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 2014

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 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014 (unaudited)

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Turnover	4	**449,953**	293,383
Operating expenses			
Fuel consumption		**(377,157)**	(219,010)
Depreciation and amortisation		**(27,098)**	(21,644)
Repairs and maintenance		**(595)**	(1,075)
Personnel costs		**(7,558)**	(9,840)
Administrative expenses		**(12,883)**	(8,813)
Sales related taxes		**(3,122)**	(2,211)
Other operating expenses		**(1,837)**	(1,343)
Operating profit		**19,703**	29,447
Finance income		**1,223**	761
Finance expenses		**(21,716)**	(17,127)
Net finance costs	5(i)	**(20,493)**	(16,366)
Other net income		**776**	885

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
(Loss)/profit before income tax	5	**(14)**	13,966
Income tax	6	**(1,700)**	(6,440)
(Loss)/profit for the period		**(1,714)**	7,526
Other comprehensive income for the period (after tax and reclassification adjustment):			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		**(845)**	1,460
Total comprehensive (loss)/income attributable to equity shareholders of the Company for the period		**(2,559)**	8,986
Basic (loss)/earnings per share *(RMB)*	7(a)	**(0.004)**	0.02
Diluted (loss)/earnings per share *(RMB)*	7(b)	**(0.004)**	0.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 (unaudited)

	Note	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Non-current assets			
Property, plant and equipment	8	**1,353,910**	1,247,534
Lease prepayments		**50,834**	51,500
Deferred tax assets		**3,656**	2,787
		1,408,400	1,301,821
Current assets			
Inventories		**4,795**	4,386
Trade and other receivables	9	**190,079**	159,073
Pledged deposits	10	**75,500**	59,500
Term deposits		**10,000**	—
Cash and cash equivalents		**269,759**	60,235
		550,133	283,194
Current liabilities			
Interest-bearing borrowings	11	**307,500**	220,000
Trade and other payables	12	**408,907**	252,487
Current taxation		**1,164**	5,308
		717,571	477,795
Net current liabilities		**(167,438)**	(194,601)
Total assets less current liabilities		**1,240,962**	1,107,220
Non-current liabilities			
Interest-bearing borrowings	11	**585,000**	449,000
Convertible bonds	13	**83,478**	79,794
Deferred revenue	14	**11,035**	11,149
Long-term payables		**7,378**	9,848
Deferred tax liabilities		**3,247**	3,389
		690,138	553,180
Net assets		**550,824**	554,040
Capital and reserves			
Share capital		**36,582**	36,582
Reserves		**514,242**	517,458
Total equity attributable to equity shareholders of the Company		**550,824**	554,040
Total equity		**550,824**	554,040

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 2014 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 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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 2013 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 2013 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 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2014.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following 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:

- Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities
- Amendments to IAS 32, Offsetting financial assets and financial liabilities

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as Amber Energy does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

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 liabilities.

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

Turnover

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Reportable segment turnover	**449,953**	293,383
Consolidated turnover	**449,953**	293,383

Profit

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Reportable segment profit	**3,237**	18,244
Unallocated corporate expenses	**(3,251)**	(4,278)
Consolidated (loss)/profit before taxation	**(14)**	13,966

Assets

	At **30 June 2014** ***RMB'000***	At 31 December 2013 *RMB'000*
Reportable segment assets	**1,955,589**	1,582,981
Other corporate assets	**2,944**	2,034
Consolidated total assets	**1,958,533**	1,585,015

Liabilities

	At **30 June 2014** ***RMB'000***	At 31 December 2013 *RMB'000*
Reportable segment liabilities	**1,390,971**	1,013,202
Corporate liabilities	**16,738**	17,773
Consolidated total liabilities	**1,407,709**	1,030,975

5 (LOSS)/PROFIT BEFORE INCOME TAX

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

(i) Net finance costs

	Six months ended 30 June	
	2014 ***RMB'000***	2013 *RMB'000*
Interest income	**(1,223)**	(665)
Net foreign exchange gain	**—**	(96)
Financial income	**(1,223)**	(761)
Interest on interest-bearing borrowings and other bank advances	**32,713**	26,927
Interest on convertible bonds	**3,904**	3,658
Total interest expense on financial liabilities	**36,617**	30,585
Less: interest expense capitalised into assets under construction*	**15,096**	13,539
Total interest expense recognised in profit or loss	**21,521**	17,046
Bank charges	**142**	81
Net foreign exchange loss	**53**	—
Financial expenses	**21,716**	17,127
Net finance costs	**20,493**	16,366

* The borrowing costs have been capitalised at a rate of 6% to 9.72% per annum (six months ended 30 June 2013: 6.55% to 9.72%).

(ii) Other items

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Depreciation	**26,432**	20,975
Amortisation	**666**	669
Litigation provision	**1,500**	—
Government grants	**(714)**	(885)

6 INCOME TAX

Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax expense		
Provision for PRC income tax	**2,664**	5,250
Under provision in respect of prior years	**47**	736
Deferred tax		
Origination and reversal of temporary differences	**(1,011)**	454
Total income tax expense in the consolidated statement of profit or loss and other comprehensive income	**1,700**	6,440

(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 2014 (six months ended 30 June 2013: 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 the unified tax rate of 25%.

Pursuant to the Corporate Income Tax Law of the PRC, a 5% withholding tax is levied on foreign investors in respect of dividend distributions arising from profits of a foreign investment enterprise in the PRC earned after 1 January 2008, provided that the Company is the "beneficial owner" and holds 25% or more of the equity interest of a foreign investment enterprise in the PRC under the tax arrangement between the PRC and Hong Kong Special Administration Region. Deferred tax liabilities of RMB3,247,000 have been recognised for the retained profits of the Group's PRC subsidiaries as at 30 June 2014 to the extent that these earnings would be distributed in the foreseeable future. (31 December 2013: RMB3,224,000).

(d) The Group has not recognised deferred tax assets in respect of a cumulated tax losses of RMB12,404,000 (31 December 2013: RMB8,688,000) as it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB1,714,000 (six months ended 30 June 2013: profit of RMB7,526,000) and the weighted average of 415,000,000 ordinary shares (six months ended 30 June 2013: 415,000,000) in issue during the period.

(b) Diluted (loss)/earnings per share

The calculation of diluted loss per share for the six months ended 30 June 2014 does not assume the conversion of convertible bonds because the conversion of convertible bonds would be anti-dilutive. Diluted loss per share was the same as basic loss per share for six months ended 30 June 2014 as no dilutive potential shares were outstanding during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity shareholders of the Company of RMB7,526,000 and the weighted average number of ordinary shares (diluted) of 460,000,000.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of plant and machinery with a cost of RMB132,809,000 in total (six months ended 30 June 2013: RMB107,890,000).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade receivables	**103,231**	65,699
Prepayments	**15,132**	28,997
VAT recoverable	**64,930**	60,173
Other receivables	**6,786**	4,204
	190,079	159,073

All of the trade and other receivables are expected to be recovered within one year. The 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 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Not past due	**103,231**	65,699

10 PLEDGED DEPOSITS

Pledged deposits can be analysed as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Guarantee deposits for issuance of commercial bills	**75,500**	59,500

11 INTEREST-BEARING BORROWINGS

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Current		
Secured bank loans	**15,000**	15,000
Unsecured bank loans	**90,000**	100,000
Unsecured loans from a related party *(Note 16)*	**100,000**	10,000
Current portion of non-current secured bank loans	**57,500**	57,500
Current portion of non-current unsecured bank loans guaranteed by a related party	**45,000**	37,500
	307,500	220,000
Non-current		
Secured bank loans	**60,000**	60,000
Unsecured bank loans	**87,500**	87,500
Unsecured bank loans guaranteed by a related party	**437,500**	301,500
	585,000	449,000
	892,500	669,000

(i) The secured bank borrowings as at 30 June 2014 bore interest at rates ranging from 6.15% to 6.9% (31 December 2013: 6.15% to 6.8775%) per annum and were secured by the following assets:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Carrying amounts of assets:		
Property, plant and equipment	**559,282**	590,299
Lease prepayments	**25,647**	26,042

(ii) Unsecured bank borrowings as at 30 June 2014 bore interest at rates ranging from 5.6% to 6.9% (31 December 2013: 6% to 6.9%) per annum.

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 1 year	**102,500**	95,000
Over 1 year but less than 2 years	**87,500**	80,000
Over 2 years but less than 5 years	**303,000**	295,500
Over 5 years	**194,500**	73,500
	585,000	449,000
	687,500	544,000

12 TRADE AND OTHER PAYABLES

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Trade and bills payables	**282,730**	179,564
Non-trade payables and accrued expenses	**126,177**	72,923
	408,907	252,487

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

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Within 3 months	**109,313**	29,746
Over 3 months but less than 6 months	**143,417**	149,818
Over 6 months but less than 1 year	**30,000**	—
	282,730	179,564

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 2014 is set out below:

	Liability component *RMB'000*	Equity component *RMB'000*	Total *RMB'000*
As at 31 December 2013	79,794	26,065	105,859
Interest capitalised during the period	3,253	—	3,253
Interest expensed during the period	651	—	651
Interest payable during the period	(991)	—	(991)
Foreign currency translation difference	771	—	771
As at 30 June 2014	83,478	26,065	109,543

No conversion, redemption or purchase or cancellation of the Convertible Bonds has taken place up to 30 June 2014.

14 DEFERRED REVENUE

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Government grants	**11,035**	11,149

The Group was awarded a compensation amounting to RMB11,435,000 from Anji Economic Development Zone Administrative Committee for its acquisition of the land use right for construction of Anji Power Plant in 2012. The grant is first recognised as deferred revenue and is amortised over the grant period of the land use right.

15 DIVIDENDS

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
No interim dividend was declared after the interim period (2013: HKD0.006 per share)	**—**	1,981

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 during the interim period

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period, of HKD0.002 per share (six months ended 30 June 2013: HKD0.015 per share)	**657**	5,029

16 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	Immediate holding company of the Company
China Wanxiang Holding Co., Ltd. ("Wanxiang Holding")	Ultimate controlling company of the Company
Wanxiang Finance Co., Ltd. ("Wanxiang Finance")	Fellow subsidiary

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

Particulars of significant transactions between the Group and the above related parties during the period ended 30 June 2014 is as follows:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Loans from		
Wanxiang Finance	**120,000**	—
Loans repaid to		
Wanxiang Finance	**30,000**	—
Unsecured bank loans guaranteed by, net of release upon repayments		
Wanxiang Holding	**143,500**	50,000
Interests paid to		
Amber International	**—**	1,009
Wanxiang Finance	**1,472**	—
	1,472	1,009
Issuance of commercial bills accepted by		
Wanxiang Finance	**120,000**	70,000
Settlement of commercial bills accepted by		
Wanxiang Finance	**80,000**	—
Deposits with		
Wanxiang Finance	**30,000**	16,500
Withdrawal of deposits from		
Wanxiang Finance	**19,000**	—
Interest on discounting commercial bills paid to		
Wanxiang Finance	**8,124**	2,856

The balances of significant transactions between the Group and its related parties during the six months ended 30 June 2014 are as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Amber International:		
— Convertible Bonds	**83,478**	79,794
— Dividend payable	**11,326**	10,850
— Interest payable	**2,972**	1,962
	97,776	92,606
Wanxiang Finance:		
— Deposits	**30,000**	19,000
— Bills payable	**120,000**	80,000
— Interest-bearing borrowings	**100,000**	10,000
	190,000	71,000

(b) Key management personnel remunerations

	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Short-term employee benefits	**1,373**	1,353
Post-employment benefits	**88**	73
	1,461	1,426

17 CAPITAL COMMITMENTS

Capital commitments outstanding at the period end but not provided for in the interim financial report were as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Authorised but not contracted for	**66,445**	85,149
Contracted for	**24,575**	84,658
	91,020	169,807

18 OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals were payable as follows:

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Less than 1 year	**323**	793
Over 1 year but less than 5 years	**287**	537
	610	1,330

19 SUBSEQUENT EVENTS

In late February 2014, Anji Power Plant and its appointed equipment import agent received a writ in respect of an alleged offence of smuggling general goods. On 29 July 2014, Anji Power Plant received the judgment which had determined that Anji Power Plant had committed an offence of smuggling general goods and was fined RMB1.5 million, payable within one month after the judgment has become legally effective. Accordingly, provision for this amount has been made in this interim report.

Anji Power Plant subsequently appealed against the judgment in August 2014. Up to the date of issue of this interim report, the appeal result is still pending.

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 2014, the aggregate installed capacity and the attributable installed capacity of the above power plants was approximately 299MW.

During the period under review, the Group is constructing a new gas turbine thermal power cogeneration plant in Anji county of Zhejiang province (the "Anji Project") with installed capacity of approximately 154MW.

Production Volume

The production for the six months ended 30 June 2014 was 566,726Mwh, representing an increase of 28.06% as compared with the corresponding period of last year (first half of 2013: 442,537Mwh).

Due to the growth in electricity demand in Zhejiang province in the first half of 2014, production volume of the Group increased. The 3,500-hours power generation plan for 2014 granted by the relevant government authorities remained unchanged.

Natural Gas Supply

The total natural gas supply for the six months ended 30 June 2014 was 132.41 million m^3, representing an increase of 28.94% as compared with the corresponding period of last year (first half of 2013: 102.69 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. For the six months ended 30 June 2014, the price of natural gas was RMB3.22/m^3 (inclusive of VAT). The natural gas price increased to RMB3.22/m^3 from RMB2.41/m^3 (both inclusive of VAT) on 10 July 2013.

For the six months ended 30 June 2014, the fuel cost accounted for 83.82% of the turnover, representing an increase of 9.17 percentage point 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. For the six months ended 30 June 2014, the provisional on-grid tariff is RMB0.96/kwh (inclusive of VAT). The provisional on-grid tariff increased to RMB0.96/kwh from RMB0.8/kwh (both inclusive of VAT) on 10 July 2013.

FINANCIAL REVIEW

The turnover of the Group for the six months ended 30 June 2014 was approximately RMB449,953,000 (first half of 2013: RMB293,383,000), representing an increase of 53.37% as compared with the corresponding period of last year.

The loss attributable to equity shareholders of the Company for the six months ended 30 June 2014 was approximately RMB1,714,000 (first half of 2013: profit of RMB7,526,000), representing a decrease of approximately 122.77% as compared with the corresponding period of last year. A profit warning announcement was issued by the Company on 9 July 2014 to inform the shareholders and potential investors that the possible first-ever loss-making results was mainly attributable to one of the generators in the Anji Project attained "ready for use" status, the relevant project expenditures were required to be expensed (rather than capitalised) and recognised in the income statement in accordance with the accounting policies in force, which offset the profits recorded for the period. Loss per share amounted to RMB0.004 for the six months ended 30 June 2014 (first half of 2013: earnings per share of RMB0.02).

Turnover

Turnover of the Group for the six months ended 30 June 2014 amounted to approximately RMB449,953,000, representing an increase of 53.37% as compared with RMB293,383,000 for the corresponding period of last year. The increase in turnover was primarily due to the increase in production of the Group in the first half of 2014.

Operating Costs

For the six months ended 30 June 2014, the operating costs of the Group were RMB430,250,000, representing an increase of 63.01% as compared with RMB263,936,000 for the corresponding period of last year. Fuel cost increased in line with the increase in turnover while the other costs not linked directly to results of operation changed slightly.

Income Tax

De-Neng Power Plant, Jing-Xing Power Plant and Blue Sky Power Plant of the Group have started to provide for and pay the PRC enterprise income tax at a rate of 25% since 1 January 2013. The PRC income tax provided for the six months ended 30 June 2014 amounted to RMB1,700,000.

Pursuant to the relevant PRC tax laws and regulations, 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 2014, deferred tax liabilities of RMB3,247,000 were recognised by the Group at a rate of 5% 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.

(Loss)/Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2014, loss attributable to equity shareholders of the Company was RMB1,714,000 (first half of 2013: profit of RMB7,526,000), representing a decrease of approximately 122.77% as compared with the corresponding period of last year.

The Company issued a profit warning announcement on 9 July 2014 to inform the shareholders and potential investors that the operating results of the Company for the first half of 2014 were expected to plummet as compared with the corresponding period of last year. The loss attributable to equity shareholders of the Company was mainly because one of the generators in the Anji Project attained "ready for use" status, the relevant project expenditures were required to be expensed (rather than capitalised) and recognised in the income statement in accordance with the accounting policies in force, which offset the profits recorded for the period.

Liquidity and Financial Resources

Net cash generated from operating activities for the first half of 2014 was RMB87,289,000, representing an increase of 140.23% as compared with the corresponding period of last year (first half of 2013: RMB36,336,000). Such increase was mainly attributable to the increase in revenue from sales of electricity due to the increase in electricity generation and the payment for natural gas supplies for June was made in early July. 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 RMB85,084,000 (first half of 2013: RMB64,086,000) which was mainly due to the increase in payment for property, plant and equipment, including the payment for the construction and purchase of equipment for the Anji Project of RMB60,190,000. Net cash generated from financing activities was RMB207,319,000 (net cash used in first half of 2013: RMB4,271,000) which was mainly due to the increase in repayment of borrowings as compared with the corresponding period of last year, as well as the significant increase in the borrowings granted to the Group as compared with the corresponding period of last year.

As at 30 June 2014, the Group had a cash balance of RMB269,759,000 (31 December 2013: RMB60,235,000), which was used for general working capital purpose. Cash was generally placed with licensed banks as a short-term deposit.

As at 30 June 2014, the Group had net current liabilities of RMB167,438,000 (31 December 2013: RMB194,601,000). The net current liabilities decreased as compared with the end of last year. The decrease was primarily due to the increase in current assets as driven by the increase in production volume in the first half of 2014 was greater than the increase in current liabilities.

The Group regularly monitors its liquidity positions and projected 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 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 cash to satisfy its working capital requirement in the future.

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 2014, the gearing ratio was 56.44% (31 December 2013: 55.76%), representing an increase of 0.68 percentage points as compared with last year.

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 most of 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.

Capital Commitments and Contingent Liabilities

As at 30 June 2014, the Group had RMB24,575,000 (31 December 2013: RMB84,658,000) 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 RMB66,445,000 (31 December 2013: RMB85,149,000). 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 17 to the interim financial report.

PROSPECTS

Propelling energy production and consumption revolution in the PRC. In the sixth meeting of the Leading Group for Financial and Economic Affairs (中央財經領導小組), Xi Jinping, President of the PRC put forward new requirements on the safety of energy in the state. In face of the challenges from enormous pressure from energy demand, multiple constraints on energy supply, serious damage to the ecological environment by energy production and consumption and backward energy technology in general, the PRC has to assess situations and follow trends on the ground of national development and reliable strategy formulation, in a bid to keep abreast with energy development.

Propelling energy production and consumption revolution can be explained as follows. First, promoting revolution on energy consumption and restraining unreasonable energy consumption to expedite an energy-saving society. Second, promoting revolution on energy supply to build a diversified supply system. Actively encouraging the clean and efficient use of coal while dedicating efforts to the development of non-coal energy, in order to form a multi-energy supply system comprising of coal, oil, gas, nuclear, new energy and renewable energy. Third, advocating energy technology revolution and industry upgrade. Fourth, promoting revolution on energy system to speed up energy development. Be determined to put forward reform and restore energy commodities to their original properties. Construct an effective and competitive market structure and market system and establish an energy pricing system with the market as the major price setter. To alter the way of government supervision over energy and establish a sound energy legal system.

The growth of power demand has slowed down in the PRC as economy modestly advances. Both the total consumption of state-controlled energy and power generation grow steadily. The economic development approach of the PRC defines the demand for electricity. The huge demand from secondary industries dominates the demand for power. Power consumption from household and other industries grow more robustly, setting as a new growth driver for power demand in the future.

Installed capacity of the PRC achieves new breakthrough. As coal power still being the major form of power generation, development of non-fossil energy will accelerate and play an increasingly important part. The PRC's power installed capacity has already surpassed the United States and become number one in the world. However, the natural gas generation capacity of the PRC is only 1/12 of the United States. Appropriate increase on the proportion of natural gas power generation will help ensure energy safety of the PRC. Meanwhile, the PRC possesses unconventional gas reserve as rich as the United States, by which it can accommodate natural gas generators with high capacity.

In 2014, Zhejiang province will increase gas-fired turbine thermal power cogeneration by an installed capacity of 4.06 million Kwh and oil-to-gas conversion by an installed capacity of 680,000 Kwh. By the end of 2014, gas-fired generators will reach a capacity of approximately 13 million Kwh. According to the Atmospheric Pollution Prevention Plan (大氣污染防治行動計劃, Guo Fa [2013] No. 37) and Atmospheric Pollution Prevention Implementation Scheme by Zhejiang Province (2013–2017) (浙江省大氣污染防治實施方案(2013–2017年)), Zhejiang province will control total coal consumption and set up areas that forbid the burning of high-polluting fuel. By 2015, regions and cities covered by natural gas will basically become the forbidden areas of high-polluting fuel. By 2017, coal consumption will achieve a negative growth.

In 2014, the supply structure of natural gas in Zhejiang province is constantly improving. Annual gas supply is expected to reach 8.5 billion m^3, representing an increase of 51.79% as compared with last year (actual gas supply in 2013: 5.6 billion m^3) and also a secured supply of natural gas. It is expected that the natural gas-fired power plants of the Group will be able to obtain sufficient natural gas to meet their annual production plans. In the long run, the government will increase investment in the development of conventional natural gas as well as alternative natural gas, namely shale gas and coal bed methane, and increase the import of natural gas. The supply of natural gas in Zhejiang province will increase in line with the increase in total supply of natural gas.

According to the power balance in the region, the power supply by the power grid of Zhejiang is still under shortage, taking into consideration only the power supply which preliminary work has been approved and granted content by the National Development and Reform Commission. In 2013, power grid of Zhejiang fell short of adjusted power of approximately 13,310MW under a spare unit rate of 15%. In the end of the "Twelfth-five-years", power grid of Zhejiang fell short of adjusted power of approximately 8,540MW under a spare unit rate of 15%. In 2020, power grid of Zhejiang fell short of adjusted power of approximately 29,320MW under a spare unit rate of 15%.

In response to the above circumstances, the management remains optimistic and is committed to the development of clean energy, and has confidence in both existing power plants and new projects of the Group.

The current natural gas price and on-grid tariff remain unchanged. The adverse impact on earnings caused by the adjustment of on-grid tariff and natural gas price since July 2013 will linger on. In view of this, the management will closely monitor the development of on-grid tariff and natural gas price adjustments and communicate with the relevant government authorities. The management will also keep abreast with the development of the industry and explore new sources of revenue. The Company will strengthen its management and control and improve its operation, so as to maintain healthy growth.

The Group is developing a new natural gas-fired cogeneration project, the Anji Project. Presently, the Anji Project has completed commissioning and is ready for use. The Group is currently applying for the electricity generation permit from the relevant government authority. Once the project commences production, the Group will have 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 in future.

Zhejiang Government has been providing great support for the development of clean energy. According to the notification from Zhejiang Government, the Company's Anji Project is allowed to generate power for 2,700 hours in 2014 (the actual power generation hours will be calculated in proportion to the remaining months of 2014 upon the commencement of operation), including 1,000 hours for peak power generation. The remaining of the annual power generation plan will be made up by other high efficient coal-fired units, alternative power generation, in Zhejiang. Alternative power generation refers to the transfer of part of the power generation capacity under the power generation plan of the Company to other power generation plants for the fulfillment of the power generation plan on its behalf in exchange for payments. The Company will keep track of the tariff and gas prices upon the commencement of operation of the Anji Project and will make relevant disclosure in a timely manner.

The Group will continue to strengthen its management team and refine its management structure. It will also strengthen its human resources through team building and talents training. In addition, the Group will further perfect its general budget management, tender management, plan management and risk control in order to enhance its corporate governance capacity and secure a healthy and sustainable development. The Group acquires extensive experience in the clean energy business of the PRC over the years with in-depth knowledge and full confidence in the industry. The Group believes that it will continue to prosper and become one of the top clean energy suppliers in the PRC.

INTERIM DIVIDEND

The Board does not recommend to declare an interim dividend for the six months ended 30 June 2014 (first half of 2013: HKD0.006 per share).

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

During the six months ended 30 June 2014, 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 2014, the Group had a total of 272 employees, excluding 6 temporary workers (31 December 2013: 300, excluding 2 temporary workers). 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 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 Corporate Governance 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"), for the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2014.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's interim results for the six months ended 30 June 2014.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Stock Exchange's website (http://www.hkexnews.hk) and the Company's website (http://www.amberenergy.com.hk). The 2014 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 and Chairman

Hong Kong, 22 August 2014

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Chai Wei and Mr. Lai Chun Yu; two non-executive directors, namely Mr. Pei Shao Hua and Mr. Li Jin Quan; and three independent non-executive directors, namely Mr. Tse Chi Man, Mr. Yao Xian Guo and Mr. Yu Wayne W.