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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 2018

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2018	2017	
	RMB'000	*RMB'000*	*Change*
Revenue	**281,625**	348,364	–19.2%
Profit from operations	**93,733**	90,562	3.5%
Profit attributable to equity shareholders of the Company	**45,580**	34,222	33.2%
Basic earnings per share	**RMB0.099**	RMB0.075	32.0%
Dividend per share			
– Interim	**Nil**	Nil	0%
– Proposed final	**HK$0.035**	HK$0.03	16.7%

	At 31 December		
	2018	2017	
	RMB'000	*RMB'000*	*Change*
Total assets	**1,234,156**	1,283,869	–3.9%
Shareholders' equity	**542,487**	521,339	4.1%
Net asset value per share[1]	**RMB1.18**	RMB1.14	3.5%
Net debt[2]	**518,572**	604,144	–14.2%
Total capital[3]	**1,061,059**	1,125,483	–5.7%
Gearing ratio[4]	**48.87%**	53.68%	–4.8%

Notes:

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

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

3. Shareholders' equity + Net debt

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

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 2018, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2018

	Note	**2018** *RMB'000*	2017 *RMB'000*
Revenue	*4*	**281,625**	348,364
Operating expenses			
Fuel consumption		**(69,402)**	(141,161)
Depreciation and amortisation		**(57,770)**	(55,791)
Repairs and maintenance		**(3,077)**	(5,136)
Personnel costs	*5(b)*	**(29,414)**	(26,133)
Administrative expenses		**(24,782)**	(24,349)
Sales related taxes		**(2,099)**	(2,191)
Other operating expenses		**(1,348)**	(3,041)
Profit from operations		**93,733**	90,562
Finance income		**311**	494
Finance expenses		**(29,707)**	(33,210)
Net finance costs	*5(a)*	**(29,396)**	(32,716)
Other income		**5,979**	2,153
Profit before taxation	*5*	**70,316**	59,999
Income tax	*6*	**(24,736)**	(25,831)
Profit for the year		**45,580**	34,168
Attributable to:			
Equity shareholders of the Company		**45,580**	34,222
Non-controlling interests		**–**	(54)
Profit for the year		**45,580**	34,168
Earnings per share			
Basic *(RMB)*	*8*	**0.099**	0.075
Diluted *(RMB)*	*8*	**0.099**	0.075

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018	2017
	RMB'000	*RMB'000*
Profit for the year	**45,580**	34,168
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	**(12,939)**	15,217
Total comprehensive income for the year	**32,641**	49,385
Attributable to:		
Equity shareholders of the Company	**32,641**	49,439
Non-controlling interests	**–**	(54)
Total comprehensive income for the year	**32,641**	49,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**1,061,206**	1,107,274
Lease prepayments		**44,815**	46,152
Intangible assets		**1,898**	–
Deferred tax assets		**3,753**	4,680
		1,111,672	1,158,106
Current assets			
Inventories		**14,829**	14,206
Trade and other receivables	*9*	**32,795**	35,014
Prepaid income tax		**–**	681
Cash and cash equivalents		**74,860**	75,862
		122,484	125,763
Current liabilities			
Interest-bearing borrowings	*10*	**257,705**	253,224
Trade and other payables	*11*	**52,767**	46,405
Current taxation		**3,186**	–
		313,658	299,629
Net current liabilities		**(191,174)**	(173,866)
Total assets less current liabilities		**920,498**	984,240

	Note	2018 RMB'000	2017 RMB'000
Non-current liabilities			
Shareholder's loan		**126,227**	114,782
Interest-bearing borrowings	*10*	**209,500**	312,000
Deferred revenue		**12,099**	12,013
Deferred tax liabilities		**29,651**	23,572
		377,477	462,367
NET ASSETS		**543,021**	521,873
CAPITAL AND RESERVES			
Share capital		**40,149**	40,149
Reserves		**502,338**	481,190
Total equity attributable to equity shareholders of the Company		**542,487**	521,339
Non-controlling interests		**534**	534
TOTAL EQUITY		**543,021**	521,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

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, 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 consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries.

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

At 31 December 2018, the Group had net current liabilities of RMB191,174,000 (31 December 2017: RMB173,866,000). In view of this circumstance, the directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

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, the directors believe that the Group will generate sufficient cash flows to meet its liabilities as and when they fall due in the next twelve months. Accordingly, the directors consider 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 and have prepared the consolidated financial statements on a going concern basis.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. 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.

Volume tariff revenue and revenue from sales of heat are recognised upon the transfer of products.

Capacity tariff revenue is recognised based on the installed capacity and capacity tariff on a monthly basis.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
Electricity:		
– Volume tariff revenue	**42,568**	128,616
– Capacity tariff revenue	**213,158**	211,940
	255,726	340,556
Heat:		
– Revenue from sales of heat	**25,899**	7,808
	281,625	348,364

The Group's customer base is concentrated and includes only one customer with whom transactions have exceeded 10% of the Group's revenues. In 2018, volume tariff revenue and capacity tariff revenue from this customer, including its subsidiaries, amounted to RMB255,726,000 (2017: RMB340,556,000). Details of concentrations of credit risk arising from this customer are set out in the notes to the consolidated financial statements.

5. PROFIT BEFORE TAXATION

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

(a) Net finance costs

	2018	2017
	RMB'000	*RMB'000*
Interest income	**(311)**	(494)
Finance income	**(311)**	(494)
Interest on interest-bearing borrowings and shareholder's loan	**29,682**	33,056
Total interest expense on financial liabilities	**29,682**	33,056
Net foreign exchange loss	**–**	112
Bank charges	**25**	42
Finance expenses	**29,707**	33,210
Net finance costs	**29,396**	32,716

(b) Personnel costs

	2018	2017
	RMB'000	*RMB'000*
Wages, salaries and other benefits	**27,253**	24,081
Contribution to defined contribution plan	**2,161**	2,052
	29,414	26,133

The Group participates in pension funds organised by the People's Republic of China (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 Group 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

	2018	2017
	RMB'000	*RMB'000*
Operating lease charges	**1,115**	1,077
Net loss on disposal of property, plant and equipment	**232**	912
Depreciation	**55,826**	54,454
Amortisation of lease prepayments	**1,337**	1,337
Amortisation of intangible assets	**607**	–
Auditor's remuneration		
– audit services	**1,180**	1,311

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

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

	2018	2017
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**18,147**	12,724
(Over)/under provision in respect of prior years	**(417)**	1,140
	17,730	13,864
Deferred tax		
Origination and reversal of temporary differences	**7,006**	11,967
Total income tax expense in the consolidated statement of profit or loss	**24,736**	25,831

(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 2018 (2017: 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 2018, deferred tax liabilities of RMB29,651,000 (2017: RMB23,572,000) 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.

7. DIVIDENDS

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

	2018	2017
	RMB'000	*RMB'000*
Final dividend proposed after the reporting date of HK$0.035 (2017: HK$0.03) per share	**13,768**	11,118

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

	2018	2017
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HK$0.03 (2017: HK$0.03) per share	**11,493**	12,013

8. 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 RMB45,580,000 (2017: RMB34,222,000) and the weighted average of 458,600,000 (2017: 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 2018 and 31 December 2017 as there were no dilutive potential shares during the year.

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	RMB'000	*RMB'000*
Trade receivables	**29,888**	22,529
Prepayments	**1,567**	2,607
Value added tax recoverable within one year	**–**	7,702
Other receivables	**1,340**	2,176
	32,795	35,014

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

At 31 December 2018, aging analysis of trade receivables of the Group based on the invoice date is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 1 month	**29,888**	22,529

All of the trade receivables of the Group as at 31 December 2018 were fully settled up to the date of the issuance of these financial statements.

10. INTEREST-BEARING BORROWINGS

	2018	2017
	RMB'000	*RMB'000*
Current		
Unsecured loans from related parties	**35,000**	50,000
Current portion of non-current unsecured bank loans guaranteed by a related party *(i)*	**77,500**	74,500
Current portion of non-current unsecured loans from a related party	**145,205**	128,724
	257,705	253,224
Non-current		
Unsecured bank loans guaranteed by a related party *(i)*	**119,500**	197,000
Unsecured loans from a related party	**90,000**	115,000
	209,500	312,000
	467,205	565,224

(i) The bank loans are guaranteed by China Wanxiang Holding Co., Ltd., ultimate controlling company of the Company.

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

	2018	2017
	RMB'000	*RMB'000*
Within 1 year	**257,705**	253,224
Over 1 year but less than 2 years	**169,000**	87,500
Over 2 years but less than 5 years	**40,500**	224,500
	209,500	312,000
	467,205	565,224

11. TRADE AND OTHER PAYABLES

	2018	2017
	RMB'000	*RMB'000*
Trade and bill payables	**3,913**	2,564
Other payables and accrued expenses	**48,854**	43,841
	52,767	46,405

As at 31 December 2018, the aging analysis of trade and bill payables of the Group based on the invoice date, is as follows:

	2018	2017
	RMB'000	*RMB'000*
Within 3 months	**3,480**	1,990
Over 3 months but less than 6 months	**36**	104
Over 6 months but less than 1 year	**397**	470
	3,913	2,564

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 458MW. During the year, the Group completed the rooftop photovoltaic projects of Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd. ("**Jing-Xing Power Plant**") and Amber (Anji) Gas Turbine Thermal Power Co., Ltd. ("**Anji Power Plant**") which were successfully connected to the grid, contributing 578kW of installed capacity and new sources of income to the Group. Meanwhile, the Group's Anji Power Plant was officially put into operation of heat supply in August 2017 with a maximum heating capacity of approximately 160 tons/hour, thus developing a promising landscape for development.

With the overall economic restructuring and the structural adjustment in electricity procurement demand of Zhejiang Province in 2018, the relevant government departments in Zhejiang Province optimised and adjusted the annual generation schedules of the Group's four power plants to meet the peak demand of the power grid during the year. For the year ended 31 December 2018, the Group's overall power generation decreased by 69.62% to 88,505MWh as compared to 291,310MWh in the previous year. Meanwhile, in view of the overall decrease in electricity generation during the year, the consumption of natural gas for electricity generation decreased by 67.67% to 21,160,000m^3 from 65,442,000m^3 in the previous year. During the year, the Group actively explored heat users and achieved breakthroughs. For the year ended 31 December 2018, the Group sold 104,321 tons of steam, representing a significant increase of 69,638 tons, or 200.78%, as compared to 34,683 tons in the previous year.

During the year, with the increase of natural gas price, the Zhejiang Provincial Price Bureau and Zhejiang Provincial Development and Reform Commission accordingly adjusted the volume tariff of natural gas power generating units in May 2018 and October 2018 respectively, totaling RMB0.223/kWh (inclusive of value-added tax ("**VAT**")). Accordingly, 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 Jing-Xing Power Plant under the Group was increased from RMB0.567/kWh in the previous year to RMB0.79/kWh, representing an increase of approximately 39.33%; that of Anji Power Plant under the Group increased to RMB0.73/kWh from RMB0.507/kWh in the previous year, representing an increase of approximately 43.98%. In addition, the Zhejiang Provincial Price Bureau and Zhejiang Provincial Development and Reform Commission adjusted the price of natural gas for use in natural gas power generating units, raising the total price of natural gas for non-residential use (inclusive of VAT) by RMB1.06/m^3, from RMB2.21/m^3 to RMB3.27/m^3, representing an increase of approximately 47.96%. The capacity tariff of the Group's four power plants remained unchanged during the year. Since the Zhejiang Provincial Price Bureau adjusted the gas consumption price of the Group's natural gas power generating units by a margin larger than that of the volume tariff of the natural gas power generating units during the year, the Group's power generation cost increased, thus exerting pressure on the Group's gross profit. However, as the Group generated less electricity during the year, the above price adjustments did not have significant adverse impact on the Group's financial performance.

In addition, the Ministry of Finance and the State Taxation Administration issued a *"Notice on Adjustment of VAT Rate" (Cai Shui [2018] No. 32)* during the year, announcing the adjustment of VAT rate since 1 May 2018. As a result, the VAT rate on electricity sales and output and the VAT rate on natural gas inputs related to the Group's main businesses were reduced by one percentage point, from 17% to 16% and 11% to 10%, respectively. There was no significant impact on the Group's financial performance as the rate of output VAT and input VAT were reduced at substantially the same pace.

Equity Installed Capacity

As at 31 December 2018, the equity installed capacity of power plants owned and operated by the Group was 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
	Photovoltaic	0.22	100	0.22
Anji Power Plant	Natural gas	158	100	158
	Photovoltaic	0.36	100	0.36
Total		457.58	100	457.58

On-grid Tariff

On-grid tariff is determined by the Zhejiang Provincial Price Bureau 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 Zhejiang Provincial Price Bureau, a dual tariff policy for natural gas (the "**Dual Tariff Policy**") has been implemented in trial by Zhejiang Province since 1 January 2015. Affected by the relevant policy, the Group's tariff revenue is mainly divided into two parts, namely volume tariff revenue and capacity tariff revenue.

During the year, the Zhejiang Provincial Price Bureau announced in May 2018 that, starting from 1 May 2018, the volume tariff of natural gas power generating units would be adjusted upward by RMB0.021/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 increased to RMB0.588/kWh from RMB0.567/kWh in the previous year, representing an increase of approxiamtely 3.70%; that of Anji Power Plant under the Group was increased to RMB0.528/kWh from RMB0.507/kWh in the previous year, representing an increase of approximately 4.14%. In October of the same year, Zhejiang Provincial Development and Reform Commission issued a notice announcing an increase of RMB0.202/kWh in the volume tariff of natural gas power generating units for the period from 1 October 2018 to 31 December 2018. Therefore, the volume tariff (inclusive of VAT) for Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant under the Group was increased from RMB0.588/kWh to RMB0.79/kWh, representing an increase of approximately 34.35%; that of Anji Power Plant under the Group increased from RMB0.528/kWh to RMB0.73/kWh, representing an increase of about 38.26%. The capacity tariff (inclusive of VAT) of the power plants under the Group remained unchanged during the year; the capacity tariff (inclusive of VAT) of Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant was RMB470/kW/year, the capacity tariff (inclusive of VAT) of Anji Power Plant under the Group was RMB680/kW/year.

In January 2019, Zhejiang Provincial Development and Reform Commission issued a notice announcing the decrease of the volume tariff (inclusive of VAT) for natural gas power generating units for the period from 1 January 2019 to 31 March 2019 by RMB0.063/kWh and the capacity tariff remaining unchanged. Therefore, the volume tariff (inclusive of VAT) of Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant under the Group were reduced by approximately 7.97% from RMB0.79/kWh as mentioned above to RMB0.727/kWh; that of Anji Power Plant under the Group was reduced by approximately 8.63% from RMB0.73/kWh to RMB0.667/kWh.

Production Volume

Natural Gas Power Generation

In order to facilitate the trial implementation of the Dual Tariff Policy by Zhejiang Province since 1 January 2015, the relevant government authorities have organised the 2018 production plan for natural gas power generating units based on the maximum demand within the power grid. In response to the adjustment to overall electricity procurement demand in Zhejiang Province in 2018 and in order to meet the maximum demand within the power grid, the relevant government authorities optimised and made adjustments to the annual production plan of the four power plants under the Group, which decreased the production tasks of the Group for the year accordingly. For the year ended 31 December 2018, the Group's production volume was 88,505MWh, representing a decrease of 69.62% as compared to 291,310MWh in the previous year.

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

Power plant	**2018** *(hours)*	2017 *(hours)*	Variance *(%)*
Blue Sky Power Plant	**122**	110	10.9
De-Neng Power Plant	**177**	302	–41.4
Jing-Xing Power Plant	**119**	286	–58.4
Anji Power Plant	**291**	1,416	–79.4
Equivalent to full load power generation	**193.7**	637.5	–69.6

According to the 2019 Unified Production Plan for Natural Gas Power Generating Units issued to the four power plants under the Group by the Energy Bureau of Zhejiang Province, the Group's planned generation hours for 2019 are as follows:

Power plant	**2019 Plan** *(hours)*	2018 Plan *(hours)*	Variance *(%)*
Blue Sky Power Plant	**300**	300	–
De-Neng Power Plant	**300**	300	–
Jing-Xing Power Plant *(Note)*	**1,000**	1,600	–37.5
Anji Power Plant	**600**	1,000	–40.0
Equivalent to full load power generation	**517.6**	755.4	–31.5

Note: As Jing-Xing Power Plant is a regional dispatchable power plant, the planned generation hours for 2019 are subject to change and the actual generation hours may be adjusted according to the overall local power demand.

Photovoltaic Power Generation

Jing-Xing Power Plant and Anji Power Plant under the Group completed their rooftop photovoltaic projects and connected to the grid on 28 March 2018 and 13 June 2018, respectively, with respective installed capacity of 217kW and 361kW. The electricity generated was mainly used to supplement the auxiliary power rate of the power plant, and the remainder was sold to the power grid. For the year ended 31 December 2018, the Group generated approximately 420MWh of photovoltaic power (2017: nil), of which approximately 75MWh was sold to the power grid and contributed revenue of RMB106,000 to the Group.

Heat Sales Volume

Anji Power Plant under the Group formally put heating into production in August 2017 with a maximum heating capacity of approximately 160 tons/hour, mainly providing steam for manufacturers in proximity to its heating pipelines.

For the year ended 31 December 2018, the Group sold 104,321 tons of steam, representing a significant increase of 69,638 tons or 200.78% as compared to 34,683 tons in the previous year. The significant increase in heat sales was mainly due to the year-wide heating supply in 2018 and the Group's breakthrough performance in actively attracting additional heat users during the year. During the year, the average selling price of steam (inclusive of VAT) was approximately RMB271.18/ton, representing an increase of 8.47% as compared to approximately RMB250/ton in the previous year. During the year, the heating business generated revenue of RMB25,899,000 for the Group, representing an increase of 231.70% as compared to RMB7,808,000 in the previous year, and contributed a gross profit of RMB823,000 (2017: RMB283,000) and government grant of RMB4,983,000 (2017: RMB nil).

Fuel Cost and Natural Gas Usage

The Group's Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant all use natural gas as fuel for power generation, while Anji Power Plant uses natural gas as fuel for power generation and heating. Natural gas is the only source of fuel for the Group and is provided by Zhejiang Province Natural Gas Development Company, the sole supplier of the Group and Zhejiang Province.

Natural gas prices in Zhejiang region are determined by the Zhejiang Provincial Price Bureau. The Zhejiang Provincial Price Bureau issued a notice in May 2018 announcing that, with effect from 1 May 2018, the price of natural gas (inclusive of VAT) provided by Zhejiang Province Natural Gas Development Company to the Group was increased by approximately 4.52% from RMB2.21/m^3 in the previous year to RMB2.31/m^3. In October of the same year, Zhejiang Provincial Development and Reform Commission issued a notice announcing an increase of price (inclusive of VAT) of approximately 41.56% from RMB2.31/m^3 to RMB3.27/m^3 of natural gas provided by Zhejiang Province Natural Gas Development Company to the Group for the period from 1 October 2018 to 31 December 2018.

During the year, the Group's total consumption of natural gas was 31,122,000m^3 (including 9,962,000m^3 for heating), representing a decrease of 54.77% as compared to 68,815,000m^3 (including 3,373,000m^3 for heating) in the previous year. The Group's average unit fuel cost for power generation was approximately RMB524.93/MWh (2017: approximately RMB461.28/MWh), representing an increase of 13.80% as compared to that of the previous year. The average unit fuel cost for heating was approximately RMB219.93/ton (2017: approximately RMB195.63/ton), representing an increase of 12.42% in the previous year. Despite natural gas consumption for heating increased during the year as a result of the increase in heat sales, the total natural gas consumption decreased during the year compared with that of the previous year as electricity generation declined. For the year ended 31 December 2018, fuel costs amounted to RMB69,402,000, representing a decrease of 50.83% as compared to RMB141,161,000 in the previous year. Fuel costs accounted for 101.80% of the related revenue (i.e., volume tariff revenue and revenue from sales of heat) as compared to 103.47% in the previous year, decreased by 1.67%, mainly due to, with the support of a favorable clean energy policy, the Group's reduction in natural gas costs and production costs through the enhancement of production management efficiency in response to the peak adjustment required by the power grid in Zhejiang province and the optimisation of power generation mode and generation schedule.

In January 2019, Zhejiang Provincial Development and Reform Commission announced that, for the period from 1 January 2019 to 31 March 2019, the price of natural gas (inclusive of VAT) provided to the Group by Zhejiang Province Natural Gas Development Company was reduced from RMB3.27/m^3 to RMB2.97/m^3, representing a decrease of approximately 9.17%.

FINANCIAL REVIEW

The profit attributable to equity shareholders of the Company for the year ended 31 December 2018 was RMB45,580,000, representing a significant increase of RMB11,358,000, or 33.19%, as compared to RMB34,222,000 of the previous year, mainly attributable to the following factors: (i) production and related management costs were lowered due to the improvement in production and management efficiency; (ii) the Group proactively expanded heat users to increase heat supply and the rooftop photovoltaic power generation exceeded its expectation, thus increasing the revenue from related sectors and the government grants; (iii) with the support of a favorable clean energy policy, the pattern and plan of power generation were optimised in accordance with the peak adjustment required by the power grid in Zhejiang province, thereby reducing the cost of natural gas; and (iv) reasonable arrangement for cash flows reduced the occupation of capital, thus saving financial expenses. For the year ended 31 December 2018, basic and diluted earnings per share of the Company amounted to RMB0.099, representing an increase of 32.00% as compared to RMB0.075 in the previous year.

Revenue

With the trial implementation of the Dual Tariff Policy by Zhejiang Province starting from 1 January 2015 and the commencement of operation of heat supply of Anji Power Plant under the Group in August 2017, the Group's revenue mainly comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat.

Although the revenue from sales of heat showed signs of robust growth, the volume tariff fell sharply due to the reduction in production volume within the year. For the year ended 31 December 2018, the revenue of the Group amounted to RMB281,625,000, representing a decrease of RMB66,739,000, or 19.16%, as compared to RMB348,364,000 in the previous year.

Operating Expenses

During the year, the Group's operating expenses mainly comprised fuel consumption, depreciation and amortisation, staff costs and administrative expenses. For the year ended 31 December 2018, the Group's operating expenses were RMB187,892,000, representing a decrease of RMB69,910,000, or 27.12%, from RMB257,802,000 in the previous year. The decrease in operating expenses was primarily due to the following factors: (i) production and related management costs of the Group were lowered due to the improvement in production and management efficiency; and (ii) with the support of a favorable clean energy policy, the pattern and plan of power generation were optimised in accordance with the peak adjustment required by the power grid in Zhejiang province, thereby reducing the cost of natural gas.

Profit from Operations

For the year ended 31 December 2018, the Group's profit from operations was RMB93,733,000, representing an increase of RMB3,171,000, or 3.50%, from RMB90,562,000 in the previous year. The increase in profit from operations was primarily due to the following factors: (i) the Group expanded heat users to increase heat supply and the rooftop photovoltaic power generation exceeded its expectation, thus increasing the revenue from related sectors; and (ii) less operating expenses incurred for the year.

Finance Costs

For the year ended 31 December 2018, net finance costs of the Group were RMB29,396,000, representing a decrease of RMB3,320,000, or 10.15%, from RMB32,716,000 in the previous year. The decrease in net finance costs was primarily due to the Group repaid certain interest-bearing borrowings during the year and reasonably arranged for cash flows to reduce the occupation of capital, thus saving financial expenses.

Income Tax

According to the Law of the PRC Corporate Income Tax, the tax rate of all PRC subsidiaries under the Group was 25%. For the year ended 31 December 2018, income tax of the Group amounted to RMB24,736,000, representing a decrease of RMB1,095,000, or 4.24%, from RMB25,831,000 in the previous year. The decrease in income tax was mainly due to the fact that an additional provision for income tax of RMB1,140,000 was made in the previous year for the under provision in respect of prior years.

Earnings per Share and Final Dividend

For the year ended 31 December 2018, profit attributable to equity shareholders of the Group amounted to RMB45,580,000 (2017: RMB34,222,000). The basic and diluted earnings per share amounted to RMB0.099, representing an increase of 32.00% as compared to RMB0.075 in the previous year.

At the Board meeting held on 29 March 2019, the Board recommended the payment of a final dividend of HK$0.035 per share (2017: HK$0.03) for the year ended 31 December 2018. Based on the 458,600,000 (2017: 458,600,000) ordinary shares in issue as at 29 March 2019, the Board recommended the payment of a final dividend amounting to HK$16,051,000 (equivalent to approximately RMB13,768,000) (2017: HK$13,758,000 (equivalent to approximately RMB11,118,000)).

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 2018, cash and cash equivalents of the Group amounted to RMB74,860,000 (31 December 2017: RMB75,862,000).

As at 31 December 2018, the Group had current assets of RMB122,484,000 (31 December 2017: RMB125,763,000), current liabilities of RMB313,658,000 (31 December 2017: RMB299,629,000) and net current liabilities of RMB191,174,000 (31 December 2017: RMB173,866,000) with a current ratio of 0.39 (31 December 2017: 0.42). The current ratio was declined mainly because certain loans were transferred from non-current liabilities to current liabilities with reference to the repayment schedule during the year.

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 Dollar and United States Dollar. As at 31 December 2018, the Group had total debts of RMB593,432,000 (31 December 2017: RMB680,006,000), including related party loans of US$19,700,000 (equivalent to approximately RMB135,205,000) (31 December 2017: US$19,700,000 (equivalent to approximately RMB128,724,000)) and shareholder's loan of HK$144,062,000 (equivalent to approximately RMB126,227,000) (31 December 2017: HK$137,315,000 (equivalent to approximately RMB114,782,000)).

Details of the Group's debts as at 31 December of 2018 and 2017 are listed below:

	2018	2017
	(RMB'000)	*(RMB'000)*
Unsecured loans from related parties	**270,205**	293,724
Unsecured bank loans guaranteed by a related party	**197,000**	271,500
Shareholder's loan	**126,227**	114,782
Total	**593,432**	680,006

The above debts are repayable as follows:

	2018	2017
	(RMB'000)	*(RMB'000)*
Within 1 year	**257,705**	253,224
Over 1 year but less than 2 years	**169,000**	87,500
Over 2 years but less than 5 years	**166,727**	339,282
Total	**593,432**	680,006

Among the above debts, approximately RMB261,432,000 (31 December 2017: approximately RMB243,506,000) were fixed-rated 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% (2017: 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 debts. As at 31 December 2018, the Group's gearing ratio was 48.87% (31 December 2017: 53.68%).

Capital Commitments

Details of the capital commitments of the Group as at 31 December 2018 are set out in the notes to the consolidated financial statements.

Pledge of Assets

As at 31 December 2018, none of the property, plant and equipment and land use rights was pledged as collaterals for bank loans (2017: Nil).

Contingent Liabilities

As at 31 December 2018, the Group had no material contingent liability (2017: Nil).

Exchange rate 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 derivative 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 risks should the need arise.

Employees and Remuneration Policy

As at 31 December 2018, the Group had a total of 265 employees, excluding 1 temporary staff (31 December 2017: 257, excluding 3 temporary staff). For the year ended 31 December 2018, total employees' remuneration (including Directors' remuneration and benefits) was RMB29,414,000 (2017: RMB26,133,000). 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 2019

The Group will push forward with delicacy management, step up the management of human resources and deliver training sessions towards the essential goal of efficient management in 2019. Apart from the improvement in the pattern of power generation, the Group will actively attract additional heat users to create additional benefits and value for the shareholders.

Zhejiang Provincial Development and Reform Commission issued the "*Comprehensive Pilot Plan for the Reform of Electric Power System in Zhejiang Province*" on 5 January, 2018, stipulating an electricity market pattern applicable to Zhejiang Province for the sake of fostering a diversified market oriented to the needs of local market and establishing a provincial electric power market system laying more stress on electricity spot market than on the financial market of electric power. With the deepening of market economy reform, the electric system reform and energy supply reform in the interests of the Group is being accelerated. The Group will keep abreast with the latest development, proactively explore the application path for auxiliary power service market and spot a niche in the market based on its own conditions.

According to the national strategy for clean energy, the promotion of natural gas comes high on the agenda of energy transformation. The Group has full confidence in the development of the industry and the existing power plants. Being optimistic about the prospects of clean energy, the Group will attach importance to clean energy, base the power generation of natural gas upon its own conditions and branch out into other operations of clean energy. Moreover, the Group will push forward with the research, development and investment in projects of gas-fired power generation and make a survey of clean energy projects other than natural gas for future development.

Exuding confidence, the Group will establish itself as one of the best suppliers of clean energy in China.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.035 (2017: HK$0.03) per share for the year ended 31 December 2018. 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 26 June 2019 to the shareholders whose names appear on the register of members on Friday, 14 June 2019.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Monday, 10 June 2019 (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, 4 June 2019 to Monday, 10 June 2019 (both days inclusive), for the purpose of determining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and to vote at the AGM, 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, 3 June 2019; and

(ii) on Friday, 14 June 2019, for the purpose of determining shareholders' entitlement to the proposed final dividend. 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 Thursday, 13 June 2019.

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 maximise 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 2018.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2018.

SCOPE OF WORK OF KPMG ON THIS PRELIMINARY ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

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 2018 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, 29 March 2019

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.