AMBER

Amber Energy Limited
琥珀能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 90)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "Board") of Amber Energy Limited (the "Company") is pleased to announce the unaudited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2012 as follows:

Consolidated statement of comprehensive income

For the six months ended 30 June 2012 (unaudited)

		Six months ended 30 June	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Turnover	*4*	**267,483**	402,863
Operating expenses			
Fuel consumption		**(200,371)**	(306,852)
Depreciation and amortisation		**(20,015)**	(26,526)
Repairs and maintenance		**(1,119)**	(543)
Personnel costs		**(10,082)**	(10,216)
Administrative expenses		**(8,669)**	(8,726)
Sales related taxes		**(2,080)**	(3,034)
Other operating expenses		**(1,214)**	(1,151)
Operating profit		**23,933**	45,815
Finance income		**889**	2,199
Finance expenses		**(19,898)**	(23,848)
Net finance costs	*5(i)*	**(19,009)**	(21,649)
Other net income		**560**	527
Profit before income tax	*5*	**5,484**	24,693
Income tax	*6*	**(1,200)**	(1,312)
Profit for the period		**4,284**	23,381
Other comprehensive income for the period (after tax and reclassification adjustment):			
Foreign currency translation differences for foreign operations		**(370)**	(1,747)
Total comprehensive income attributable to equity shareholders of the Company for the period		**3,914**	21,634
Basic earnings per share (RMB)	*7(a)*	**0.01**	0.06
Diluted earnings per share (RMB)	*7(b)*	**0.01**	0.06

Consolidated statement of financial position

At 30 June 2012 (unaudited)

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current assets			
Property, plant and equipment	8	**939,592**	808,977
Lease prepayments		**27,262**	27,670
Deferred tax assets		**1,833**	—
		968,687	836,647
Current assets			
Inventories		**7,867**	7,812
Trade and other receivables	9	**121,399**	84,650
Tax recoverable		**6,018**	7,643
Pledged deposits	10	**38,941**	47,084
Cash and cash equivalents		**72,957**	168,709
		247,182	315,898
Current liabilities			
Interest-bearing borrowings	11	**286,200**	244,000
Trade and other payables	12	**77,870**	43,816
		364,070	287,816
Net current (liabilities)/assets		**(116,888)**	28,082
Total assets less current liabilities		**851,799**	864,729
Non-current liabilities			
Interest-bearing borrowings	11	**230,000**	239,000
Convertible bonds	13	**74,773**	71,818
Long-term payables		**16,436**	18,503
Deferred tax liabilities		**3,694**	4,023
		324,903	333,344
Net assets		**526,896**	531,385
Capital and reserves			
Share capital		**36,582**	36,582
Reserves		**490,314**	494,803
Total equity attributable to equity shareholders of the Company		**526,896**	531,385
Total equity		**526,896**	531,385

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 General information

Amber Energy Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 8 September 2008 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The interim financial report of the Company for the six months ended 30 June 2012 comprises the Company and its subsidiaries (collectively referred to as the "Group").

2 Basis of preparation

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2011 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The financial information relating to the financial year ended 31 December 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2012.

3 Changes in accounting policies

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. These include the amendments to IFRS 7, Financial instruments: disclosures. The amendments to IFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

None of the other developments are relevant to the Group's financial statements and the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

(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. ("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, convertible bonds, and bank borrowings managed directly by the power segment, with the exception of corporate expense payables.

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

Turnover

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Reportable segment turnover	**267,483**	402,863
Consolidated turnover	**267,483**	402,863

Profit

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Reportable segment profit	**8,369**	27,527
Unallocated corporate expenses	**(2,885)**	(2,834)
Consolidated profit before income tax	**5,484**	24,693

4 Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

Assets

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Reportable segment assets	**1,211,586**	1,076,376
Other corporate assets	**4,283**	76,169
Consolidated total assets	**1,215,869**	1,152,545

Liabilities

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Reportable segment liabilities	**674,354**	536,371
Corporate expense payables	**14,619**	84,789
Consolidated total liabilities	**688,973**	621,160

5 Profit before income tax

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

(i) Net finance costs

	Six months ended 30 June	
	2012 *RMB'000*	2011 *RMB'000*
Interest expenses	**19,847**	23,591
Foreign exchange loss	**16**	—
Bank charges	**35**	257
Financial expenses	**19,898**	23,848
Foreign exchange gain	**—**	(69)
Interest income	**(889)**	(2,130)
Financial income	**(889)**	(2,199)
Net finance costs	**19,009**	21,649

5 Profit before income tax (continued)

(ii) Other items

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Depreciation	**19,607**	26,119
Amortisation	**408**	407
Government grants	**(560)**	(527)

6 Income tax

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**3,430**	5,283
Income tax credits	**(751)**	(5,283)
Deferred tax		
Origination and reversal of temporary differences	**(1,479)**	1,312
Total income tax expense in the consolidated statement of comprehensive income	**1,200**	1,312

(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 six months ended 30 June 2012 (six months ended 30 June 2011: 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 Group's subsidiaries in the PRC are subject to a unified tax rate of 25%.

Pursuant to the New Tax Law, 10% withholding tax is levied on the foreign investor (5% for foreign investors who are registered in Hong Kong provided they meet certain criteria) in respect of dividend distributions arising from a foreign investment enterprise's profits earned after 1 January 2008. Deferred tax liabilities have been recognised for the retained profits of the Group's PRC subsidiaries as at 30 June 2012 to the extent that these earnings would be distributed in the foreseeable future.

(d) Pursuant to the relevant PRC tax law and regulations, the Group was granted an income tax credits of RMB751,000 for the period for purchases of domestic equipment for production (six months ended 30 June 2011: RMB5,283,000).

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB4,284,000 (six months ended 30 June 2011: RMB23,381,000) and the weighted average of 415,000,000 ordinary shares (six months ended 30 June 2011: 415,000,000) in issue during the period.

(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 RMB4,284,000 (six months ended 30 June 2011: RMB23,381,000) and the weighted average number of ordinary shares (diluted) of 460,000,000 (six months ended 30 June 2011: 415,000,000).

8 Property, plant and equipment

During the six months ended 30 June 2012, the Group acquired items of equipment with costs of RMB150,246,000 in total (six months ended 30 June 2011: RMB6,506,000). Items of motor vehicles and equipment with carrying amount of RMB24,000 were disposed of during the six months ended 30 June 2012 (six months ended 30 June 2011: Nil), resulting in a gain on disposal of RMB40,000 (six months ended 30 June 2011: Nil).

9 Trade and other receivables

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Trade receivables	**60,414**	27,986
Prepayments	**41,213**	47,073
Non-trade receivables	**19,772**	9,591
	121,399	84,650

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

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

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Not past due	**60,414**	27,986

10 Pledged deposits

Pledged deposits can be analysed as follows:

	At 30 June 2012 *RMB'000*	At 31 December 2011 *RMB'000*
Guarantee deposits for issuance of commercial bills and banking facilities	**38,941**	47,084

11 Interest-bearing borrowings

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Current		
Secured bank loans	**16,700**	29,000
Unsecured bank loans	**199,500**	160,000
Current portion of non-current secured bank loans	**70,000**	55,000
	286,200	244,000
Non-current		
Secured bank loans	**130,000**	139,000
Unsecured bank loans	**100,000**	100,000
	230,000	239,000
	516,200	483,000

(i) The secured bank borrowings as at 30 June 2012 bore interest at rates ranging from 6.44% to 7.40% (31 December 2011: 5.40% to 6.80%) per annum and were secured by the following assets:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Carrying amounts of assets:		
Property, plant and equipment	**614,756**	633,559
Lease prepayments	**27,262**	27,670
Pledged deposits	**17,000**	30,000

(ii) Unsecured bank borrowings as at 30 June 2012 bore interest at rates ranging from 6.63% to 7.57% (31 December 2011: 5.27% to 6.80%) per annum.

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

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year	**70,000**	55,000
Over 1 year but less than 2 years	**30,000**	45,000
Over 2 years but less than 5 years	**200,000**	194,000
	230,000	239,000
	300,000	294,000

12 Trade and other payables

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade and bills payables	**36,711**	20,906
Non-trade payables and accrued expenses	**41,159**	22,910
	77,870	43,816

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

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 3 months	**34,729**	12,628
Over 3 months but less than 6 months	**1,982**	8,278
	36,711	20,906

13 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 movement of the liability component and the equity component of the Convertible Bonds for the six months ended 30 June 2012 is set out below:

	Liability component RMB'000	Equity component RMB'000	Total RMB'000
As at 31 December 2011	71,818	26,065	97,883
Interest capitalised during the period	3,572	—	3,572
Interest payable during the period	(1,187)	—	(1,187)
Foreign currency translation difference	570	—	570
As at 30 June 2012	74,773	26,065	100,838

No conversion, redemption or purchase or cancellation of the Convertible Bonds has taken place up to 30 June 2012.

14 Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
No interim dividend were declared after the six months ended 30 June 2012 (six months ended 30 June 2011: HKD0.03 per share)	**—**	10,223

The interim dividend has not been recognised as a liability at the reporting date.

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Dividends declared during the period	**8,403**	10,474

Pursuant to a resolution passed at the board of directors' meeting on 23 March 2012, dividends of HKD10,375,000 (equivalent to RMB8,403,000) were declared and HKD2,875,000 (equivalent to RMB2,329,000) were paid on 22 June 2012.

Pursuant to a resolution passed at the board of directors' meeting on 25 March 2011, dividends of HKD12,450,000 (equivalent to RMB10,474,000) were declared and fully paid on 24 June 2011.

15 Related party transactions

The following is a summary of the material related party transactions carried out by the Group with the below related parties for the period.

Name of party	**Relationship**
Amber International Investment Co., Ltd.	Immediate holding company of the Company

(a) Balances with related parties

The balance of significant transactions between the Group and the above related party during the six months ended 30 June 2012 is as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Convertible bonds	**74,773**	—
Dividend payable	**6,074**	—
Interest payable	**1,187**	—
	82,034	—

15 Related party transactions (continued)

(b) Key management personnel remunerations

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
Short-term employee benefits	**1,412**	1,692
Post-employment benefits	**70**	71
	1,482	1,763

16 Capital commitments

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

	At 30 June	At 31 December
	2012	2011
	RMB'000	*RMB'000*
Authorised but not contracted for	**410,731**	487,238
Contracted for	**354,972**	389,930
	765,703	877,168

17 Operating lease commitments

Non-cancellable operating lease rentals were payable as follows:

	At 30 June	At 31 December
	2012	2011
	RMB'000	*RMB'000*
Less than 1 year	**972**	690
Over 1 year but less than 5 years	**630**	700
	1,602	1,390

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Installed Capacity

The Group is mainly engaged in the construction, operation and management of natural gas-fired power plants, and has three wholly-owned gas-fired power plants in Zhejiang province, 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) ("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 30 June 2012, the aggregate installed capacity and attributable installed capacity of the above power plants was approximately 299MW.

During the period under review, the Group started to develop a new gas turbine thermal power cogeneration ("Anji Project") with installed capacity of approximately 154MW in Anji of Zhejiang. The installed capacities of phases I and II of the Anji Project are approximately 39MW and approximately 115MW, respectively.

Production Volume

The production for the six months ended 30 June 2012 was 403,114 Mwh, representing a decrease of 33.71% as compared with the corresponding period of last year (first half of 2011: 608,063Mwh).

Due to low growth in electricity demand in Zhejiang in the first half of 2012, power purchased by Zhejiang Electric Power Corporation from the Group dropped as compared with the corresponding period of last year, leading to a decrease in the production of the Group. However, the 3,500-hours power generation plan for 2012 granted by the relevant government authorities remained unchanged.

Natural Gas Supply

The total natural gas supply for the six months ended 30 June 2012 was 93.96 million m^3, representing a decrease of 34.70% as compared with the corresponding period of last year (first half of 2011: 143.88 million m^3).

Fuel Cost

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. The prevailing price of natural gas is RMB2.41/m^3 (inclusive of VAT).

For the six months ended 30 June 2012, the fuel cost accounted for 74.91% of the turnover, representing a decrease of 1.26 percentage points as compared to the corresponding period of last year.

On-grid Tariff

On-grid tariff is determined by the Price Bureau of Zhejiang after taking into account the types of fuel, cost structure and operating profit of similar power plants within the provincial grid. The prevailing on-grid tariff is RMB0.80/kwh (inclusive of VAT).

Financial Review

The turnover of the Group for the six months ended 30 June 2012 was approximately RMB267,483,000 (first half of 2011: RMB402,863,000), representing a decrease of 33.60% as compared with the corresponding period of last year.

The profit attributable to equity shareholders of the Company for the six months ended 30 June 2012 was approximately RMB4,284,000 (first half of 2011: RMB23,381,000), representing a decrease of 81.68% as compared with the corresponding period of last year. A profit warning announcement was issued by the Company on 11 May 2012 to inform the shareholders and potential investors that the forecasted net profit for the six months ended 30 June 2012 was expected to be significantly lower than that of the corresponding period in 2011 primarily attributable to the loss incurred in April 2012 and the expiry of the tax exemption preferential treatment enjoyed by two of the Group's three power plants by the end of December 2011. Earnings per share amounted to RMB0.01 for the six months ended 30 June 2012 (first half of 2011: RMB0.06).

Turnover

Turnover of the Group for the six months ended 30 June 2012 amounted to approximately RMB267,483,000, representing a decrease of 33.60% as compared with RMB402,863,000 for the corresponding period of last year. The decrease in turnover was primarily due to the significant decrease in production of the Group in the first half of 2012.

Operating Costs

For the six months ended 30 June 2012, the operating costs of the Group were RMB243,550,000, representing a decrease of 31.79% as compared with RMB357,048,000 for the corresponding period last year. Fuel cost decreased in line with the turnover while the fixed cost decreased at a slower pace. As a result, the operating cost decreased at a lower rate than the turnover.

Income Tax

All power plants of the Group are entitled to full exemption from PRC income tax for two years 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 of the State Administration of Taxation, the power plants of the Group, being foreign-owned enterprises, are entitled to a corporate income tax credit of up to 40% of the costs of PRC-manufactured equipment purchased by the plants.

The income tax relief policy was lifted on 31 December 2011. De-Neng Power Plant and Blue Sky Power Plant were no longer entitled to tax relief from 31 December 2011 and Jing-Xing Power Plant will be no longer entitled to tax relief from 31 December 2012. The PRC enterprise income tax of plants operated by the Group, except Jing-Xing Power Plant which continues to enjoy certain tax exemption, is provided for and paid at a rate of 25% since 1 January 2012. The PRC income tax provided for the six months ended 30 June 2012 amounted to RMB2,679,000.

Pursuant to the Tax Law, 10% withholding tax is levied on foreign investors in respect of dividend distributions arising from profits of foreign investment enterprises earned after 1 January 2008, while the applicable tax rate for foreign investors registered in Hong Kong is 5% provided they meet certain criteria. As at 30 June 2012, deferred tax liabilities of RMB3,694,000 were recognized accordingly.

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.

Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2012, profit attributable to equity shareholders of the Company was RMB4,284,000 (first half of 2011: RMB23,381,000), representing a decrease of 81.68% as compared with the corresponding period last year.

The Company issued a profit warning announcement on 11 May 2012 to inform the shareholders and potential investors that the operating results for the first half of 2012 were expected to decline significantly as compared with the corresponding period last year.

The significant decrease in profit attributable to equity shareholders of the Company was mainly due to the significant drop in electricity purchased by Zhejiang Electric Power Corporation from the Company as compared with the corresponding period last year. It was due to the slow growth in the overall demand for electricity in Zhejiang, which led to a significant decrease in production in the first half of 2012 as compared with the corresponding period last year.

In addition, as disclosed in the results announcement for the year ended 31 December 2011 which was issued on 23 March 2012 and the 2011 annual report of the Company, the preferential tax treatments of two of the three power plants expired on 31 December 2011. Hence, the income tax expenses of the Group increased.

Liquidity and Financial Resources

Net cash generated from operating activities for the first half of 2012 was RMB10,634,000, representing a decrease over last year (first half of 2011: RMB65,511,000). Such decrease was mainly attributable to the decrease in revenue from sales of electricity due to the decrease in electricity generation and time lag between the collection of electricity tariff and payment for natural gas supplies. The receivables of the Group had an average age of one month. In general, the tariff of the previous month will be received in the current month and used for the settlement of fuel purchases of the current month. Customers of the Group had a good credit record and there was no risk of collection in the past. Net cash used in investment activities was RMB145,440,000 (first half of 2011: RMB30,526,000) which was mainly due to the significant increase in payment for property, plant and equipment, including the payment for the construction and purchase of equipment for Anji Project of RMB135,036,000. Net cash generated from financing activities was RMB39,054,000 (net cash used in first half of 2011: RMB51,170,000) which was mainly due to the increase in bank loans.

As at 30 June 2012, the Group had a cash balance of RMB72,957,000 (31 December 2011: RMB168,709,000), which was used for general working capital purpose. Cash was generally placed with licensed banks as a short-term deposit.

As at 30 June 2012, the Group had net current liabilities of RMB116,888,000 (31 December 2011: net current assets of RMB28,082,000). The net current liabilities increased significantly as compared with the end of last year. The increase was primarily due to significant investment in the construction and purchase of equipment for Anji Project in the first half of 2012 by using the net proceeds from the issue of convertible bonds of approximately HKD120,090,000 in November 2011 as disclosed in the announcement relating to the issue of convertible bonds.

The Group regularly monitors its liquidity and liquidity requirements and its compliance with lending covenants to ensure that it meets its short-term and long-term liquidity requirements. The Group maintains long-term satisfactory relationships in its dealings with the major banks, and the Directors are confident that the Group will be able to satisfy all conditions required by its bank creditors and will have sufficient working capital for future operations.

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all loans and borrowings as well as long-term payables, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt. As at 30 June 2012, the gearing ratio was 50.36%, representing an increase of 7.13 percentage points over last year (31 December 2011: 43.23%).

Foreign Exchange

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

Contingent Liabilities and Capital Commitments

As at 30 June 2012, the Group had RMB354,972,000 (31 December 2011: RMB389,930,000) of capital commitments relating to the purchase and construction of property, plant and equipment contracted but not provided for in the interim financial report. The Group had authorized but not contracted for capital commitments of RMB410,731,000 (31 December 2011: RMB487,238,000). During the period under review, the Group had no major contingent liabilities or off balance-sheet commitments.

Details of the capital commitment of the Group are set out in note 16 to the interim financial report.

PROSPECTS

In 2012, the global economic outlook remains uncertain. Economic growth of China is expected to slow down, which will bring various challenges to the operations of enterprises. However, the Group believes that the clean energy industry, including the exploration and use of natural gas, will still be one of the most promising industries in China. Natural gas, a fossil fuel and important transition fuel which is in compliance with the environment protection standards, is widely used in Europe and many other developed countries such as the United States. According to the 12th Five Year Plan, China will further consolidate the structure of energy industry, reduce the reliance on coal resources and increase the proportion of natural gas to the primary energy. The proportion of natural gas in primary energy is expected to increase from 4.3% in 2010 to 8.3% at the end of 2015. The Group, being a major clean energy supplier focusing on natural gas, will likely benefit from this policy.

The Group is developing a new natural gas-fired cogeneration project, the Anji Project, which is expected to be completed by the first quarter of 2013. There will be an additional installed capacity of approximately 154MW, representing an increase of approximately 51.50%, which will become a new source of income for the Group.

Despite the slow growth of power consumption in China in the first half of 2012, as national policies have been rolled out to maintain economic growth and have taken their effect, the State Electricity Regulatory Commission preliminarily expected that, the total power consumption of China will record a steady increase in the second half of 2012, and the total power consumption for the year will increase by approximately 7% as compared to the corresponding period last year.

As the government supports the development of alternative natural gas in addition to conventional natural gas, shale gas and coal bed methane, the total supply of natural gas locally and abroad continues to increase. In addition, with the construction of the Zhejiang section of the West-East Gas Pipeline (Phase II), the Group believes that there will be sufficient natural gas supply in Zhejiang Province to meet the need of power generation in the second half of the year.

The management is of the view that although the 3,500-hours generation plan for 2012 granted by the relevant government authorities remains unchanged and the production volume is expected to recover in the second half of the year, the results of operation of the Group in 2012 will decline as compared with last year due to the expiration of various preferential tax treatments for the power plants of the Group since the beginning of 2012.

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

INTERIM DIVIDEND

The Board of Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (first half of 2011: HKD0.03 per share).

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

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group had a total of 322 employees, excluding 54 temporary staff (31 December 2011: 284, excluding 35 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 to make further contributions to the Group.

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 has 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 all the code provisions of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") which was revised and took effect on 1 April 2012, as well as those of the former CG Code, for the six months ended 30 June 2012, save as disclosed below:

Under code provision A.6.7, Independent Non-executive Directors ("INED") and other Non-executive Directors ("NED") should attend general meetings and develop a balanced understanding of the views of shareholders. Also, under code provision E.1.2, the Chairman of the Board should invite the Chairman of the Audit Committee, the Remuneration Committee and the Nomination Committee to attend and answer questions at the annual general meeting. Mr. FENG Li Min (the former NED) and Mr. ZHANG Shou Lin (the former INED and the former Chairman of the Remuneration Committee) did not attend the annual general meeting of the Company held on 1 June 2012 as they retired as directors of the Company on the same date.

Following the retirement of one of the INED of the Company on 1 June 2012, the Company currently have two INEDs and is not in compliance with Rule 3.10 of the Listing Rules. The Company will identify a suitable candidate for appointment as INED as soon as possible so as to comply with the relevant requirements under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code. All the directors confirmed that they have fully complied with the required standard set out in the Model Code throughout the six months ended 30 June 2012.

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 both the INEDs and the NED of the Company, namely Mr. Tse Chi Man (INED), Mr. Yao Xian Guo (INED) and Mr. Pei Shao Hua (NED).

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

The Audit Committee has reviewed the Group's interim results for the six months ended 30 June 2012.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.amberenergy.com.hk). The 2012 interim 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 due course.

By order of the Board
Amber Energy Limited
Chai Wei
President

Hong Kong, 24 August 2012

As at the date of this announcement, the Board comprises one executive director, Mr. Chai Wei; two non-executive directors, namely Mr. Gu Jun Yuan and Mr. Pei Shao Hua; and two independent non-executive directors, namely Mr. Tse Chi Man and Mr. Yao Xian Guo.