient natural gas supply to meet its production needs. The total natural gas supply for the year ended 31 December 2011 was 256.75 million m^3, representing an increase of 7.16% as compared with last year (2010: 239.59 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) increased by RMB0.33/m^3 to RMB2.41/m^3 since 15 July 2010, 30% of which was borne by the natural gas-fired power plant and the remaining 70% was covered by raising on-grid tariff, and it remained stable up to date.

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 2011, the fuel cost accounted for 76.00% of the turnover, representing an increase of 2.55 percentage points as compared with last year.

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 RMB0.06/kwh from RMB0.74/kwh to RMB0.80/kwh since 15 July 2010 and remained at the same level thereafter.

Financial Review

The turnover of the Group for the year ended 31 December 2011 was approximately RMB720,412,000 (2010: RMB654,315,000), representing an increase of 10.10% as compared with last year.

The profit attributable to equity shareholders of the Company for the year ended 31 December 2011 was approximately RMB36,040,000 (2010: RMB40,915,000), representing a decrease of 11.91% as compared with 2010. Earnings per share amounted to RMB0.09 for the year ended 31 December 2011 (2010: RMB0.10).

Turnover

Turnover of the Group for the year ended 31 December 2011 amounted to approximately RMB720,412,000, representing an increase of 10.10% as compared with RMB654,315,000 for the last year. The increase in turnover was primarily due to the increase of production volume as compared with last year.

Operating Costs

In 2011, the operating costs of the Group were RMB642,861,000, representing an increase of 12.29% as compared with RMB572,483,000 for 2010. The increase in operating costs was in line with the increase in turnover but at a higher rate, which was mainly because the increase in natural gas price since 15 July 2010 was unable to be passed to customers fully through raising tariff, and the increase in sales related taxes including the construction tax and education surcharges applicable to the subsidiaries of the Group.

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 2011, net finance costs amounted to approximately RMB40,996,000 (2010: RMB40,130,000), representing an increase of 2.16% as compared with last year. The slight 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 three times since 2011.

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 2011, other net income of approximately RMB1,367,000 (2010: RMB1,354,000) was mainly comprised of local government grants received by power plants of the Group that were awarded as the result of the Group's contribution to the local economy.

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 2011 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.

As the above-mentioned income tax exemption and half reduction policy expired on 31 December 2011 and the tax exemption for De-Neng Power Plant and Blue Sky Power Plant expired on 31 December 2011, and the tax exemption for Jing-Xing Power Plant will be expired on 31 December 2012, the PRC enterprise income tax for plants operated by the Group, except for Jing-Xing Power Plant which continues to enjoy certain tax exemption treatment, have been provided and would be paid at a rate of 25% since 1 January 2012, which would have resulted in adverse effects on the operating results of the Group.

Pursuant to the 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. The applicable tax rate of the Group is 5%. As at 31 December 2011, deferred tax liabilities of RMB1,882,000 was recognized.

Profit Attributable to Equity Shareholders of the Company

For the year ended 31 December 2011, profit attributable to equity shareholders of the Company was approximately RMB36,040,000 (2010: RMB40,915,000), representing a decrease of RMB4,875,000, or approximately 11.91%, as compared with last year.

The decrease in profit attributable to equity shareholders of the Company was mainly attributable to:

Natural gas price increased by RMB0.33/m^3 with effect from 15 July 2010. Of which, 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 paid respectively.

Nevertheless, the Group grasped the opportunity arising from the power shortage in Zhejiang and the production volume of power exceeded the planned utilization hours so as to minimize the adverse effect caused by the two unfavorable factors mentioned above.

Liquidity and Financial Resources

Net cash used in operating activities was RMB74,303,000 (Net cash generated in 2010: RMB143,714,000). The significant decrease in the net cash generated from operating activities over last year was mainly due to the fact that the promissory notes issued in previous year for the payment of fuel costs, which were with lower costs, were due in the year. As the discount rates of promissory notes increased significantly in the year, the Group reduced the use of promissory notes with higher discount rates but settled fuel costs by cash instead so as to reduce financial costs, which resulted in the decrease in bill payables of RMB180,415,000. In addition, secured deposits related to promissory notes of RMB85,429,000 were released. Age of the Group's receivables is one month and 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. Credit record of our customers was satisfactory and there has been no risks of default. Net cash used in investing activities was RMB93,846,000 (2010: RMB11,632,000) which was mainly used for the payment of property, plant and equipment. The purchasing costs of major equipments for Anji projects were RMB77,055,000. Net cash generated from financing activities was RMB161,977,000 (net cash used in 2010: RMB142,519,000), which was primarily due to the issuance of convertible bonds of approximately RMB100,945,000 by the Company during the year, release of secured deposits of RMB85,429,000 upon the payment of the bill payables when due and the dividend payment of RMB20,697,000 to shareholders.

As at 31 December 2011, the Group had a cash balance of RMB168,709,000 (31 December 2010: RMB174,881,000). Of which approximately RMB100,945,000 (representing proceeds raised from the issuance of convertible bonds in November 2011) was designated for financing the new Anji thermal power project, while the remaining balance of approximately RMB67,764,000 was available for working capital purpose. Cash was generally placed with banks as short-term deposit.

As at 31 December 2011, the Group had net current assets of approximately RMB28,082,000 (31 December 2010: net current liabilities of RMB67,778,000). The net current liabilities have turned into net current assets. Such improvement was primarily because the Group issued five-year convertible bonds in 2011 which amounted to HK$124,800,000 (equivalent to approximately RMB100,945,000) and the Group's Blue Sky Power Plant obtained middle to long term bank borrowings of RMB174,000,000.

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 2011, the gearing ratio was 43.23%, representing an increase of 2.8 percentage points (31 December 2010: 40.43%) over 2010, which was mainly due to the issuance of convertible bonds of approximately RMB100,945,000 by the Group in the year.

Foreign Exchange

The Group has placed Hong Kong dollar short term deposits with licensed banks 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 2011, the Group had authorized, but not contracted for, capital commitments relating to property, plant and equipment of approximately RMB487,238,000. During the year, 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 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) under the 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 the Initial Public Offering expenses.

As at the date of this announcement, approximately RMB30,000,000 of the net proceeds was used in accordance with the manner as set out in the prospectus dated 29 June 2009 ("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 RMB92,540,000 was set aside for the development of the first phase of Anji Project in Zhejiang Province.

Amber (Anji) Gas Turbine Thermal Power Co., Ltd. was incorporated on 25 February 2011 under the first phase of Anji Project, with a registered capital of approximately RMB105,211,000 (equivalent to USD16,000,000).

The Group injected its initial investment of RMB66,974,400 (equivalent to USD10,286,700) to Amber (Anji) Gas Turbine Thermal Power Co., Ltd. on 17 May 2011, accounting for 64.29% of its registered capital, and made another investment of approximately RMB36,189,425 (equivalent to USD5,713,300) to Amber (Anji) Gas Turbine Thermal Power Co., Ltd. on 7 December 2011, representing 35.71% of its registered capital.

As at 31 December 2011, the registered capital of USD16,000,000 of Amber (Anji) Gas Turbine Thermal Power Co., Ltd. was fully paid up. The net proceeds from Initial Public Offering were fully utilized in accordance with the manner as set out in the Prospectus and the announcement on the over-allocation of shares.

Issue of Convertible Bonds

On 18 October 2011, the Company entered into a subscription agreement with Amber International Investment Co., Ltd. ("**Amber International**") pursuant to which the Company has conditionally agreed to issue, and Amber International has conditionally agreed to subscribe for, the convertible bond ("**Convertible Bonds**") in the principal amount of HK$124,800,000 due five years from the date of issue convertible into shares of the Company at the initial conversion price of HK$1.3 per share (subject to adjustments), subject to the terms and conditions thereof. Completion of the Convertible Bonds issue took place on 29 November 2011. The net proceeds from the issue of Convertible Bonds of approximately HK$120,090,000 is intended to be used for funding of a new gas-fired power cogeneration project located in Anji County, Zhejiang Province, PRC.

PROSPECTS

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 favorable policies promoting environmentally friendly energy of the PRC government.

The Board is of the view that the Chinese Government will advocate energy conservation and emission reduction and promote the development of a low-carbon economy. As the proportion of renewable energy to total energy consumption in China is low and natural gas is a fossil fuel and important transition fuel which is in compliance with the environment protection standards, it is expected that the Chinese Government will put more efforts in developing renewable energy and increase the proportion of natural gas to the primary energy. The proportion of natural gas to the primary energy will be increased from 4.3% in 2010 to 8.3% at the end of 2015. Natural gas is expected to be one of the major clean energies used in China in the first half of the 21st century.

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. As the total supply of natural gas home and abroad keeps increasing and the supply of natural gas in China is expected to increase significantly to sufficient level during the period of the 12th Five Year Plan, we believe that the supply of gas to Zhejiang as well as the Group will further increase. The supply of natural gas through West-East Gas Pipeline (Phase I) of PetroChina to Zhejiang will also increase along with the increase of gas supply from Sichuan to Zhejiang. West-East Gas Pipeline (Phase II) of PetroChina is expected to cover Zhejiang in 2012.

The directors believe that, despite the various challenges, the PRC economy will maintain steady growth and development, and the power demand will continue to increase. Zhejiang Provincial Government also expects that the demand of electricity in Zhejiang Province will increase significantly during the period of the 12th Five Year Plan. Accordingly, Zhejiang Provincial Government will provide support to the construction of a series of natural gas-fired cogeneration projects, which are planned to commence production in 2012 and 2013, so as to solve the shortage supply of electricity. This will be a great opportunity for the Group to develop a new natural gas-fired cogeneration project in Zhejiang Province.

Grasping this opportunity, the Group continues to develop new natural gas-fired cogeneration projects. Upon the operation of phase one of Anji Project which is under construction and the new Anji power project which is under preparation, there will be an additional of approximately 154MW of installed capacity, increasing the Group's installed capacity by approximately 51.50%. Sources of operating income of the Group will further expanded.

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.

The management team is in the opinion that the Company faces significant developing opportunities with challenges. The preferential tax treatments for the subsidiaries of the Group will expire from 2012, which may have adverse effects on the annual operating results of the Group in 2012. However, 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$0.025 per share payable to shareholders of the Company whose names appear on the register of members on 8 June 2012. The proposed final dividend will be paid on or around 22 June 2012 following approval at the forthcoming annual general meeting.

MAJOR INVESTMENT, ACQUISITIONS AND DISPOSALS

Except for the transactions for the purchase of gas turbines as disclosed in the announcements dated 25 May 2011 and 21 December 2011, during the year ended 31 December 2011 and up to the date of this announcement, the Group did not have any major acquisitions or disposals.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares.

ANNUAL GENERAL MEETING

The Annual General Meeting will be convened on 1 June 2012. Notice of the Annual General Meeting will be published and sent to shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from Wednesday, 30 May 2012 to Friday, 1 June 2012 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the forthcoming annual general meeting of the Company. In order to be eligible 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, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 29 May 2012; and

(ii) from Thursday, 7 June 2012 to Friday, 8 June 2012 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, 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, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 6 June 2012.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group had a total of 284 employees, excluding 35 temporary staff (31 December 2010: 257 employees, excluding 18 temporary staff). 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 contributions 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 year.

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 applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2011.

SECURITIES TRANSACTIONS BY DIRECTORS

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.

After making specific enquiry by the Company, all the Directors confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31 December 2011.

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 annual results for the year ended 31 December 2011.

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 annual report will be dispatched to the shareholders at the end of April 2012 and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
Amber Energy Limited
Chai Wei
President

Hong Kong, 23 March 2012

As at the date of this announcement, the executive director of the Company is Mr. Chai 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.*