AMBER ENERGY LIMITED
琥珀能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 90)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board (the "Board") of directors (the "Directors") of Amber Energy Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017, together with the comparative figures for the corresponding period in 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 (unaudited)

		Six months ended 30 June	
		2017	2016
	Note	***RMB'000***	*RMB'000*
Revenue	5	**148,673**	129,325
Operating expenses			
Fuel consumption		**(44,494)**	(25,053)
Depreciation and amortisation		**(27,356)**	(9,617)
Repairs and maintenance		**(357)**	(2,746)
Personnel costs		**(10,469)**	(13,074)
Administrative expenses		**(10,799)**	(11,238)
Sales related taxes		**(1,091)**	(897)
Other operating expenses		**(773)**	(518)
Profit from operations		**53,334**	66,182
Finance income		**293**	312
Finance expenses		**(17,366)**	(22,146)
Net finance costs	6(i)	**(17,073)**	(21,834)
Other income	7	**900**	293
Profit before taxation	6	**37,161**	44,641
Income tax	8	**(14,148)**	(14,139)
Profit for the period		**23,013**	30,502

	Note	Six months ended 30 June 2017 RMB'000	2016 RMB'000
Attributable to:			
Equity shareholders of the Company		**23,056**	30,629
Non-controlling interests		**(43)**	(127)
Profit for the period		**23,013**	30,502
Earnings per share			
Basic *(RMB)*	9(a)	**0.050**	0.067
Diluted *(RMB)*	9(b)	**0.050**	0.067
Profit for the period		**23,013**	30,502
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**6,425**	(4,273)
Total comprehensive income for the period		**29,438**	26,229
Attributable to:			
Equity shareholders of the Company		**29,481**	26,356
Non-controlling interests		**(43)**	(127)
Total comprehensive income for the period		**29,438**	26,229

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 (unaudited)

	Note	**At 30 June 2017** ***RMB'000***	At 31 December 2016 *RMB'000*
Non-current assets			
Property, plant and equipment	10	**1,134,913**	1,161,922
Lease prepayments		**46,821**	47,489
Deferred tax assets		**7,957**	7,739
		1,189,691	1,217,150
Current assets			
Inventories		**13,533**	13,588
Trade and other receivables	11	**43,301**	62,303
Cash and cash equivalents		**97,496**	120,582
		154,330	196,473
Current liabilities			
Interest-bearing borrowings	12	**383,956**	413,659
Trade and other payables	13	**39,264**	58,015
Current taxation		**5,672**	5,453
Shareholder's loan	14	**116,789**	120,367
		545,681	597,494
Net current liabilities		**(391,351)**	(401,021)
Total assets less current liabilities		**798,340**	816,129
Non-current liabilities			
Interest-bearing borrowings	12	**267,000**	306,500
Deferred revenue	15	**11,469**	10,464
Deferred tax liabilities		**17,945**	14,664
		296,414	331,628
NET ASSETS		**501,926**	484,501

	Note	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
CAPITAL AND RESERVES			
Share capital		**40,149**	40,149
Reserves		**461,232**	443,764
Total equity attributable to equity shareholders of the Company		**501,381**	483,913
Non-controlling interests		**545**	588
TOTAL EQUITY		**501,926**	484,501

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 REPORTING ENTITY

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 as at and for the six months ended 30 June 2017 comprises the Company and its subsidiaries (collectively referred to as the "Group"). The principal activities of the Group are the development, operation and management of power plants.

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*, issued by the International Accounting Standards Board (IASB).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The interim financial report has been prepared on the basis that the Group will continue to operate throughout the next twelve months as a going concern. The Group's current liabilities exceeded its current assets by RMB391,351,000 as at 30 June 2017. Based on future projection of the Group's profit and cash inflows from operations and the anticipated ability of the Group to obtain continued bank loans and financial support from an intermediate parent company, Shanghai Pu-Xing Energy Limited ("Puxing Energy"), to finance its continuing operations for the next twelve months ending 30 June 2018, management believe that the Group has adequate resources to continue in operational existence for the foreseeable future.

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. Details of change in accounting estimates applied to the interim financial report are set out in note 4.

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 2016 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 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2016 are available from the Company's registered office. The independent auditor has expressed an unqualified opinion on those financial statements in their report dated 24 March 2017.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

4 CHANGE IN ACCOUNTING ESTIMATES

The Group has determined to change the depreciation method for certain of its property, plant and equipment, primarily major generator equipment, from "unit-of-production" method to "straight-line" method effective from 1 January 2017.

The power plants of the Group are operated as peak module power plants in Zhejiang Province, the People's Republic of China (the "PRC") so that they only generate power according to the deployment of grid companies during peak hours.

Before the trial run of the "Dual Tariff Policy" on 1 January 2015, the Group's annual estimated power generation hours for each power plant of the Group were relatively consistent with the annual planned power generation hours approved by relevant government authorities. The Group's operation revenue was directly related to the actual power generation hours and varied accordingly.

With the implementation of "Dual Tariff Policy" on a trial basis from 1 January 2015 following a reduction of annual planned power generation hours, the Group's volume tariff revenue decreased with the decrease of actual power generation hours in 2015 and 2016. As compensation, the Group received subsidy income in the form of capacity tariff revenue from grid companies. Considering the implementation of the "Dual Tariff Policy" was on a trial basis and the significant uncertainty around the sustainability of the policy in the future, the Group did not revise the depreciation method for major generator equipment in 2015 and 2016. Instead, in anticipation of the expected reduction in actual power generation volume, an impairment loss on the relevant property, plant and equipment of RMB 139,943,000 was recognised for the year ended 31 December 2014.

In 2017, following the release of certain government policy regulating the industry and through ongoing internal assessment and the communication with relevant government authorities, the Group's management considers the uncertainty around the sustainability of the "Dual Tariff Policy" has reduced to a sufficient extent and expects the "Dual Tariff Policy" would continue to be in place in 2017 and for the foreseeable future. In the opinion of the directors, the increased clarity over the "Dual Tariff Policy" from 2017 constitutes a significant change in the operating environment of the Group. To reflect the depreciation of major generator equipment over its estimated remaining useful lives in a more systematic manner, the Group has changed the depreciation method for major generator equipment to "straight-line" method as of 1 January 2017.

The table below shows the details of estimated remaining production hours and estimated remaining useful lives of those major generator equipment before and after 1 January 2017:

	Before 1 January 2017 (unit-of-production method) (hours)		**After 1 January 2017 (straight-line method) (years)**
Category	**Total production hours**	**Estimated remaining production hours**	**Estimated remaining useful lives**
Major generator equipment	80,000–120,000	49,297–119,778	16–29

As compared to the original "unit-of-production" method and based on the actual power generation hours for the six months ended 30 June 2017, the above change in accounting estimates using the "straight-line" method has increased the depreciation of property, plant and equipment by approximately RMB 17,922,000 for the six months ended 30 June 2017.

5 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

Revenue comprises volume tariff revenue and capacity tariff revenue.

Volume tariff revenue represents the sale of electricity to power grid companies.

Capacity tariff revenue represents a subsidy income from power grid companies, and is calculated by the installed capacity of the Group's power plants multiply the capacity tariff.

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Volume tariff revenue	**42,703**	23,355
Capacity tariff revenue	**105,970**	105,970
	148,673	129,325

(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 and accruals attributable to sales activities of the power segment, shareholder's loan, and interest-bearing borrowings managed directly by the power segment, with the exception of corporate liabilities.

(i) ***Reportable segment revenue, profit or loss, assets and liabilities***

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Reportable segment revenue	**148,673**	129,325
Reportable segment profit	**41,208**	50,591
Reportable segment assets	**1,322,098**	1,438,596
Reportable segment liabilities	**810,192**	955,704

The measure used for reporting segment profit is "adjusted EBT" i.e. "adjusted earnings before taxes". To arrive at adjusted EBT, the Group's earnings are further adjusted for items not specifically attributed to the segment, such as directors' and auditors' remuneration and other head office or corporate administration costs.

(ii) ***Reconciliations of reportable segment profit or loss***

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Reportable segment profit	**41,208**	50,591
Unallocated head office and corporate expenses	**(4,047)**	(5,950)
Consolidated profit before taxation	**37,161**	44,641

6 PROFIT BEFORE TAXATION

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

(i) Net finance costs

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Interest income	**(293)**	(312)
Finance income	**(293)**	(312)
Interest on interest-bearing borrowings, shareholder's loan	**17,190**	17,332
Interest on convertible bonds	**—**	4,754
Total interest expense recognised in profit or loss	**17,190**	22,086
Bank charges	**26**	26
Net foreign exchange loss	**150**	34
Finance expenses	**17,366**	22,146
Net finance costs	**17,073**	21,834

(ii) Other items

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Depreciation	**26,688**	8,949
Amortisation	**668**	668

7 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Government grants	**900**	293

8 INCOME TAX

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Current tax expense		
Provision for the PRC income tax	**9,945**	11,851
Under/(over) provision in respect of prior years	**1,140**	(329)
Deferred tax		
Origination and reversal of temporary differences	**3,063**	2,617
Total income tax expense in the consolidated statement of profit or loss and other comprehensive income	**14,148**	14,139

(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 2017 (six months ended 30 June 2016: 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, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%.

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. As at 30 June 2017, deferred tax liabilities of RMB17,945,000 (31 December 2016: RMB14,664,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

(d) The Group has not recognised deferred tax assets in respect of cumulated tax losses of RMB2,296,000 (31 December 2016: RMB2,161,000) for certain subsidiary as it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

9 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 RMB23,056,000 (six months ended 30 June 2016: RMB30,629,000) and the weighted average of 458,600,000 ordinary shares (six months ended 30 June 2016: 458,600,000) in issue during the six months ended 30 June 2017.

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the six months ended 30 June 2017 and 2016 as there were no dilutive potential shares during the period. The calculation of diluted earnings per share for the six months ended 30 June 2016 does not assume the conversion of convertible bonds because the conversion of convertible bonds would be anti-dilutive.

10 PROPERTY, PLANT AND EQUIPMENT

Acquisitions

During the six months ended 30 June 2017, the Group acquired items of machinery and equipment with a cost of RMB 6,164,000 in total (six months ended 30 June 2016: RMB23,698,000).

Changing in accounting estimate

The Group adjusted the depreciation method of major generator equipment as of 1 January 2017 from "unit-of-production" method to "straight-line" method, details of changes are set out in note 4 to the unaudited interim financial report for the six months ended 30 June 2017.

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Trade receivables	**21,041**	30,583
Value Added Tax ("VAT") recoverable within one year	**18,106**	26,650
Prepayments	**3,059**	2,705
Other receivables	**1,095**	2,365
	43,301	62,303

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.

At 30 June 2017, ageing analysis of trade receivables of the Group based on the invoice date is as follows:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 1 month	**21,041**	30,583

12 INTEREST-BEARING BORROWINGS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Current		
Secured bank loans	**24,000**	38,000
Unsecured loans from a related party *(note 17)*	**20,000**	20,000
Current portion of non-current secured bank loans	**2,500**	—
Current portion of non-current unsecured bank loans	**20,000**	22,500
Current portion of non-current unsecured bank loans guaranteed by a related party	**74,000**	71,500
Current portion of non-current unsecured loans from a related party *(note 17)*	**243,456**	261,659
	383,956	413,659
Non-current		
Secured bank loans	**22,500**	25,000
Unsecured bank loans	**—**	10,000
Unsecured bank loans guaranteed by a related party	**234,500**	271,500
Unsecured loans from a related party *(note 17)*	**10,000**	—
	267,000	306,500
	650,956	720,159

(i) The secured bank loans as at 30 June 2017 carried interest at rates ranging from 4.35% to 4.90% (31 December 2016: 4.35% to 4.90%) per annum and were secured by the following assets:

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Carrying amounts of assets:		
Property, plant and equipment	**169,605**	175,571
Lease prepayments	**9,650**	9,877

(ii) Unsecured bank and other loans as at 30 June 2017 carried interest at rates ranging from 3.92% to 4.90% (31 December 2016: 3.92% to 4.90%) per annum.

13 TRADE AND OTHER PAYABLES

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Trade payables	**602**	2,431
Non-trade payables and accrued expenses	**38,662**	55,584
	39,264	58,015

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

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Within 3 months	**446**	900
Over 3 months but less than 6 months	**3**	87
Over 6 months but less than 1 year	**153**	1,444
	602	2,431

14 SHAREHOLDER'S LOAN

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Shareholder's loan	**116,789**	120,367

The shareholder's loan is related to the previously issued convertible bonds which were matured on 29 November 2016. Amber International Investment Co., Ltd. ("Amber International"), the bondholder and the immediate holding company of the Company, had not exercised the conversion option prior to the maturity date. The Company also did not make any redemption upon the maturity of the convertible bonds. The bondholder gave the Company a written confirmation dated 29 November 2016 that it agreed to waive all its rights (if any), whether contractual or otherwise, to bring any claim and/or commence any proceedings against the Company for any remedies and/or reliefs for any breach of the conditions committed by the Company in connection with the expiry of the maturity date. The bondholder also provided the Company another written confirmation that the outstanding principal and interest payable of the convertible bonds on the maturity date would become repayable on demand by Amber International, and interests on outstanding principal would be charged at 2% per annum after maturity date unless agreed otherwise thereafter.

15 DEFERRED REVENUE

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Government grants	**11,469**	10,464

The government grants are recognised as income over the periods necessarily to match them with the related costs of assets constructed which they are intended to compensate over the periods and in the proportion in which depreciation on those assets is charged.

16 DIVIDENDS

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

The directors of the Company do not propose the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: HKD: nil).

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

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the six months ended 30 June 2017, of HKD0.03 per share (six months ended 30 June 2016: HKD0.03 per share)	**12,013**	11,620

17 Material 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
Puxing Energy	Intermediate parent company of the Company
Wanxiang Finance Co., Ltd. ("Wanxiang Finance")	Fellow subsidiary

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

Particulars of significant transactions between the Group and the above related parties during the six months ended 30 June 2017 are as follows:

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Loans from		
Wanxiang Finance	**20,000**	25,000
Puxing Energy	**10,000**	—
Loans repaid to		
Wanxiang Finance	**20,000**	5,000
Puxing Energy	**15,000**	—
Unsecured bank loans guaranteed by, net of release upon repayments		
Wanxiang Holding	**(34,500)**	(30,000)
Interest expenses		
Wanxiang Finance	**437**	89
Puxing Energy	**5,478**	5,849
Amber International	**1,109**	—
Settlement of commercial bills accepted by		
Wanxiang Finance	**—**	20,000

The balances arising from the significant transactions between the Group and its related parties as at 30 June 2017 are as follows:

	At 30 June 2017	At 31 December 2016
	RMB'000	*RMB'000*
Amber International:		
— Shareholder's loan	**116,789**	120,367
— Dividend payable	**11,326**	11,326
— Interest payable	**1,288**	205
	129,403	131,898
Wanxiang Finance:		
— Interest-bearing borrowings	**20,000**	20,000
— Interest payable	**—**	10
	20,000	20,010
Puxing Energy:		
— Interest-bearing borrowings	**253,456**	261,659
— Interest payable	**10,624**	7,876
	264,080	269,535

(b) Key management personnel remunerations

	Six months ended 30 June	
	2017	2016
	RMB'000	*RMB'000*
Short-term employee benefits	**2,819**	1,535
Post-employment benefits	**131**	137
	2,950	1,672

18 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE UNUADITED INTERIM FINANCIAL REPORT

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Contracted for	**3,787**	4,169
Authorised but not contracted for	**592**	909
	4,379	5,078

19 OPERATING LEASE COMMITMENTS

Non-cancellable operating lease rentals were payable as follows:

	At 30 June 2017 *RMB'000*	At 31 December 2016 *RMB'000*
Less than 1 year	**922**	513
Over 1 year but less than 5 years	**1,633**	770
	2,555	1,283

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 four 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"), 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") and Amber (Anji) Gas Turbine Thermal Power Co., Ltd. (琥珀(安吉)燃機熱電有限公司) ("Anji Power Plant"). As at 30 June 2017, the aggregate installed capacity and the attributable installed capacity of the above power plants was approximately 457MW.

Production Volume

The production volume for the six months ended 30 June 2017 was 95,883Mwh, representing an increase of 93.79% as compared with the corresponding period of last year (six months ended 30 June 2016: 49,478Mwh). The economic growth recovery in Zhejiang Province drove an increase in power consumption demand in the whole province, therefore resulted in an increase in the Group's production volume in the first half of 2017 as compared with the corresponding period of last year. In order to facilitate the trial implementation of the "Dual Tariff Policy", the relevant government authorities have organised the 2017 production plan for natural gas power generating units based on the maximum demand within the power grid. The planned generation hours for Blue Sky Power Plant and De-Neng Power Plant under the Group in 2017 were 300 hours; and the planned generation hours for Anji Power Plant in 2017 were 1,500 hours, while the actual power generation hours for Jing-Xing Power Plant (being a power plant for geographical survey) will refer to Blue Sky Power Plant and De-Neng Power Plant.

Natural Gas Supply

The total natural gas supply for the six months ended 30 June 2017 was 21.72 million cubic meter (m^3), representing an increase of 80.40% as compared with the corresponding period of last year (six months ended 30 June 2016: 12.04 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 Province. For the period from 1 January to 30 June 2017, natural gas price (inclusive of VAT) offered by Zhejiang Province Natural Gas Development Company (the sole natural gas supplier of the Group) to the Group's gas-fired power plants was RMB2.31/m^3. For the six months ended 30 June 2017, the fuel cost accounted for 29.93% of the revenue, representing an increase of 10.56 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 Province after taking into account the types of fuel, cost structure and operating profit of similar power plants within the provincial grid.

According to the Notice Regarding the Trial Implementation of Dual Tariff for Natural Gas Power Generating Units in Zhejiang Province (《關於我省天然氣發電機組試行兩部制電價的通知》) issued by the Price Bureau of Zhejiang Province, the trial dual tariff was implemented since 1 January 2015.

The on-grid tariff of Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant under the Group for the six months ended 30 June 2017 was RMB0.58/Kwh (inclusive of VAT), while the capacity tariff was RMB470/Kw per annum (inclusive of VAT); the on-grid tariff of Anji Power Plant under the Group was RMB0.52/Kwh (inclusive of VAT), while the capacity tariff was RMB680/Kw per annum (inclusive of VAT).

FINANCIAL REVIEW

The revenue of the Group for the six months ended 30 June 2017 was approximately RMB148,673,000 (six months ended 30 June 2016: RMB129,325,000), representing an increase of 14.96% 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 2017 was approximately RMB23,056,000 (six months ended 30 June 2016: RMB30,629,000), representing a decrease of approximately 24.72% as compared with the corresponding period of last year. Basic earnings per share amounted to RMB0.050 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB0.067).

Revenue

Revenue of the Group for the six months ended 30 June 2017 amounted to RMB148,673,000, representing an increase of 14.96% as compared with RMB129,325,000 for the corresponding period of last year. The increase in revenue was primarily due to the increase in production volume of the Group in the first half year of 2017.

Operating Costs

For the six months ended 30 June 2017, the operating costs of the Group were RMB95,339,000, representing an increase of 50.99% as compared with RMB63,143,000 for the corresponding period of last year. Among which, depreciation and amortisation cost increased by approximately RMB17,739,000 as compared with the corresponding period of last year as a result of the change of depreciation method, and the increase in fuel cost and sales related taxes as production volume increased.

Income Tax

According to the Corporate Income Tax Law of the People's Republic of China, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%. The PRC corporate income tax provided for the six months ended 30 June 2017 amounted to RMB14,148,000 (six months ended 30 June 2016: RMB14,139,000).

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. As at 30 June 2017, deferred tax liabilities of RMB17,945,000 (31 December 2016: RMB14,664,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

No provision of income tax was made for the members of the Group outside the PRC as the Group had no assessable profits generated outside the PRC.

The Group has not recognised deferred tax assets in respect of cumulated tax losses of RMB2,296,000 (31 December 2016: RMB2,161,000) for certain subsidiary as it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

Profit Attributable to Equity Shareholders of the Company

For the six months ended 30 June 2017, profit attributable to equity shareholders of the Company was approximately RMB23,056,000 (six months ended 30 June 2016: RMB30,629,000), representing a decrease of 24.72% as compared with the corresponding period of last year. Such decrease of net profit was mainly because that the Group changed the depreciation method for major generator equipment from the original “unit-of-production” method to “straight-line” method since 1 January 2017, which has increased the depreciation expenses of property, plant and equipment by approximately RMB 17,922,000 for the six months ended 30 June 2017 as compared with the original “unit-of-production” method. Please refer to the Company’s announcement dated 14 August 2017 for further details.

Liquidity and Financial Resources

For the first half year of 2017, net cash generated from operating activities was RMB67,052,000 (net cash generated from the first half year of 2016: RMB37,240,000), representing an increase of 80.05% as compared with the corresponding period of last year. The average aging of the Group’s receivables is one month and 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 RMB12,125,000 (net cash used in the first half year of 2016: RMB27,740,000), mainly resulted from the purchase of plant and machinery items for an aggregate cost of RMB13,563,000.

Net cash used in financing activities was RMB78,013,000 (net cash used in the first half year of 2016: RMB14,042,000), which was primarily due to the payment of dividend of RMB12,013,000 to equity shareholders of the Company during the period under review and the partial repayment of certain loans in cash for an aggregate sum of RMB120,000,000.

As at 30 June 2017, the Group had a cash balance of RMB97,496,000 (31 December 2016: RMB120,582,000), which was used for working capital purpose. Cash was generally placed with licensed banks as short-term deposits.

As at 30 June 2017, the Group had net current liabilities of RMB391,351,000 (31 December 2016: liability RMB401,021,000). The net current liabilities slightly decreased as compared with the end of last year.

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. The Directors are confident that the Group will be able to satisfy all conditions required by banks in respect of borrowings 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 2017, the gearing ratio was 57.21% (31 December 2016: 59.80%), representing a decrease of 2.59 percentage points as compared with that of 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 revenue 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 2017, the Group had RMB3,787,000 (31 December 2016: RMB4,169,000) 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 RMB592,000 (31 December 2016: RMB909,000) of capital commitments authorized but not contracted for. During the period under review, the Group had no material contingent liabilities or off balance sheet commitments.

Details of the capital commitment of the Group are set out in note 18 to the unaudited interim financial report in this announcement.

PROSPECTS

Since the end of 2016, The Planning for Energy Development during the 13th Five-Year Plan and 14 Energy Special Plan have been released successively, which set a blueprint for current energy development and reform of the PRC. Among which, actions such as making clean energy priority, strictly controlling the development scale of coal power and optimizing the layout of renewable energy have increased the developing force and confidence for clean energy industry.

Currently, the PRC is accelerating the optimization and upgrading of the industrial structure. And as one of the top eight vigorously developed strategic emerging industries, the new energy and clean energy is in the rapid development wave. At present, the PRC's energy structure is still dominated by coal and low-carbon and clean natural gas has not yet been fully utilized in the PRC. Natural gas energy consumption only represents approximately 6% of nationwide primary energy total consumption, lower 18 percentage points than the worldwide average level. By 2020, the target natural gas consumption proportion will amount to more than 10% with wide development space.

According to the information on production volume and power consumption for the first half of 2017 released by National Energy Administration, the energy consumption in the PRC increased, and total national power consumption was 2,950 billion Kwh, representing an increase of 6.3% as compared with the corresponding period of last year. The growth rate has increased by 3.6 percentage points as compared to the corresponding period of last year. The energy structure has been further optimized and the proportion of coal consumption decreased and the proportion of clean energy consumption increased. In the first half of 2017, the proportion of coal consumption was 59.8%, representing a decrease of 0.6 percentage point as compared with the corresponding period of last year, and the total proportion of natural gas and non-fossil energy consumption was 20%, representing an increase of 0.3 percentage point as compared with the end of last year.

In response to the above situation, the management of the Company will continue to support and dedicate to the development of clean energy. As a clean energy supplier focusing on the provision of natural gas, the Group will certainly be benefitted from the new energy policy in the PRC and seek for development opportunities to further the development of the Company's new energy business. The Group is confident in the future development of the existing power plants and new or acquisition projects of the Group.

Meanwhile, the shareholders and potential investors of the Company should note that the Group will continue to implement the "Dual Tariff Policy" for the power plants under the Group in 2017. If there is any change in the power generation policy, the Company will make announcement(s) in due course as and when required under applicable requirements of the Listing Rules (as hereinafter defined). Moreover, according to the 2017 Unified Production Plan for Natural Gas Power Generating Units (2017年天然氣統調機組發電計劃) issued by Zhejiang Province Economic and Information Commission, the planned generation hours for Blue Sky Power Plant and De-Neng Power Plant under the Group in 2017 will be 300 hours; and 1,500 hours for Anji Power Plant, while the actual power generation hours for Jing-Xing Power Plant (being a power plant for geographical survey) in 2017 will refer to Blue Sky Power Plant and De-Neng Power Plant.

In addition, the Group is well prepared for the research, development and investment in the projects in relation to gas-fired power generation, as well as investigation and research on clean energy projects other than natural gas. The Group will further increase its reserves in projects for current and long term development, and will expand its market share in clean energy supply in the PRC.

The Group will continue to strengthen its human resources and focus on the training of talents to build a team with outstanding members. In addition, the Group will continue to implement its comprehensive budget management, upgrade its ability in plan execution and budget control in order to further enhance its management standard and secure stable and sustainable development of the Group. The Group, having full confidence in the industry, will constantly show perseverance in its development of clean energy business. It is believed that the Group will achieve satisfactory results and become one of the top clean energy suppliers in the PRC.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2017, the Group had a total of 261 employees, excluding 5 temporary employees (31 December 2016: 271 employees, excluding 7 temporary employees). 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 to employees with an aim to retain talents on all levels for 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 period under review.

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 by the Group to determine whether the relevant standard has been satisfied before discharging.

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 lesser amount of nitrogen oxides and barely emit any sulphur dioxide or fine particles. For the same amount of heat generated, combusting natural gas releases 50% less carbon dioxide as compared to combusting coal.

The Group has responded positively to the government's advocate for investing more in environmental protection and has strengthened its investment in environmental protection with the completion of the low-nitride-emitting modification of one of the units in De-Neng Power Plant and Blue Sky Power Plant. Low-nitride emitting modification can effectively reduce the emission of air pollutants (nitrogen oxides) during the power generation process. The Group commands a dominant position in the industry.

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

Apart from those matters as set out above, the management discussion and analysis has not materially changed from those information previously disclosed in the 2016 annual report.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

During the six months ended 30 June 2017, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the six months ended 30 June 2017.

MODEL CODE FOR DIRECTOR'S SECURITIES TRANSACTIONS

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

The Company has made specific enquiry to all Directors regarding the compliance with the Model Code. All Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the interim results of the Group for the six months ended 30 June 2017. KPMG, the Group's external auditor, has carried out a review of the interim financial report for the six months ended 30 June 2017 in accordance with the 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.

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 2017 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
Wei Jun Yong
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the Board comprises seven Directors, of whom two are executive Directors, namely Mr. Wei Jun Yong and Mr. Gu Gen Yong; two are non-executive Directors namely Mr. Li Jin Quan and Mr. Zhang Liang Hua; and three are independent non-executive Directors, namely Mr. Tse Chi Man, Mr. Yao Xian Guo and Mr. Yu Wayne W.