AMBER

AMBER ENERGY LIMITED
琥珀能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 90)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2017	2016	Change
	RMB'000	*RMB'000*	
Revenue	**348,364**	279,173	24.8%
Profit from operations	**90,562**	112,813	-19.7%
Profit attributable to equity shareholders of the Company	**34,222**	41,703	-17.9%
Basic earnings per share	**RMB0.075**	RMB0.091	-17.6%
Dividend per share			
Interim	**Nil**	Nil	0%
Proposed final	**HK$0.03**	HK$0.03	0%

	As at 31 December		
	2017	2016	Change
	RMB'000	*RMB'000*	
Total assets	**1,283,869**	1,413,623	-9.2%
Shareholders' equity	**521,339**	483,913	7.7%
Net asset value per share[1]	**RMB1.14**	RMB1.06	7.5%
Closing market price per share	**HK$1.10**	HK$1.23	-10.6%
Net debt[2]	**604,144**	719,944	-16.1%
Total capital[3]	**1,125,483**	1,203,857	-6.5%
Gearing ratio[4]	**53.68%**	59.80%	-6.1%

Notes:

1. $\dfrac{\text{Shareholders' equity}}{\text{Number of ordinary shares in issue}}$

2. Total debts (including all interest-bearing borrowings and shareholder's loan) – Cash and cash equivalents

3. Shareholders' equity + Net debt

4. $\dfrac{\text{Net debt}}{\text{Total Capital}}$

The board (the "**Board**") of directors (the "**Directors**") of Amber Energy Limited (the "**Company**") announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2017

	Note	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*5*	**348,364**	279,173
Operating expenses			
Fuel consumption		**(141,161)**	(70,030)
Depreciation and amortisation		**(55,791)**	(21,146)
Repairs and maintenance		**(5,136)**	(5,690)
Personnel costs	*6(b)*	**(26,133)**	(31,047)
Administrative expenses		**(24,349)**	(25,183)
Sales related taxes		**(2,191)**	(1,784)
Other operating expenses		**(3,041)**	(11,480)
Profit from operations		**90,562**	112,813
Finance income		**494**	570
Finance expenses		**(33,210)**	(44,316)
Net finance costs	*6(a)*	**(32,716)**	(43,746)
Other income		**2,153**	1,694
Profit before taxation	*6*	**59,999**	70,761
Income tax	*7*	**(25,831)**	(29,310)
Profit for the year		**34,168**	41,451
Attributable to:			
Equity shareholders of the Company		**34,222**	41,703
Non-controlling interests		**(54)**	(252)
Profit for the year		**34,168**	41,451
Earnings per share			
Basic *(RMB)*	*9*	**0.075**	0.091
Diluted *(RMB)*	*9*	**0.075**	0.091

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	2017	2016
	RMB'000	*RMB'000*
Profit for the year	**34,168**	41,451
Other comprehensive income for the year (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	**15,217**	(15,093)
Total comprehensive income for the year	**49,385**	26,358
Attributable to:		
Equity shareholders of the Company	**49,439**	26,610
Non-controlling interests	**(54)**	(252)
Total comprehensive income for the year	**49,385**	26,358

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2017

	Note	**2017** **RMB'000**	2016 RMB'000
Non-current assets			
Property, plant and equipment		**1,107,274**	1,161,922
Lease prepayments		**46,152**	47,489
Deferred tax assets		**4,680**	7,739
		1,158,106	1,217,150
Current assets			
Inventories		**14,206**	13,588
Trade and other receivables	*10*	**35,014**	62,303
Prepaid income tax		**681**	–
Cash and cash equivalents		**75,862**	120,582
		125,763	196,473
Current liabilities			
Shareholder's loan		**–**	120,367
Interest-bearing borrowings	*11*	**253,224**	413,659
Trade and other payables	*12*	**46,405**	58,015
Current taxation		**–**	5,453
		299,629	597,494
Net current liabilities		**(173,866)**	(401,021)
Total assets less current liabilities		**984,240**	816,129

	Note	2017 RMB'000	2016 RMB'000
Non-current liabilities			
Shareholder's loan		**114,782**	–
Interest-bearing borrowings	*11*	**312,000**	306,500
Deferred revenue		**12,013**	10,464
Deferred tax liabilities		**23,572**	14,664
		462,367	331,628
NET ASSETS		**521,873**	484,501
CAPITAL AND RESERVES			
Share capital		**40,149**	40,149
Reserves		**481,190**	443,764
Total equity attributable to equity shareholders of the Company		**521,339**	483,913
Non-controlling interests		**534**	588
TOTAL EQUITY		**521,873**	484,501

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. STATEMENT OF COMPLIANCE

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

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

2. BASIS OF PREPARATION

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The 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 RMB173,866,000 as at 31 December 2017 (31 December 2016: RMB401,021,000). 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 year ending 31 December 2018, management believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

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 impact on the accounting policies of the Group. However, additional disclosure has been included in notes to the consolidated financial statements to satisfy the new disclosure requirements introduced by the amendments to IAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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 power 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 since 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 power 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 RMB139,943,000 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 year ended 31 December 2017, the above change in accounting estimates using the "straight-line" method has increased the depreciation of property, plant and equipment by approximately RMB34,307,000 for the year ended 31 December 2017.

5. REVENUE

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

Revenue comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat.

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

Capacity tariff revenue represents a subsidy income from power grid companies, following a reduction in the annual planned power generation volume of the Group's power plants for supply to the power grid companies and changes in the electricity tariff policies applicable to the Group since 2015, pursuant to the "*Notice Regarding the Trial Implementation of Dual Tariff for Natural Gas Power Generating Units in Zhejiang Province"* issued by the Price Bureau of Zhejiang Province in June 2015.

Revenue from sales of heat represents the sale of heat to third party customers.

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

	2017	2016
	RMB'000	*RMB'000*
Volume tariff revenue	**128,616**	67,233
Capacity tariff revenue	**211,940**	211,940
Revenue from sales of heat	**7,808**	–
	348,364	279,173

The Group's customer base is concentrated and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2017, volume tariff revenue and capacity tariff revenue from this customer, including its subsidiary, amounted to RMB340,556,000 (2016: RMB279,173,000). Details of concentrations of credit risk arising from this customer are set out in notes to the consolidated financial statements.

6. PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2017 *RMB'000*	2016 *RMB'000*
Interest income	**(494)**	(570)
Finance income	**(494)**	(570)
Interest on interest-bearing borrowings and shareholder's loan	**33,056**	35,003
Interest on convertible bonds	**–**	9,116
Total interest expense on financial liabilities	**33,056**	44,119
Net foreign exchange loss	**112**	148
Bank charges	**42**	49
Finance expenses	**33,210**	44,316
Net finance costs	**32,716**	43,746

(b) Personnel costs

	2017 *RMB'000*	2016 *RMB'000*
Wages, salaries and other benefits	**24,081**	28,882
Contribution to defined contribution plan	**2,052**	2,165
	26,133	31,047

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

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

(c) Other items

	2017	2016
	RMB'000	*RMB'000*
Operating lease charges	**1,077**	1,234
Net loss on disposal of property, plant and equipment	**912**	11,503
Amortisation of lease prepayments	**1,337**	1,337
Depreciation	**54,454**	19,809
Auditor's remuneration		
– audit services	**1,311**	1,299
– other services	**–**	1,900

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

	2017	2016
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**12,724**	22,050
Under provision in respect of prior years	**1,140**	318
	13,864	22,368
Deferred tax		
Origination and reversal of temporary differences	**11,967**	6,942
Total income tax expense in the consolidated statement of profit or loss	**25,831**	29,310

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

(ii) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have any assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2017 (2016: Nil).

(iii) The provision for PRC Corporate 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 PRC Corporate Income Tax Law, 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 31 December 2017, deferred tax liabilities of RMB23,572,000 (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.

(iv) The Group has not recognised deferred tax assets in respect of cumulated tax losses of RMB2,329,000 (2016: RMB2,161,000) as it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

8. DIVIDENDS

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

	2017	2016
	RMB'000	*RMB'000*
Final dividend proposed after the reporting date of HK$0.03 (2016: HK$0.03) per share	**11,118**	12,194

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

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

	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.03 (2016: HK$0.03) per share	**12,013**	11,620

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 RMB34,222,000 (2016: RMB41,703,000) and the weighted average of 458,600,000 (2016: 458,600,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the year ended 31 December 2017 and 31 December 2016 as there were no dilutive potential shares during the year. The calculation of diluted earnings per share for the year ended 31 December 2016 does not assume the conversion of convertible bonds because the conversion of convertible bonds would be anti-dilutive.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	RMB'000	*RMB'000*
Trade receivables	**22,529**	30,583
Prepayments	**2,607**	2,705
Value added tax ("VAT") recoverable within one year	**7,702**	26,650
Other receivables	**2,176**	2,365
	35,014	62,303

All of the trade and other receivables are expected to be recovered within one year.

At 31 December 2017, ageing analysis of trade receivables of the Group based on the invoice date is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 month	**22,529**	30,583

11. INTEREST-BEARING BORROWINGS

	2017 *RMB'000*	2016 *RMB'000*
Current		
Secured bank loans *(i)*	–	38,000
Unsecured loans from related parties	**50,000**	20,000
Current portion of non-current unsecured bank loans	–	22,500
Current portion of non-current unsecured bank loans guaranteed by a related party *(ii)*	**74,500**	71,500
Current portion of non-current unsecured loans from a related party	**128,724**	261,659
	253,224	413,659
Non-current		
Secured bank loans *(i)*	–	25,000
Unsecured bank loans	–	10,000
Unsecured bank loans guaranteed by a related party *(ii)*	**197,000**	271,500
Unsecured loans from a related party	**115,000**	–
	312,000	306,500
	565,224	720,159

(i) There are no secured bank loans as at 31 December 2017. The secured bank loans as at 31 December 2016 were secured by the following assets:

	2017 *RMB'000*	2016 *RMB'000*
Carrying amounts of assets:		
Property, plant and equipment	–	175,571
Lease prepayments	–	9,877

(ii) The bank loans are guaranteed by China Wanxiang Holding Co., Ltd. ("Wanxiang Holding"), an ultimate controlling party of the Company.

(iii) The Group's interest-bearing borrowings are repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**253,224**	413,659
Over 1 year but less than 2 years	**87,500**	74,500
Over 2 years but less than 5 years	**224,500**	218,500
Over 5 years	**–**	13,500
	312,000	306,500
	565,224	720,159

12. TRADE AND OTHER PAYABLE

	2017	2016
	RMB'000	*RMB'000*
Trade and bill payables	**2,564**	2,431
Other payables and accrued expenses	**43,841**	55,584
	46,405	58,015

As at 31 December 2017, the ageing analysis of trade and bill payables of the Group based on the invoice date, is as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 3 months	**1,990**	900
Over 3 months but less than 6 months	**104**	87
Over 6 months but less than 1 year	**470**	1,444
	2,564	2,431

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. The Group has four wholly-owned gas-fired power plants in Zhejiang province and the aggregate installed capacity was approximately 457MW.

During the year, with the increase in overall power demand in Zhejiang Province in 2017, the Group's overall production volume increased by 99.18% to 291,310MWh from 146,251MWh in the previous year. At the same time, in response to the increase in overall production volume, natural gas usage also increased by 101.45% to 68,815,000m^3 from 34,160,000m^3 in the previous year.

During the year under review, the Price Bureau of Zhejiang Province announced that, starting from 1 September 2017, the volume tariff of natural gas power generating units would be adjusted downward by RMB0.013/kWh based on prices inclusive of VAT. As a result, the volume tariff (inclusive of VAT) of Hangzhou Amber Blue Sky Natural Gas Power Generation Co., Ltd. ("Blue Sky Power Plant"), Zhejiang Amber De-Neng Natural Gas Power Generation Co., Ltd. ("De-Neng Power Plant") and Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd. ("Jing-Xing Power Plant") under the Group was reduced to RMB0.567/kWh from RMB0.58/kWh in the previous year, representing a decrease of about 2.2%; the volume tariff of Amber (Anji) Gas Turbine Thermal Power Co., Ltd. ("Anji Power Plant") under the Group was cut to RMB0.507/kWh from RMB0.52/kWh in the previous year, representing a decrease of about 2.5%; and the capacity tariff remained unchanged. In addition, the Price Bureau of Zhejiang Province announced that, starting from 1 September 2017, the price of natural gas for non-residential purposes (inclusive of VAT) would be reduced by RMB0.10/m^3 to RMB2.21/m^3 from RMB2.31/m^3, representing a decrease of about 4.3%.

Equity installed capacity

As at 31 December 2017, the equity installed capacity of power plants held and operated by the Group is as follows:

Power plant	Category	Installed capacity *(MW)*	Equity interest *(%)*	Equity installed capacity *(MW)*
Blue Sky Power Plant	Natural gas	112	100	112
De-Neng Power Plant	Natural gas	112	100	112
Jing-Xing Power Plant	Natural gas	75	100	75
Anji Power Plant	Natural gas	158	100	158
Total		**457**		**457**

Production volume

In order to facilitate the trial implementation of the dual tariff policy for natural gas ("Dual Tariff Policy") by Zhejiang Province since 1 January 2015, 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. In response to the increase in overall power demand in Zhejiang Province in 2017 and in order to meet the maximum demand within the power grid, the relevant government authorities made adjustments to the annual production plan of the four power plants under the Group, which increased the production tasks of the Group within the year accordingly. For the year ended 31 December 2017, the Group's production volume was 291,310MWh, representing an increase of 99.18% as compared to 146,251MWh in the previous year.

During the year, the Group's actual power generation hours are as follows:

Power plant	**2017** *(hour)*	2016 *(hour)*	Variance *(%)*
Blue Sky Power Plant	**110**	263	-58.2
De-Neng Power Plant	**302**	185	63.2
Jing-Xing Power Plant	**286**	362	-21.0
Anji Power Plant	**1,416**	437	224.0
Total	**2,114**	**1,247**	**69.5**

According to the 2018 Unified Production Plan for Natural Gas Power Generating Units issued to the four power plants under the Group by Zhejiang Province Economic and Information Commission, the Group's planned generation hours for 2018 are as follows:

Power plant	**2018 (Planned)** *(hour)*	2017 (Actual) *(hour)*	Variance *(%)*
Blue Sky Power Plant	**300**	110	172.7
De-Neng Power Plant	**300**	302	-0.7
Jing-Xing Power Plant*	**1,600**	286	459.4
Anji Power Plant	**1,000**	1,416	-29.4
Total	**3,200**	**2,114**	**51.4**

* *As Jing-Xing Power Plant is a regional dispatchable power plant, the planned generation hours for 2018 is subject ot change and the actual generation hours may be adjusted according to the local overall power demand.*

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*" issued by the Price Bureau of Zhejiang Province, the Dual Tariff Policy has been implemented in trial by Zhejiang Province since 1 January 2015. Affected by the relevant policy, the Group's revenue is mainly divided into two parts, namely volume tariff revenue and capacity tariff revenue.

In September 2017, the Price Bureau of Zhejiang Province announced that, starting from 1 September 2017, the volume tariff of natural gas power generating units would be adjusted downward by RMB0.013/kWh based on prices inclusive of VAT. As a result, the volume tariff (inclusive of VAT) of Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant under the Group was reduced to RMB0.567/kWh from RMB0.58/kWh in the previous year, representing a decrease of about 2.2%; the volume tariff of Anji Power Plant under the Group was cut to RMB0.507/kWh from RMB0.52/kWh in the previous year, representing a decrease of about 2.5%.

During the year, the capacity tariff (inclusive of VAT) of Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant under the Group was RMB470/kW per year; the capacity tariff (inclusive of VAT) of Anji Power Plant under the Group was RMB680/kW per year. The capacity tariff was the same as the previous year and remained unchanged.

Fuel cost and natural gas usage

All the four power plants under the Group use natural gas as a fuel for power generation. Natural gas is also the only source of fuel for the Group and is provided by Zhejiang Province Natural Gas Development Company, the sole supplier of the Group.

The natural gas price is determined by the Price Bureau of Zhejiang Province. According to the "*Notice of the Price Bureau of Zhejiang Province on Strengthening the Regulation of Natural Gas Prices for a Reduction in the Prices of Natural Gas for Non-residential Purposes*" issued by the Price Bureau of Zhejiang Province in September 2017, starting from 1 September 2017, the natural gas price (inclusive of VAT) offered by Zhejiang Province Natural Gas Development Company to the Group was adjusted downward from RMB2.31/m^3 to RMB2.21/m^3, representing a decrease of about 4.3%.

During the year, the average unit fuel cost of the Group was approximately RMB484.57/MWh, representing an increase of 1.20% as compared to approximately RMB478.83/MWh in the previous year. With the increase in production volume during the year, natural gas usage also increased accordingly. For the year ended 31 December 2017, the Group's natural gas usage amounted to 68,815,000m^3, representing an increase of 101.45% as compared to 34,160,000m^3 in the previous year; fuel cost was RMB141,161,000, representing an increase of 101.57% as compared to RMB70,030,000 in the previous year.

Heat sales volume

Anji Power Plant under the Group formally put heating into production in August 2017, mainly providing steam for manufacturers in proximity to its heating pipelines. For the year ended 31 December 2017, the Group sold steam amounting to 34,683 tons at an average price (inclusive of VAT) of approximately RMB250/ton, generating revenue of RMB7,808,000 (2016: RMBnil).

FINANCIAL REVIEW

During the year under review, benefitting from the increase in overall power demand in Zhejiang Province in 2017, the Group's revenue for the year increased by 24.78% when compared with the previous year. However, given that the Group decided to change the depreciation method from "unit-of-production" method to "straight-line" method for certain of its property, plant and equipment starting from 1 January 2017, depreciation for the year increased by approximately RMB34,645,000 as compared to that in last year, finally resulting in a decrease of RMB7,481,000 in the profit attributable to equity shareholders of the Company. For the year ended 31 December 2017, profit attributable to equity shareholders of the Company was RMB34,222,000 (2016: RMB41,703,000); basic and diluted earnings per share amounted to RMB0.075, representing a decrease of 17.58% as compared to RMB0.091 in the previous year.

Revenue

With the trial implementation of the Dual Tariff Policy by Zhejiang Province starting from 1 January 2015, the Group's revenue mainly comprises volume tariff revenue and capacity tariff revenue. During the year, as the Group formally put heating into production, revenue from sales of heat became part of the Group's revenue.

Revenue of the Group for the year ended 31 December 2017 amounted to approximately RMB348,364,000, representing an increase of RMB69,191,000 or 24.78% as compared to RMB279,173,000 in the previous year.

Operating expenses

During the year, the Group's operating expenses mainly comprised fuel cost, depreciation and amortisation, staff costs and administrative expenses. For the year ended 31 December 2017, operating expenses of the Group was RMB257,802,000, representing an increase of RMB91,442,000 or 54.97% as compared to RMB166,360,000 in the previous year. An increase in operating expenses was primarily due to the corresponding increase in production volume for the year as well as the increase in depreciation expenses arising from the change in depreciation method during the year.

Profit from operations

For the year ended 31 December 2017, profit from operations of the Group was RMB90,562,000, representing a decrease of RMB22,251,000 or 19.72% as compared to RMB112,813,000 in the previous year.

Finance costs

For the year ended 31 December 2017, net finance costs of the Group was RMB32,716,000, representing a decrease of RMB11,030,000 or 25.21% as compared to RMB43,746,000 in the previous year. The decrease in net finance costs was primarily attributable to the repayment of certain interest-bearing borrowings by the Group during the year, resulting in a decrease in relevant finance expenses for the year.

Income tax

For the year ended 31 December 2017, income tax of the Group amounted to RMB25,831,000, representing a decrease of RMB3,479,000 or 11.87% as compared to RMB29,310,000 in the previous year. The decrease in income tax was mainly due to the change of depreciation method made by the Group during the year, which increased the depreciation expenses of the power plants under the Group for the year and resulted in a decrease in the profit before taxation.

Earnings per share and final dividend

For the year ended 31 December 2017, profit attributable to equity shareholders of the Company was RMB34,222,000 (2016: RMB41,703,000); basic and diluted earnings per share amounted to RMB0.075, representing a decrease of 17.58% as compared to RMB0.091 in the previous year.

At the Board meeting held on 27 March 2018, the Board recommended the payment of a final dividend of HK$0.03 (2016: HK$0.03) per share for the year ended 31 December 2017. Based on the 458,600,000 (2016: 458,600,000) ordinary shares in issue as at 27 March 2018 (2016: 24 March 2017), the Board recommended the payment of a final dividend amounting to HK$13,758,000 (equivalent to approximately RMB11,118,000) (2016: HK$13,758,000 (equivalent to approximately RMB12,194,000)).

New Development Projects

Wind Power Project

In order to facilitate the clean energy development strategy of the "13th Five-Year Plan" of China, the Group will leverage on its internationally-advanced clean energy and energy saving technologies, combined with years of investment and development experience in the field of clean energy and its understanding on the development trend of clean energy to provide new, clean and efficient secondary energy. Currently, the Group is preparing for the construction of a new wind power project and relevant planning is in progress. The project has obtained the government's planning permission and is now in full swing. However, as the above project is still in the planning stage, the Group needs to successfully obtain various licences, permits and approvals issued by relevant government authorities and raise sufficient project development funds to effectively implement the project. Therefore, the wind power project mentioned above will depend on the actual development situation and may not be carried out in the end.

Photovoltaic Power Project

In line with the industrial policy and sustainable development strategy of China, and to explore clean energy sector apart from the natural gas business of the Group, superstructure construction of distributed photovoltaic power generating units (the "Photovoltaic Project") on top of the existing plant buildings has been gradually carried out by the Group with aims to provide the existing plants of the Group and power grids with new high-quality clean energy through the generation of photovoltaic power, and to open up new sources of income and room for business growth for the Group. Currently, the Group takes Jing-Xing Power Plant as the first pilot site for the Photovoltaic Project with planned construction capacity of approximately 500kW which represents approximately 0.11% of the existing equity installed capacity of the Group. The Photovoltaic Project is being constructed in two phases, and the first phase had been commenced in January 2018 with a construction capacity of approximately 217kW and an investment cost of approximately RMB1.6 million. It is expected to be connected to a power grid and put into operation around the end of March 2018. The Group expects that approximately 60% of the power to be generated will be used for the daily operation of Jing-Xing Power Plant, while the rest will be sold to the power grid. After Jing-Xing Power Plant achieved success from the Photovoltaic Project, the Group may plan to extend it to the remaining power plants of the Group.

Significant Investment Activities

During the year under review, the Group had no significant investment activity.

Major Acquisitions and Disposals

During the year under review, the Group had no major acquisition and disposal relating to its subsidiaries, associates and joint ventures.

Liquidity and Financial Resources

As at 31 December 2017, cash and cash equivalents of the Group amounted to RMB75,862,000 (31 December 2016: RMB120,582,000), including HK$22,097,000 (equivalent to approximately RMB18,471,000) and approximately US$500 (equivalent to approximately RMB3,000) (31 December 2016: HK$22,770,000 (equivalent to approximately RMB20,368,000) and approximately US$500 (equivalent to approximately RMB3,000)).

As at 31 December 2017, the Group had current assets of RMB125,763,000 (31 December 2016: RMB196,473,000), current liabilities of RMB299,629,000 (31 December 2016: RMB597,494,000) and net current liabilities of RMB173,866,000 (31 December 2016: RMB401,021,000), with a current ratio of 0.42 (31 December 2016: 0.33). The current ratio was improved mainly because some short-term loans due were repaid during the year and some short-term loans were restructured as long-term loans.

Sources of funds of the Group are mainly cash inflows from operating activities and loans granted by banks and related parties. The Group regularly monitors its gearing ratio to control its capital structure. At the same time, the Group also regularly monitors its liquidity position, projected liquidity requirements and its compliance with lending covenants, as well as maintains long-term sound relationships with major banks to ensure that it has sufficient liquidity to meet its working capital requirements and future development needs.

Debts

All the debts of the Group are denominated in Renminbi, Hong Kong Dollars and United States Dollars. As at 31 December 2017, the Group had total debts of RMB680,006,000 (31 December 2016: RMB840,526,000), including related party loans of US$19,700,000 (equivalent to approximately RMB128,724,000) (31 December 2016: US$19,700,000 (equivalent to approximately RMB136,659,000)) and shareholder's loan of HK$137,315,000 (equivalent to approximately RMB114,782,000) (31 December 2016: HK$134,562,000 (equivalent to approximately RMB120,367,000)).

Details of the Group's debts as at 31 December 2017 and 31 December 2016 are as follows:

	2017 ***RMB'000***	2016 *RMB'000*
Secured bank loans	**–**	63,000
Unsecured bank loans	**–**	32,500
Unsecured loans from related parties	**293,724**	281,659
Unsecured bank loans guaranteed by a related party	**271,500**	343,000
Shareholder's loan	**114,782**	120,367
	680,006	840,526

The above debts are repayable as follows:

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**253,224**	534,026
Over 1 year but less than 2 years	**87,500**	74,500
Over 2 years but less than 5 years	**339,282**	218,500
Over 5 years	**–**	13,500
	680,006	840,526

Among the above debts, approximately RMB243,506,000 (31 December 2016: approximately RMB295,026,000) were fixed-rate debts and denominated in United States Dollar and Hong Kong Dollar; and the remaining debts were denominated in Renminbi and subject to adjustment in accordance with relevant regulations of the People's Bank of China, bearing interests calculated at an interest rate of 3.92% to 4.90% (2016: 3.92% to 4.90%) per annum.

Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all interest-bearing borrowings and shareholder's loan, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Company, as shown in the consolidated statement of financial position, plus net debt. As at 31 December 2017, the Group's gearing ratio was 53.68% (31 December 2016: 59.80%).

Capital Commitments

Details of the capital commitment of the Group as at 31 December 2017 are set out in notes to the consolidated financial statement.

Pledge of Assets

As at 31 December 2016, the Group pledged certain of its property, plant and equipment and land use rights with a net book value of RMB185,448,000 to several banks as collaterals for bank loans of RMB63,000,000. As at 31 December 2017, none of the property, plant and equipment and land use rights was pledged as collaterals for bank loans.

Contingent Liabilities

As at 31 December 2017, the Group had no material contingent liability (2016: Nil).

Foreign Exchange Risk

The Group primarily operates its business in Mainland China and most of the transactions are settled in Renminbi. Except for certain cash, bank balances and borrowings that are denominated in Hong Kong Dollar and United States Dollar, the Group's assets and liabilities are mainly denominated in Renminbi. The Group considers that its current foreign exchange risk is insignificant and therefore has not hedged it through any derivatives for the time being. However, the management of the Group will continue to monitor its foreign currency exposure and will consider hedging significant foreign exchange risk should the need arise.

Employees and Remuneration Policy

As at 31 December 2017, the Group had a total of 257 employees, excluding 3 temporary staff (31 December 2016: 271, excluding 7 temporary staff). For the year ended 31 December 2017, total employees' remuneration (including directors' remuneration and benefits) was RMB26,133,000 (2016: RMB31,047,000). The Group determines employees' remuneration according to industry practices, financial performance and employees' performance. In addition, the Group provides employees with training and benefits, such as insurance, medical benefits and mandatory provident fund contributions, with an aim to retain talents of all levels for further contribution to the Group.

Prospects for 2018

The year of 2018 is the opening year of practising the spirit of the 19th National Congress of the Communist Party of China as well as a crucial year for the implementation of the "13th Five-Year Plan". To realise sound results for the energy sector throughout the year is of great significance in promoting the transformation and development of energy in the new era, improving the quality and efficiency of energy development, enhancing the support capacity and standards for energy security and fostering sustainable economic and social development.

Focusing on the clean energy industry, the Group pays close attention to the energy development strategy of China and faces with new development and opportunities. Among which, the following points in the "*Guiding Opinion of the National Energy Administration for Energy Work in 2018*" are particularly worthy of attention:

I. Solidify the base of energy supply

(i) Improve the support capacity for oil and gas supply

Adhere to the two-way strategy of "activating existing reserves and accelerating discovery of new reserves" in strengthening the exploration and development of conventional oil and gas resources to ensure basically stable oil production and relatively fast growth in natural gas production.

(ii) Speed up the construction of networks of oil and gas pipelines

Speed up the construction of trunk pipeline networks, regional branch pipeline networks and distribution pipeline networks to improve the distribution of LNG receiving stations and supporting transmission pipelines.

Being a clean energy supplier that uses natural gas as a fuel for power generation, the Group will certainly benefit from the enhancement of upstream natural gas supply and support capacity.

II. Promote the use of natural gas in an orderly manner

Promote the establishment of natural gas production, supply, storage and sales systems, accelerate the increase in reserve and productivity of domestic natural gas and spare no effort in promoting the interconnection of natural gas infrastructure to improve the peak adjusting system of natural gas reserve; develop distributed natural gas energy and natural gas peak adjusting stations in an orderly manner.

All the four natural gas power plants under the Group are peak adjusting power plants with mature capabilities and experience in peak adjusting power plants in terms of specification, investment, construction and operation. The Group will pay close attention to new potential investment opportunities, and will actively explore the feasibility of developing centralised energy supply in a distributed form of its power plants through natural gas power generation.

III. Intensify the reform of power system

Continuously improve the medium and long-term power trading mechanisms, further promote the building of an auxiliary power service market, actively and steadily push forward the building of trial spot power markets, standardise trading activities in the power market, accelerate the reform of the distribution and sale of electricity, perfect supporting policies for the pilot reform of incremental distribution network business, strengthen power market norms and guidance on the sales side, and increase the proportion of market-oriented power transactions to further reduce the energy costs of enterprises.

The Group will respond to the government's policies by leveraging on its own expertise to tube an active role to identify new opportunities for development in the reform of power system.

At the same time, according to the "*13th Five-Year Plan for Energy Development", the "13th Five-Year Plan for Natural Gas Development*" and other guidelines in China, China plans to develop natural gas as a main energy of the new generation, requiring the consumption of natural gas as a percentage of primary energy consumption to increase from 6.3% in 2016 to 8-10% in 2020. As estimated by the Group, the compound annual growth rate of national natural gas consumption will reach about 15% over the period from 2016 to 2020 accordingly. In 2017, the actual consumption of natural gas in China increased by 15.3%. It is expected that the growth in consumption will stay at around 15% in next year and the year after.

The Group, being a clean energy supplier focused on the development of natural gas as a fuel for power generation, will definitely contribute to the national goal of developing low-carbon environment amidst the world's main stream featuring the wide application of natural gas.

According to the "*Three-Year Action Plan for the Development of Natural Gas in Zhejiang Province (2018-2020)*", the plan proposes five priorities in the field of natural gas in Zhejiang Province for the next three years: firstly, to promote a natural gas supply revolution and build a new supply security system; secondly, to promote a natural gas consumption revolution and create a clean and efficient situation; thirdly, to promote a natural gas system revolution and establish a new mechanism which is fair and open; fourthly, to promote natural gas technological innovation and seize new technology development; fifth, to strengthen natural gas safety management and improve the safety standard of pipelines.

After studying the plan, it is found that Zhejiang Province will continue to vigorously promote the development of the natural gas industry. The Group will continue to pay attention to the development of the sector and to seek new opportunities for development in this field.

In response to the above situation, the Group has full confidence in the industry and the future development of the existing power plants of the Group. The Group will continue to support and dedicate to the development of clean energy business and is confident that it will achieve satisfactory results and become one of the top clean energy suppliers in China.

In addition, the Group will make unremitting efforts on the research, development and investment in projects in relation to gas-fired power generation, as well as the investigation and research on clean energy projects other than natural gas with the hope that this can increase project reserves of the Group for its long-term sustainable development. At the same time, the Group will strive to study the potential for expanding its market share in the clean energy supply in China.

The Group will continue to strengthen its human resources and focus on the training of talents to build a team with outstanding members. At the same time, the Group will continue to implement its comprehensive budget management and upgrade its ability in plan execution and budget control in order to further enhance its management standard and secure stable, sustainable and healthy development of the Group.

FINAL DIVIDEND

The board of Directors (the "Board") recommends the payment of a final dividend of HK$0.03 (2016: HK$0.03) per share for the year ended 31 December 2017. The proposed final dividend, if approved by the Shareholders at the forthcoming annual general meeting of the Company, is expected to be paid on or around 27 June 2018 to the Shareholders whose names appear on the register of members on Thursday, 14 June 2018.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 8 June 2018 (the "AGM"). A notice convening the AGM has been issued to the Shareholders together with this annual report, which is also available on the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkexnews.hk and the Company's website at www.amberenergy.com.hk.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed in the following periods during which day no transfer of shares of the Company will be registered:

(i) from Tuesday, 5 June 2018 to Friday, 8 June 2018 (both days inclusive), for the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and to vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 4 June 2018; and

(ii) on Thursday, 14 June 2018, for the purpose of determining shareholders' entitlement to the proposed final dividend, during which period no transfers of shares will be registered. In order to be qualified for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 13 June 2018.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

CORPORATE GOVERNANCE

The Board has been adamant in upholding high standards of corporate governance to maximize operational efficiency, corporate values and shareholder returns. The Company has adopted and applied the principals of the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company will continue to upgrade internal control system, strengthen risk control management and reinforce the corporate governance structure.

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the CG Code throughout the year ended 31 December 2017.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2017.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.amberenegy.com.hk). The annual report of the Company for the year ended 31 December 2017 containing all the information required by the Listing Rules shall be despatched to the shareholders of the Company and made available on the aforesaid websites in due course.

By order of the Board
Amber Energy Limited
WEI Junyong
Chairman

Hong Kong, 27 March 2018

As at the date of this announcement, the Board comprises seven directors, of whom two are executive Directors, namely Mr. Wei Junyong and Mr. Gu Genyong; two are non-executive Directors, namely Mr. Li Jinquan and Mr. Zhang Lianghua; and three are independent non-executive Directors, namely Mr. Tse Chi Man, Mr. Yao Xianguo and Mr. Yu Wayne W.