AMBER

AMBER ENERGY LIMITED
琥珀能源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 90)

2016 ANNUAL RESULTS ANNOUNCEMENT

The board (the "Board") of directors (the "Directors") of Amber Energy Limited (the "Company") announce the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016 *RMB'000*	2015 *RMB'000*
Revenue	4	**279,173**	389,631
Operating expenses			
Fuel consumption		**(70,030)**	(189,658)
Depreciation and amortisation		**(21,146)**	(26,059)
Repairs and maintenance		**(5,690)**	(1,978)
Personnel costs	5(ii)	**(31,047)**	(28,336)
Administrative expenses		**(25,183)**	(24,911)
Sales related taxes		**(1,784)**	(2,340)
Other operating expenses		**(11,480)**	(6,185)
Profit from operations		**112,813**	110,164
Finance income		**570**	2,173
Finance expenses		**(44,316)**	(57,911)
Net finance costs	5(i)	**(43,746)**	(55,738)
Other income		**1,694**	7,394
Profit before taxation	5	**70,761**	61,820
Income tax	6	**(29,310)**	(18,441)
Profit for the year		**41,451**	43,379
Attributable to:			
Equity shareholders of the Company		**41,703**	43,691
Non-controlling interests		**(252)**	(312)
Profit for the year		**41,451**	43,379

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the year ended 31 December 2016

	Note	**2016**	2015
		RMB'000	*RMB'000*
Earnings per share			
Basic *(RMB)*	8	**0.091**	0.103
Diluted *(RMB)*	8	**0.091**	0.103
Profit for the year		**41,451**	43,379
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		**(15,093)**	(13,176)
Total comprehensive income for the year		**26,358**	30,203
Attributable to:			
Equity shareholders of the Company		**26,610**	30,515
Non-controlling interests		**(252)**	(312)
Total comprehensive income for the year		**26,358**	(30,203)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**1,161,922**	1,170,829
Lease prepayments		**47,489**	48,826
Deferred tax assets	6(iii)	**7,739**	5,725
Other non-current assets	9	**—**	18,083
		1,217,150	1,243,463
Current assets			
Inventories		**13,588**	13,912
Trade and other receivables	9	**62,303**	50,838
Pledged deposits		**—**	5,000
Cash and cash equivalents		**120,582**	150,012
		196,473	219,762
Current liabilities			
Shareholder's loan	10	**120,367**	—
Convertible bonds	10	**—**	97,923
Interest-bearing borrowings	11	**413,659**	127,000
Trade and other payables	12	**58,015**	96,157
Current taxation		**5,453**	2,577
		597,494	323,657
Net current liabilities		**(401,021)**	(103,895)
Total assets less current liabilities		**816,129**	1,139,568
Non-current liabilities			
Interest-bearing borrowings	11	**306,500**	653,405
Deferred revenue		**10,464**	10,692
Deferred tax liabilities	6(iii)	**14,664**	5,708
		331,628	669,805
NET ASSETS		**484,501**	469,763

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 December 2016

	Note	**2016**	2015
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	13	**40,149**	40,149
Reserves		**443,764**	428,774
Total equity attributable to equity shareholders of the Company		**483,913**	468,923
Non-controlling interests		**588**	840
TOTAL EQUITY		**484,501**	469,763

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY AND BACKGROUND INFORMATION

Amber Energy Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 8 September 2008 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 July 2009 (the "Listing").

The consolidated financial statements for the year ended 31 December 2016 of the Company comprise the Company and its subsidiaries (together referred to as the "Group"). The principal activities of the Group are the development, operation and management of power plants.

2 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.

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.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. 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 AND SEGMENT REPORTING

(a) Revenue

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

Revenue comprises volume tariff revenue and capacity tariff revenue.

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

Capacity tariff revenue represents a subsidy income from power grid companies, 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 from 2015, pursuant to a notice issued by the Economic and Information Commission of Zhejiang Province in December 2014.

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

	2016	2015
	RMB'000	*RMB'000*
Volume tariff revenue	**67,233**	177,691
Capacity tariff revenue	**211,940**	211,940
	279,173	389,631

For the year ended 31 December 2016, the percentage of revenue attributable to the Group's largest customer and its five largest customers was 84.50% and 100% respectively (2015: 84.30% and 100% respectively).

(b) Segment reporting

The most senior executive management have identified four operating segments, which are the four power plants, namely:

— Amber (Anji) Gas Turbine Thermal Power Co., Ltd. ("Anji Power Plant");

— Zhejiang Amber De-Neng Natural Gas Power Generation Co., Ltd. ("De-Neng Power Plant");

— Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd. ("Jing-Xing Power Plant"); and

— Hangzhou Amber Blue Sky Natural Gas Power Generation Co., Ltd. ("Blue Sky Power Plant").

The most senior executive management are of the view that these four operating segments contribute to the entire revenue of the Group and should be aggregated to a single reportable segment of the Group, power segment, for financial reporting purpose as they have similar economic characteristics and are similar in respect of nature of products, production processes, the type of class of customers and the regulatory environment.

Segment assets include all tangible, intangible assets and current assets with the exception of other corporate assets. Segment liabilities include trade creditors, accruals and bills payable attributable to sales activities of the power segment, convertible bonds, and bank borrowings managed directly by the power segment, with the exception of corporate liabilities.

(i) Segment results, assets and liabilities

Information regarding to the Group's reportable segment as provided to the Group's most senior executive management for the purpose of resource allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below.

	2016	2015
	RMB'000	*RMB'000*
Reportable segment revenue	**279,173**	389,631
Reportable segment profit	**87,604**	74,431
Reportable segment assets	**1,392,701**	1,426,626
Reportable segment liabilities	**895,515**	969,450

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

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

Revenue

	2016	2015
	RMB'000	*RMB'000*
Reportable segment revenue	**279,173**	389,631
Consolidated revenue	**279,173**	389,631

Profit

	2016	2015
	RMB'000	*RMB'000*
Reportable segment profit	**87,604**	74,431
Unallocated corporate expenses	**(16,843)**	(12,611)
Consolidated profit before taxation	**70,761**	(61,820)

Assets

	2016	2015
	RMB'000	*RMB'000*
Reportable segment assets	**1,392,701**	1,426,626
Unallocated corporate assets	**20,922**	36,599
Consolidated total assets	**1,413,623**	1,463,225

Liabilities

	2016	2015
	RMB'000	*RMB'000*
Reportable segment liabilities	**895,515**	969,450
Unallocated corporate liabilities	**33,607**	24,012
Consolidated total liabilities	**929,122**	993,462

(iii) Geographic information

All of the Group's revenue is derived from the volume tariff revenue and capacity tariff revenue in the PRC, and the principal non-current assets employed by the Group are located in the PRC. Accordingly, no analysis by geographical segments has been provided for the year.

5 PROFIT BEFORE TAXATION

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

(i) Net finance costs

	2016	2015
	RMB'000	*RMB'000*
Interest income	**(570)**	(1,737)
Net foreign exchange gain	**—**	(436)
Financial income	**(570)**	(2,173)
Interest on interest-bearing borrowings and shareholder's loan	**35,003**	48,975
Interest on convertible bonds	**9,116**	8,837
Total interest expense on financial liabilities	**44,119**	57,812
Less: interest expense capitalised into assets under construction	**—**	—
Total interest expense recognised in profit or loss	**44,119**	57,812
Net foreign exchange loss	**148**	—
Bank charges	**49**	99
Financial expenses	**44,316**	57,911
Net finance costs	**43,746**	55,738

(ii) Personnel costs

	2016	2015
	RMB'000	*RMB'000*
Wages, salaries and other benefits	**28,882**	26,591
Contribution to defined contribution plan	**2,165**	1,745
	31,047	28,336

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.

(iii) Other items

	2016	2015
	RMB'000	*RMB'000*
Operating lease charges	**1,234**	981
Net loss on disposal of property, plant and equipment	**11,503**	4,561
Amortisation	**1,337**	1,337
Depreciation	**19,809**	24,722
Auditor's remuneration		
— audit services	**1,299**	1,287
— other services	**1,900**	—

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(i) Taxation in the consolidated statement of profit or loss represents:

	2016	2015
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax	**22,050**	16,101
Under provision in respect of prior years	**318**	1,049
Deferred tax		
Origination and reversal of temporary differences	**6,942**	1,291
Total income tax expense in the consolidated statement of profit or loss	**29,310**	18,441

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

(b) No provision for Hong Kong Profits Tax has been made for the subsidiaries located in Hong Kong as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax for the year ended 31 December 2016 (2015: Nil).

(c) The provision for PRC income tax is based on the respective Corporate Income Tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

According to the Corporate Income Tax Law of the People's Republic of China ("New Tax Law") which took effect on 1 January 2008, the Group's subsidiaries in the PRC are subject to the unified tax rate of 25%.

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 2016, deferred tax liabilities of RMB14,664,000 (2015: RMB5,708,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

(d) The Group has not recognised deferred tax assets in respect of cumulated tax losses of RMB2,161,000 (2015: RMB1,375,000) as it is not probable that future taxable profits will be available against which the Group can utilise the benefit therefrom.

(ii) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2016	2015
	RMB'000	*RMB'000*
Profit before taxation	**70,761**	61,820
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**20,118**	17,155
Tax effect of non-deductible expenses	**85**	79
Tax effect of unused tax losses not recognised	**197**	244
Tax effect of tax losses not recognised in prior years	**—**	(1,284)
Tax effect of prior years' unrecognised tax losses utilised	**(364)**	(1,286)
Under provision in prior years	**318**	1,049
Withholding tax on profits retained by PRC subsidiaries	**8,956**	2,484
Actual tax expense	**29,310**	18,441

(iii) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Property, plant and equipment	**5,123**	1,768	**—**	—
Withholding tax on profits retained by the Group's PRC subsidiaries	**—**	—	**(14,664)**	(5,708)
Unutilised tax losses	**—**	1,284	**—**	—
Government grants	**2,616**	2,673	**—**	—
Deferred tax assets/(liabilities)	**7,739**	5,725	**(14,664)**	(5,708)

(iv) Movement in deferred tax balance during the year

	Unutilised tax losses	**Property, plant and equipment**	**Withholding tax on profits retained by the Group's PRC subsidiaries**	**Government grants**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2015	—	1,802	(3,224)	2,730	1,308
Recognised in consolidated statement of profit or loss	1,284	(34)	(2,484)	(57)	(1,291)
At 1 January 2016	1,284	1,768	(5,708)	2,673	17
Recognised in consolidated statement of profit or loss	(1,284)	3,355	(8,956)	(57)	(6,942)
At 31 December 2016	—	5,123	(14,664)	2,616	(6,925)

7 DIVIDENDS

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

	2016 *RMB'000*	2015 *RMB'000*
Final dividend proposed after the reporting date of HKD0.03 per share (2015: HKD0.03)	**12,194**	11,465

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.

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

	2016 *RMB'000*	2015 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of HKD0.03 per share (2015: nil)	**11,620**	—

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 RMB41,703,000 (2015: RMB43,691,000) and the weighted average of 458,600,000 ordinary shares (2015: 424,436,712) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

		2016 *Number of shares*	2015 *Number of shares*
Issued ordinary shares at 1 January		**458,600,000**	415,000,000
Weighted average number of new shares issued	13(i)	**—**	9,436,712
Weighted average number of ordinary shares at 31 December		**458,600,000**	424,436,712

(b) Diluted earnings per share

Diluted earnings per share was the same as basic earnings per share for the year ended 31 December 2016 and 31 December 2015. The calculation of diluted earnings per share for the year ended 31 December 2016 and 31 December 2015 does not assume the conversion of convertible bonds because the conversion of convertible bonds would be anti-dilutive.

9 TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Trade receivables	**30,583**	20,801
Prepayments	**2,705**	5,004
VAT recoverable within one year	**26,650**	22,927
Other receivables	**2,365**	2,106
	62,303	50,838

All of the trade and other receivables are expected to be recovered within one year. Credit term granted to power grid companies is 30 days. VAT recoverable over one year of RMB18,083,000 is presented as "other non-current assets" as at 31 December 2015.

At 31 December 2016, ageing analysis of trade receivables of the Group based on the invoice date is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 month	**30,583**	20,801

10 CONVERTIBLE BONDS AND SHAREHOLDER'S LOAN

On 29 November 2011, the Company issued convertible bonds (the "Convertible Bonds") in the aggregate principal amount of HKD124,800,000. The subscriber of the Convertible Bonds is Amber International Investment Co., Ltd. ("Amber International"), the immediate holding company of the Company. The principal terms of the Convertible Bonds are as follows:

(a) Optional conversion

The holder of the Convertible Bonds ("Bondholder") may convert the Convertible Bonds in integral multiples of HKD3,900,000 into fully paid ordinary shares of the Company with a par value of HKD0.10 each at an initial conversion price ("Conversion Price") of HKD1.30 per share at any time from 29 November 2011 (the "Issue Date") up to (and including) 28 November 2016 (the "Maturity Date"). The Conversion Price is subject to adjustments in the manner set out in the Convertible Bonds agreement as a result of dilutive events. The maximum number of ordinary shares that may be converted is limited to the extent that following such conversion, the shares held by public should not be less than 25% of the then issued share capital of the Company.

(b) Redemption

Unless previously converted, purchased or cancelled, the Company shall redeem the Convertible Bonds at the principal amount and pay all the outstanding interest on Maturity Date.

As the functional currency of the Company is HKD, the conversion of the Convertible Bonds will be settled by exchange of a fixed amount of cash in HKD with a fixed number of the Company's equity instruments. In accordance with the requirements of IAS 39 Financial Instruments — Recognition and Measurement, the Convertible Bonds agreement needs to be separated into a liability component consisting of the straight debt element and redemption elements of the bonds, and an equity component representing the options of the Bondholder to convert the bonds into equity. The proceeds received from the issue of the Convertible Bonds have been split as follows:

(i) Liability component represents the fair value of the contractually determined stream of cash flows discounted at the prevailing market interest rate applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the conversion features.

The liability component was subsequently measured at amortised cost using an effective interest rate of 9.72%.

(ii) Equity component represents the conversion options, which is determined by deducting the fair value of the liability component from the proceeds of issue of the Convertible Bonds as a whole.

The movement of the liability component and the equity component of the Convertible Bonds for the year is set out below:

	Liability component *RMB'000*	**Equity component** *RMB'000*	**Total** *RMB'000*
As at 1 January 2015	85,857	26,065	111,922
Interest expensed during the year	8,837	—	8,837
Interest payable during the year	(2,091)	—	(2,091)
Foreign currency translation difference	5,320	—	5,320
As at 31 December 2015	97,923	26,065	123,988
Interest expensed during the year	9,116	—	9,116
Interest payable during the year	(2,034)	—	(2,034)
Foreign currency translation difference	6,630	—	6,630
Reclassified to shareholder's loan	(111,635)	—	(111,635)
As at 31 December 2016	**—**	**26,065**	**26,065**

The Convertible Bonds matured on 29 November 2016. The Bondholder had not exercised the conversion option prior to the Maturity Date. The Company also did not make any redemption upon the maturity of the Convertible Bond. The Bondholder gave the Company a written confirmation dated 29 November 2016 that it agreed to waive all its rights (if any), whether contractual or otherwise, to bring any claim and/or commence any proceedings against the Company for any remedies and/or reliefs for any breach of the Conditions committed by the Company in connection with the expiry of the Maturity Date. The Bondholder has also given the Company another written confirmation that the outstanding principal and interest payable of the Convertible Bond on the Maturity Date would become repayable on demand by Amber International, and interests on outstanding principal would continue to be charged at 2% after Maturity Date unless agreed otherwise thereafter. Accordingly, the outstanding principal amount of RMB111,635,000 and outstanding interest payable of RMB8,732,000 on Maturity Date were reclassified as shareholder's loan under current liabilities on the consolidated statement of financial position as at 31 December 2016.

11 INTEREST-BEARING BORROWINGS

	2016 RMB'000	2015 RMB'000
Current		
Secured bank loans	**38,000**	—
Unsecured loans from a related party	**20,000**	—
Current portion of non-current secured bank loans	**—**	40,000
Current portion of non-current unsecured bank loans	**22,500**	22,500
Current portion of non-current unsecured bank loans guaranteed by a related party	**71,500**	64,500
Current portion of non-current unsecured loans from a related party	**261,659**	—
	413,659	127,000
Non-current		
Secured bank loans	**25,000**	25,000
Unsecured bank loans	**10,000**	32,500
Unsecured bank loans guaranteed by a related party	**271,500**	343,000
Unsecured loans from a related party	**—**	252,905
	306,500	653,405
	720,159	780,405

(i) The secured bank loans as at 31 December 2016 carried interest at rates ranging from 4.35% to 4.90% (2015: 5.25% to 6.55% per annum) and were secured by the following assets:

	2016 RMB'000	2015 RMB'000
Carrying amounts of assets:		
Property, plant and equipment	**175,571**	176,505
Lease prepayments	**9,877**	10,337

(ii) Unsecured bank and other loans as at 31 December 2016 carried interest at rates ranging from 3.92% to 4.90% (2015: 3.92% to 6.55% per annum).

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

	2016 RMB'000	2015 RMB'000
Within 1 year	**413,659**	127,000
Over 1 year but less than 2 years	**74,500**	346,905
Over 2 years but less than 5 years	**218,500**	266,000
Over 5 years	**13,500**	40,500
	306,500	653,405
	720,159	780,405

12 TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Trade and bill payables	**2,431**	29,475
Other payables and accrued expenses	**55,584**	66,682
	58,015	96,157

As at 31 December 2016, the aging analysis of trade and bill payables of the Group based on the invoice date, is as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 3 months	**900**	28,394
Over 3 months but less than 6 months	**87**	607
Over 6 months but less than 1 year	**1,444**	474
	2,431	29,475

13 SHARE CAPITAL

		2016		2015	
	Note	***No. of shares***	***Amount RMB'000***	*No. of shares*	*Amount RMB'000*
Authorised:					
Ordinary shares of HKD0.10 each		**1,000,000,000**	**88,050**	1,000,000,000	88,050
Ordinary shares, issued and fully paid					
At 1 January		**458,600,000**	**40,149**	415,000,000	36,582
Shares issued	(i)	**—**	**—**	43,600,000	3,567
At 31 December		**458,600,000**	**40,149**	458,600,000	40,149

(i) On 14 October 2015, 40,000,000 ordinary shares and 3,600,000 ordinary shares of HKD0.10 each were issued at a price of HKD0.97 per share to the third parties pursuant to the subscription agreement and the placing agreement signed with the Company. The proceeds of HKD4,360,000 (equivalent to RMB3,567,000) representing the par value, were credited to the Company's share capital.

14 COMMITMENTS

(i) Capital commitments outstanding at 31 December 2016 not provided for in the consolidated financial statements were as follows:

	2016	2015
	RMB'000	*RMB'000*
Contracted for	**4,169**	26,002
Authorised but not contracted for	**909**	7,100
	5,078	33,102

(ii) At 31 December 2016, the total future minimum lease payments under non-cancellable operating lease are payable as follows:

	2016	2015
	RMB'000	*RMB'000*
Within 1 year	**513**	916
After 1 year but within 5 years	**770**	1,070
	1,283	1,986

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Installed Capacity

The Group is mainly engaged in the construction, operation and management of natural gas-fired power plants, and has four wholly-owned gas-fired power plants in Zhejiang province, namely Zhejiang Amber De-Neng Natural Gas Power Generation Co., Ltd. (浙江琥珀德能天然氣發電有限公司) ("De-Neng Power Plant"), Hangzhou Amber Blue Sky Natural Gas Power Generation Co., Ltd. (杭州琥珀藍天天然氣發電有限公司) ("Blue Sky Power Plant"), Amber (Anji) Gas Turbine Thermal Power Co., Ltd. (琥珀（安吉）燃機熱電有限公司) ("Anji Power Plant") and Zhejiang Amber Jing-Xing Natural Gas Power Generation Co., Ltd. (浙江琥珀京興天然氣發電有限公司) ("Jing-Xing Power Plant"). As at 31 December 2016, the aggregate installed capacity and the attributable installed capacity of the above power plants was approximately 457MW.

Production Volume

The production volume for the year ended 31 December 2016 was 146,251Mwh (2015: 303,020Mwh), representing a decrease of 51.74% as compared with last year. The production volume has decreased due to the continuous trial implementation of the Dual Tariff Policy for natural gas-fired power plants by Zhejiang Province in 2016, resulting in the change in the Group's revenue model with the operating revenue now comprises of two components, namely revenue based on volume of power generation (volume tariff) and revenue based on capacity (capacity tariff).

The adjustments of annual production plan led to a year-on-year decrease in the Group's annual production volume. In order to facilitate the trial implementation of the Dual Tariff Policy, the relevant government authorities have organised the 2016 production plan for natural gas power generating units based on the maximum demand within the power grid. The planned generation hours in 2016 for Blue Sky Power Plant and De-Neng Power Plant under the Group were 270 hours and 230 hours, while the planned generation hours for Anji Power Plant were 450 hours and the planned generation hours for Jing-Xing Power Plant were 3,500 hours. Under the guidance of the new policy, the Group's production volume in 2016 substantially decreased as compared to that in 2015.

Natural Gas Supply

The total natural gas supply for the year ended 31 December 2016 was 34.16 million m^3 (2015: 69.96 million m^3), representing a decrease of 51.17% as compared with last year. As the production volume decreased, natural gas supply decreased accordingly.

Fuel Cost

Natural gas is the only source of fuel for the Group's power plants. The natural gas price is determined by the Price Bureau of Zhejiang Province.

Effective from 20 April 2016, natural gas price (inclusive of VAT) offered by Zhejiang Province Natural Gas Development Company (the sole natural gas supplier of the Group) to the Company's gas-fired power plants was adjusted from RMB2.41/m^3 to RMB2.31/m^3.

For the year ended 31 December 2016, the fuel cost accounted for 25.08% (2015: 48.68%) of the revenue, representing a decrease of 23.6 percentage points as compared to last year.

On-grid Tariff

On-grid tariff is determined by the Price Bureau of Zhejiang Province after taking into account the types of fuel, cost structure and operating profit of similar power plants within the provincial grid.

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

According to the Notice Regarding the Adjustment on the On-grid Tariff of Natural Gas Power Generating Units (《關於調整天然氣發電機組上網電價的通知》) issued by the Price Bureau of Zhejiang Province, starting from 20 April 2016, the volume tariff of Blue Sky Power Plant, De-Neng Power Plant and Jing-Xing Power Plant under the Group has been adjusted from RMB0.60/Kwh (inclusive of VAT) to RMB0.58/Kwh (inclusive of VAT) and the capacity tariff remains at RMB470/Kw annually (inclusive of VAT); the volume tariff of Anji Power Plant under the Group has been adjusted from RMB0.54/Kwh (inclusive of VAT) to RMB0.52/Kwh (inclusive of VAT), and the capacity tariff (inclusive of VAT) remains at RMB680/Kw (inclusive of VAT) annually.

FINANCIAL REVIEW

Highlight

For the year ended 31 December 2016, the revenue of the Group was approximately RMB279,173,000 (2015: RMB389,631,000), representing a decrease of 28.35% as compared to last year.

For the year ended 31 December 2016, profit attributable to equity shareholders of the Company was approximately RMB41,703,000 (2015: RMB43,691,000), representing a decrease of 4.55% as compared to 2015. Basic earnings per share amounted to RMB0.091 for the year ended 31 December 2016 (2015: RMB0.103).

The decrease in profit attributable to equity shareholders of the Company was primarily attributable to provisions made for withholding tax at 10% for distributable dividends based on estimated profits generated in 2016 by the four wholly-owned gas-fired power plants.

Revenue

Revenue of the Group for the year ended 31 December 2016 amounted to approximately RMB279,173,000, representing a decrease of 28.35% as compared with RMB389,631,000 last year. A decrease in revenue was primarily due to the decrease in production volume.

Operating Costs

Operating costs of the Group for 2016 was RMB166,360,000, representing a decrease of 40.47% as compared with RMB279,467,000 in 2015. A decrease in operating costs was primarily due to the implementation of the Dual Tariff Policy for natural gas fired power plants in Zhejiang Province and the corresponding decrease in both production volume and natural gas price.

Income Tax

Since preferential enterprise income tax enjoyed by the power plants of the Group expired on 31 December 2012, those power plants had to provide for and pay the PRC enterprise income tax at a rate of 25% since 2013. The PRC enterprise income tax provided for the year ended 31 December 2016 amounted to RMB29,310,000.

The PRC Corporate Income Tax Law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividend distributions out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. As at 31 December 2016, deferred tax liabilities of RMB14,664,000 (2015: RMB5,708,000) have been recognised in connection with the withholding tax that would be payable on the distribution of the retained profits of the Group's PRC subsidiaries.

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

Profit Attributable to Equity Shareholders of the Company

For the year ended 31 December 2016, profit attributable to equity shareholders of the Company was RMB41,703,000 (2015: RMB43,691,000), representing a decrease of RMB1,988,000, or approximately 4.55%, as compared with last year.

The decrease in net profit in 2016 was primarily attributable to provisions made for withholding tax at 10% for distributable dividends based on estimated profits generated in 2016 by its wholly-owned gas-fired power plants.

Liquidity and Financial Resources

Net cash generated from operating activities was RMB94,118,000 (net cash used in 2015: RMB12,307,000). The increase in the net cash generated from operating activities as compared with last year was mainly due to significant decrease in repayment of the bills payable in 2016 as compared to 2015. Meanwhile, the Company effectively reduced liabilities and lowered the interest expenses.

The aging of the Group's receivables is one month and in general, the revenue generated in the previous month is received in the current month and used for the settlement of fuel purchases of the current month. Credit record of our customers was satisfactory and there has been no risk of default. Net cash used in investing activities was RMB42,928,000 (2015: RMB7,013,000), representing an increase of 512.12% as compared with last year. The amount was primarily used towards the remaining project payment for the construction of and equipment procurement for the Anji Project. During the period under review, there was no other significant investing activity.

Net cash used in financing activities was RMB80,620,000 (net cash generated from 2015: RMB20,833,000), which was primarily due to the borrowings of RMB63,000,000; the repayment of short-term and long-term loans of RMB132,000,000.

As at 31 December 2016, the Group had a cash balance of RMB120,582,000 (31 December 2015: RMB150,012,000), all of which were used for working capital purpose. Cash was generally placed with banks as short-term deposits.

As at 31 December 2016, the Group had net current liabilities of approximately RMB401,021,000 (31 December 2015: RMB103,895,000). The increase in net current liabilities was mainly attributable to part of long-term loans being included in substitute current loans due to shorter than one year of the repayment term.

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

The Group monitors its capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt (including all loans and borrowings as well as 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 2016, the gearing ratio was 59.80% (31 December 2015: 60.83%), representing a decrease of 1.03 percentage points as compared with 2015.

Foreign Exchange

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

Contingent Liabilities and Capital Commitments

As at 31 December 2016, the Group had RMB4,169,000 (31 December 2015: RMB26,002,000) of capital commitments relating to the purchase and construction of property, plant and equipment contracted but not provided for in the annual financial report. The Group had authorised but not contracted for capital commitments of RMB909,000 (31 December 2015: RMB7,100,000). During the year, the Group had no major contingent liabilities or off balance sheet commitments.

PROSPECTS

2017 is an important year for full implementation of the "13th Five-Year Plan" and the deepening of supply-side structural reform. The PRC government continues to push forward the progress of different reforms and accelerate the shift from old to new growth drivers. While releasing the benefits from the reforms and moderately expanding the overall demand, it will also step up its efforts in structural reform. On the energy development, with the supply-side structural reform of the energy sector as the mainstay and with focus on enhancing supply quality and efficiency, the state strives to resolve and prevent overcapacity, and promotes the development and utilisation of clean energy and makes up for shortcomings in energy development in order to provide a solid energy support for economic and social development.

The Group has engaged in clean energy industry for many years, and has always paid close attention to the national energy development strategies. Facing such new developments and opportunities, we believe that the following points stated in the "Circular of National Energy Administration on Printing and Issuance of 2017 Energy Work Guidance" (《國家能源局關於印發2017年能源工作指導意見的通知》) are particularly worthy of attention:

1. Improve the support capacity of oil and gas.

   The state will fully implement the major oil and gas science and technology projects set out in the "13th Five-Year Plan", focusing on supporting deep onshore, deep offshore and unconventional oil and gas exploration and development and other major theoretical and technological innovation. It will strengthen the coordination of the use of sea area, to further promote the exploration and development of offshore oil and gas, and to promote the new capacity construction in state demonstration area of shale gas. It will strive to build a new capacity of 3.5 billion m^3 and speed up the construction of interconnected projects of natural gas trunk pipeline, to improve the support and supply capacity of natural gas. As a clean energy supplier with natural gas as the main raw materials, the Company will certainly benefit from the enhancement of upstream supply and support capacity of natural gas.

2. Expand the use of natural gas.

   The state will formulate and implement the "Opinions on Accelerating the Utilisation of Natural Gas" (《關於加快推進天然氣利用的意見》), and promote the large-scale use in key areas such as urban gas, gas power generation, industrial fuels and transportation fuels. It will also promote actively the direct supply to major natural gas users and promote vigorously the development of distributed natural gas energy.

   As a province known for enormous energy consumption, Zhejiang Province is highly dependent on external sources of energy. The Group will actively explore the feasibility of developing centralised energy supply in a distributed form of its power plants through natural gas power generation, as natural gas, given it is a clean energy, will be an excellent carrier for energy in a distributed form.

3. Strengthen the construction of peak adjusting capacity.

   The state will speed up the construction of natural gas peak adjusting power plants in areas with concentrated electricity load and sufficient natural gas supply, and promote vigorously the construction of natural gas peak adjusting storage. The state will formulate and implement the "Guidance on the Promotion of Healthy Development of the Energy Storage Technology and Industry" (《關於促進儲能技術與產業健康發展的指導意見》) and establish a system for research and development of energy storage technology and integrated testing and engineering verification platform, to promote the demonstration of key energy storage technology.

   As a leading investor and operator of natural gas peak adjusting power plants in Zhejiang Province, the Group always pays attention to the development of natural gas peak adjusting power plants in Zhejiang Province, and optimises the allocation of resources and actively explores the development and business model which combining natural gas supply with energy storage technology.

4. Promote the construction of smart grid.

   The state will formulate and implement the "Opinions on Promoting the Construction of Efficient Smart Power System" (《關於推進高效智慧電力系統建設的實施意見》), and study and formulate the "Smart Grid Strategy 2030" (《智慧電網2030戰略》), and promote the establishment of development strategy system for smart grid. The state will formulate and implement the "Micro-grid Management Measures" (《微電網管理辦法》), and promote actively the construction of new energy micro-grid, urban micro-grid and micro-grid in remote areas and islands.

   With many years of research conducted in micro-grid, the Group will continue to closely follow the development trends of the industry, and put into action the micro-grid implementation and exploration work by combining with the characteristics of its own natural gas power plants, to provide new development momentum for the Group.

In 2017, the PRC government will actively promote the development of low-carbon environment according to the "13th Five-Year Plan". In particular, the state will promote the energy revolution, accelerate technological innovation, and build a clean, low-carbon, safe and efficient modern energy system. It also improves the proportion of non-fossil energy and promotes the clean and efficient use of fossil fuels such as coal; strengthens the construction of energy storage and smart grid and the development of distributed energy, and implements the energy-saving low-carbon power dispatch. As a leading clean energy supplier focusing on centralised supply of natural gas, the Group will certainly contribute to the national low-carbon and environment-friendly development goals.

In 2017, the total energy consumption in the PRC will be kept at around 4.4 billion tons of standard coal, in which, non-fossil energy consumption will be increased to around 14.3%. The proportion of coal consumption will fall to around 60% while the proportion of natural gas consumption will continue to increase to around 6.8%.

With the adaptation of the "New Normal" and the reforms of the industrial system, in 2016, the economic development of Zhejiang Province showed a warming trend, and the province's total gross domestic product (GDP) was RMB4,648.5 billion, up by 7.5% compared to the previous year (based on comparable prices), representing a 0.8 percentage point higher than the national level (6.7%). The electricity consumption growth of the province picked up in 2016 while the national power consumption reached 387.3 billion KWh, representing a growth rate of 9.0%, up by 7.6 percentage points over the previous year. The Group's four existing natural gas power plants are all located in Zhejiang Province, and the continuous improvement of the economy and electricity consumption of Zhejiang Province will be helpful to stabilising and improving of the Company's performance.

In response to the above situation, the management will continue to support and dedicate to the development of clean energy and is confident in the future development of the existing power plants and new or acquisition projects of the Group.

Meanwhile, the shareholders and potential investors of the Company should note that the Company, in 2017, shall continue to implement the policy of trial dual tariff which commenced from 1 January 2015. The dual tariff consists of volume tariff and capacity tariff. The power generation policy has changed the earlier single profit model of the power plants of the Company, resulting a revenue model to comprising two components, namely capacity revenue (capacity tariff) and volume revenue (volume tariff). If there is any change to the power generation policy, the Company will make announcement in due course.

Moreover, according to the 2017 Unified Production Plan for Natural Gas Power Generating Units (2017年天然氣統調機組發電計劃) issued by Zhejiang Province Economic and Information Commission, the planned generation hours for Blue Sky Power Plant, De-Neng Power Plant and Anji Power Plant under the Group will be 300 hours, 300 hours and 1,500 hours respectively, while the planned generation hour for Jing-Xing Power Plant (being a power plant for geographical survey) in 2017 will be temporarily 3,500 hours.

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

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

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HKD0.03 per share to the shareholders whose names appear on the register of members of the Company on Monday, 12 June 2017. Subject to the approval of the upcoming annual general meeting, the proposed final dividend will be paid on or about Wednesday, 21 June 2017.

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

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ANNUAL GENERAL MEETING

The annual general meeting will be held on Friday, 2 June 2017. A notice convening the annual general meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

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

(i) from Monday, 29 May 2017 to Friday, 2 June 2017 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to attend and vote at the meeting of the Company. In order to be eligible to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, 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 Friday, 26 May 2017.

(ii) from Thursday, 8 June 2017 to Monday, 12 June 2017 (both dates inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfers accompanied by the relevant share certificates shall be lodged with the Company's share registrar in Hong Kong, 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 Wednesday, 7 June 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2016, the Group had a total of 271 employees, excluding 7 temporary staffs (31 December 2015: 286, excluding 6 temporary staffs). The Group determines employees' remuneration according to industry practices, financial performance and employees' performance. The Group also provides other fringe benefits such as insurance, medical benefits and mandatory provident fund contributions with an aim to retain talents on all levels for further contributions to the Group.

The emoluments of the Directors are decided by the Remuneration Committee having regard to the relevant Director's experience, responsibility and the time devoted to the business of the Group.

HEALTH AND SAFETY COMPLIANCE

The Group's power plants have adopted various internal policies and implemented protective measures to prevent health and safety hazards. The policies adopted by the Company are in line with government regulations. There were no material accidents or suspensions during the year.

ENVIRONMENT PROTECTION

Each of the Group's power plants has installed a monitoring system to monitor the emission volume of sulphur dioxide and nitrogen oxides on a real-time basis. The emission is inspected regularly by the Group to determine whether the relevant standard has been satisfied before discharging.

During the power generation process, conventional coal-fired power plant discharges waste water and emits air pollutants, such as sulphur dioxide, nitrogen oxides and fine particles. The Group's power plants are fuelled with natural gas which is a cleaner fossil fuel. Unlike conventional coal-fired power plants, the Group's power plants emit significantly lesser amount of nitrogen oxides and barely emit any sulphur dioxide and fine particles. For the same amount of heat generated, combusting natural gas releases 50% less carbon dioxide as compared to combusting coal.

The Group believes that the environmental protection system and facilities of our power plants are in full compliance with the relevant national and local regulations on environment protection. We are actively push forward the implementation of low carbon transformation for existing generating units. Upon completion, the emission of nitrogen oxides in the process of power generation will be effectively reduced.

CORPORATE GOVERNANCE

The Board has been adamant in upholding high standards of corporate governance to maximize the operational efficiency, corporate values and shareholder returns. The Company has adopted sound governance and disclosure practices and continued to upgrade internal control system, strengthen risk control management and reinforce the corporate governance structure.

The Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") for the year ended 31 December 2016, save as disclosed below:

Mr. Chai Wei, the President of the Company, had also assumed the role of the Chairman of the Board till 2 June 2016 which deviates from the code provision A.2.1. Mr. Chai has over 20 years of experience in corporate development and management in a variety of sectors, including energy and public media, and was the most suitable candidate to serve in the positions of both the Chairman of the Board and President of the Company. During the period from 10 January 2013 to 2 June 2016, the Company was unable to identify another suitable person who possesses abilities and talent better than or equivalent to Mr. Chai to serve in either of the positions. Given that there is a balanced Board with three experienced independent non-executive Directors representing more than half of the Board, the Board is of the view that there is a strong independent element on the Board to exercise independent judgement and provide sufficient check and balance.

However, with effect from 2 June 2016, Mr. Wei Jun Yong, the non-executive Director, has been appointed as the Chairman of the Board, while Mr. Chai Wei has ceased to serve as the Chairman of the Board. Such arrangement separates the roles of the Chairman of the Board and President of the Company, which enables the Company to comply with the requirements of the code provision A.2.1 of the CG Code.

The Board will evaluate from time to time the corporate governance practices and ensures such practices will continue to be in the interests of the Company and its shareholders as a whole.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Director's securities transactions.

All Directors have confirmed, following specific enquiry by the Company, that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2016.

AUDIT COMMITTEE

The Company's Audit Committee is composed of all the independent non-executive Directors. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed the internal controls, risk management system and financial reporting matters, including a review of the audited consolidated financial statements for the year ended 31 December 2016.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.amberenergy.com.hk). The Company will despatch the annual report to the shareholders at the end of April 2017, and publish it on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Amber Energy Limited
Wei Jun Yong
Chairman

Hong Kong, 24 March 2017

As at the date of this announcement, the Board comprises one executive director, namely Mr. Chai Wei; three non-executive directors, namely Mr. Wei Jun Yong, Mr. Liu Xuan Hua and Mr. Li Jin Quan; and three independent non-executive directors, namely Mr. Tse Chi Man, Mr. Yao Xian Guo and Mr. Yu Wayne W.