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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)

ISSUE OF CONVERTIBLE BOND AND CONNECTED TRANSACTION

ISSUE OF CONVERTIBLE BOND

On 18 October 2011, the Company entered into the Subscription Agreement with Amber International pursuant to which the Company has conditionally agreed to issue, and Amber International has conditionally agreed to subscribe for the Convertible Bond in the principal amount of HK\$124,800,000 due five years from the Issue Date convertible into Shares at the initial Conversion Price of HK\$1.3 per Conversion Share (subject to adjustments).

Assuming the exercise in full of the conversion rights attaching to the Convertible Bond at the initial Conversion Price, a total of 96,000,000 Conversion Shares will be issued, representing approximately 23.13% of the existing issued share capital of the Company and approximately 18.79% of the issued share capital of the Company as enlarged by the Conversion. However, the maximum number of Conversion Shares that may be converted is limited to the extent that following such conversion, the Shares held by the public Shareholders should not be less than 25% of the then issued share capital of the Company. The Conversion Shares shall be issued under the Specific Mandate.

The estimated net proceeds from the issue of the Convertible Bond (after deduction of related expenses) will be approximately HK\$119,370,000, which is intended to be used for funding of a new gas-fired power generation and cogeneration project located in Anji County, Zhejiang Province, PRC, including but not limited to, the purchase of the related equipments.

Completion of the Subscription is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares. Application will be made to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

CONNECTED TRANSACTION

Amber International is the controlling shareholder of the Company currently holding 72.29% of the issued share capital of the Company. Amber International is therefore a connected person of the Company and the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements.

An Independent Board Committee has been formed to advise the Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the Subscription.

An EGM will be held to consider and if thought fit, to approve the Subscription Agreement, the Subscription and the Specific Mandate by the Independent Shareholders. Amber International and its associates are required to abstain from voting on the resolutions to be proposed at the EGM.

A circular containing, inter alia, further information regarding the Subscription Agreement and a notice of EGM will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 8 November, 2011.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended from 2:31 p.m. on 18 October 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange from 9:00 a.m. on 19 October 2011.

THE SUBSCRIPTION AGREEMENT

Date

18 October 2011

Parties

Issuer : the Company

Subscriber : Amber International

Amber International is the controlling shareholder of the Company currently holding 72.29% of the issued share capital of the Company. Amber International is therefore a connected person of the Company and the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Amber International is an investment holding company. The principal investment it holds is 300,000,000 Shares, representing approximately 72.29% of the issued share capital of the Company.

Subscription

Subject to the fulfillment of the conditions set out below in the section headed “Conditions Precedent” below, the Company has agreed to issue, and Amber International has agreed to subscribe for the Convertible Bond in the principal amount of HK\$124,800,000 due five years from the Issue Date convertible into Shares at the initial Conversion Price of HK\$1.3 per Conversion Share (subject to adjustments).

The Conversion Price was arrived at after arm’s length negotiations between the Company and Amber International taking into account the average closing price of the Shares for the 5 trading days and 10 trading days prior to the signing of the Subscription Agreement. The Conversion Price represents:

- (i) a premium of approximately 52.9% to the price of HK\$0.85 per Share as quoted on the Stock Exchange, being the stock’s last trading price before the suspension of trading from 2:31 p.m. on 18 October 2011;
- (ii) a premium of approximately 39.8% to the closing price of HK\$0.93 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 46.1% to the average of the closing prices of approximately HK\$0.89 per Share for the five trading days of the Shares up to and including the Last Trading Day;
- (iv) a premium of approximately 54.8% to the average of the closing prices of approximately HK\$0.84 per Share for the ten trading days of the Shares up to and including the Last Trading Day; and
- (v) a discount of approximately 10.3% to the audited net asset value per Share of approximately HK\$1.45, which is calculated based on the audited net asset value of the Company of approximately RMB492,211,000 (equivalent to HK\$600,497,420 assuming RMB1: HK\$1.22) as at 31 December 2010 as stated in its 2010 annual report divided by its total number of 415,000,000 issued Shares as at 31 December 2010.

Assuming the exercise in full of the conversion rights attaching to the Convertible Bond at the initial Conversion Price, a total of 96,000,000 Conversion Shares may be issued, representing approximately 23.13% of the existing issued share capital of the Company and approximately 18.79% of the issued share capital of the Company as enlarged by the Conversion. However, the maximum number of Conversion Shares that may be converted is limited to the extent that following such conversion, the Shares held by public Shareholders should not be less than 25% of the then issued share capital of the Company.

Conditions Precedent

Completion of the Subscription is conditional upon the satisfaction of the following conditions before the Long Stop Date:

- (a) all necessary consents, approvals and ratifications as may be required to be obtained on the part of the Company in respect of the Subscription Agreement and the Subscription, including approval from the Independent Shareholders at the EGM, having been obtained by the Company;
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares either unconditionally or subject to such conditions to which Amber International accepts; and
- (c) Delivery of a written confirmation from the Company to Amber International in a form acceptable to Amber International that all requirements imposed on Company by the Stock Exchange under the Listing Rules in connection with the transactions contemplated by the Subscription Agreement having been fully complied with.

If any of the above conditions precedent is not fulfilled (or as to condition (c) waived by Amber International in writing) on or before the Long Stop Date, the Subscription Agreement shall be terminated forthwith and the parties shall have no further obligation under the Subscription Agreement from such date and the provisions of the Subscription Agreement shall have no effect without affecting the then accrued rights and remedies of the parties under the Subscription Agreement.

Completion of the Subscription shall take place within ten business days after fulfillment or waiver of all the above conditions precedent. Amber International shall pay the principal amount of the Convertible Bond by bankers' cheque, cashiers' order or by way of wire transfer with immediately available funds to the Company's designated bank accounts in Hong Kong on completion.

Warranties and Undertakings

The Company has given customary warranties and undertakings to Amber International under the Subscription Agreement.

Termination

The Subscription Agreement shall terminate upon:

- (i) all the conditions precedent have not been fulfilled or waived by the Long Stop Date; or
- (ii) by agreement by the Company and Amber International.

PRINCIPAL TERMS OF THE CONVERTIBLE BOND

Principal amount	HK\$124,800,000
Issue price	The Convertible Bond will be issued at 100% of the principal amount.
Maturity date	The date falling on the fifth anniversary of the Issue Date.
Form and denomination	The Convertible Bond will be in registered form and in a denomination of HK\$3,900,000 each or integral multiples thereof.
Status	The Convertible Bond will constitute a direct, unconditional, unsubordinated and unsecured obligation of the Company.
Interest	Two percent (2%) per annum on the principal amount of the Convertible Bond outstanding from time to time payable semi-annually in arrears from the Issue Date to the date of conversion or date of redemption (as the case may be).
Events of default	<p>Each of the following events is an event of default (“Event of Default”) under the Subscription Agreement and the Conditions:</p> <ul style="list-style-type: none">(i) Any delay or non-payment of any amount which is due and payable to the Bondholder, whether under the Subscription Agreement or under the Convertible Bond.(ii) Delay or inaction by the Company with respect to actions required of it pursuant to the exercise of any conversion right of the Bondholder under the Convertible Bond.(iii) Material breach of warranties and undertakings set out in the Subscription Agreement.
Default interest	If any of Event of Default (i) or (ii) set out above occurs, or Event of Default (iii) set out above occurred and has not been remedied by the Company in full to the satisfaction of the Bondholder within thirty (30) days of the date of notification in writing of such event by the Bondholder to the Company, the Company will be required to pay, in addition to the applicable interest, a default interest at the rate of one percent (1%) per annum on the principal amount of the Convertible Bond then outstanding as at the date on which such Event of Default occurs.

Conversion right	The Bondholder may convert the Convertible Bond in integral multiples of HK\$3,900,000 into Conversion Shares at the Conversion Price at any time from the Issue Date up to (and including) the Maturity Date provided that the maximum number of Conversion 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.
Conversion Price	Initially at HK\$1.3 per Conversion Share, subject to adjustments as set out and in accordance with the Conditions.
Adjustment to the Conversion Price	The Conversion Price is subject to adjustment for consolidation, subdivision or conversion of Shares, issue of Shares by way of capitalization, capital distribution, rights issue, and issue of shares or convertible securities at a certain discount to the market price or net asset value of the Company.
Ranking of Conversion Shares	The Conversion Shares, when allotted and issued, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Conversion Shares.
Redemption	<p>Unless previously converted, purchased or cancelled in the circumstances set out in Conditions, the Company shall redeem the Convertible Bond at the principal amount and pay all the outstanding interest on the Maturity Date.</p> <p>The principal amount and accrued interest of the Convertible Bond shall at the option of the Bondholder become due and payable in cash forthwith on the occurrence of any of the following events:</p> <ul style="list-style-type: none"> (a) failure of the Company to repay or otherwise redeem the Convertible Bond on the date upon which such repayment or redemption becomes due in accordance with the Conditions or the Subscription Agreement; (b) if the Company shall default (as principal or as guarantor or other surety) in the payment of any principal amount or of premium, if any, or interest on any material indebtedness in respect of borrowed money (other than the Convertible Bond), or in the performance of or compliance with any term of any evidence of such material indebtedness or of any mortgage, indenture, or other agreement relating to such indebtedness, and the holder of the obligation has exercised its right to accelerate the indebtedness;

- (c) if any action is taken for the winding up of the Company (including the appointment of a provisional liquidator) and that action is not stayed or dismissed within thirty (30) days;
- (d) if an order is made for the winding up, or dissolution without winding up, of the Company;
- (e) if an effective resolution is passed for the winding up of the Company unless the winding up is for the purpose of reconstruction or amalgamation and the scheme of reconstruction or amalgamation with or without modification has the prior consent of the holder of the Convertible Bond;
- (f) if a controller, receiver or receiver and manager is appointed or an encumbrancer takes possession of the undertaking of the Company or any part thereof and such appointment has not been removed within 30 days from the appointment date;
- (g) if the Company is in breach of any other of the Conditions and such default is not remedied within thirty (30) days of notice in writing being given by the Bondholder to the Company; or
- (h) if an Event of Default has not been remedied by the Company in full to the reasonable satisfaction of the Bondholder within one hundred and twenty (120) days of the notification in writing of such event by the Bondholder to the Company.

Transferability

The Convertible Bond may be transferred in integral multiples of HK\$3,900,000 subject to the written consent of the Company and the satisfaction or compliance with the conditions, approvals, requirements and any other provisions of or under (1) the Stock Exchange or their rules and regulations; and (2) all applicable laws and regulations.

Listing

No application will be made for the listing of the Convertible Bond on the Stock Exchange or any other stock exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE

Assuming that there is no change in the issued share capital of the Company prior to the Conversion, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon full conversion of the Convertible Bonds by Amber International to the extent allowed will be as follows:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon full conversion of the Convertible Bond by Amber International to the extent allowed*	
	<i>Number of Shares</i>	<i>% (approx.)</i>	<i>Number of Shares</i>	<i>% (approx.)</i>
Amber International	300,000,000	72.29%	345,000,000	75%
Public Shareholders	115,000,000	27.71%	115,000,000	25%
Total	<u>415,000,000</u>	<u>100%</u>	<u>460,000,000</u>	<u>100%</u>

* Assuming the exercise in full of the conversion rights attaching to the Convertible Bond at the initial Conversion Price, a total of 96,000,000 Conversion Shares will be issued. However, the maximum number of Conversion Shares that may be converted is limited to the extent that following such conversion, the Shares held by the public Shareholders should not be less than 25% of the then issued share capital of the Company.

REASONS FOR ENTERING INTO THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in the development, operation and management of power plants fuelled by natural gas in PRC.

The Subscription provides additional financial resources to the Company for capital expenditures to operate and expand the business of the Company without having an immediate dilutive effect on the shareholding of the existing Shareholders at the time of issue of the Convertible Bond. The terms and conditions of the Subscription Agreement were agreed at after arm's length negotiations between the Company and Amber International. The Directors (excluding the independent non-executive Directors who will form their view upon considering the advice of the Independent Financial Adviser) consider that the terms of the Subscription Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the issue of the Convertible Bond (after deduction of all related expenses) will be approximately HK\$119,370,000, which is intended to be used for funding of a new gas-fired power generation and cogeneration project located in Anji County, Zhejiang Province, PRC, including but not limited to, the purchase of the related equipment. If such purchase of equipment by the Company constitutes a notifiable transaction of the Company, further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

FUND RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not conducted any fund raising activities in the past twelve months immediately before the date of this announcement.

PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONVERTIBLE BOND AND CONVERSION SHARES

Under the Subscription Agreement, the Company will issue the Conversion Shares to Amber International upon the exercise of the conversion rights attached to the Convertible Bond. The Conversion Shares will rank *pari passu* with all the then existing issued Shares. The Company will seek the grant of a Specific Mandate from the Independent Shareholders at the EGM to issue the Convertible Bond and to issue and allot the Shares to satisfy the allotment and issue of the Conversion Shares.

LISTING RULES IMPLICATION

Amber International is the controlling shareholder of the Company currently holding 72.29% of the issued share capital of the Company. Amber International is therefore a connected person of the Company and the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, which is subject to the reporting, announcement and Independent Shareholders' approval requirements.

An Independent Board Committee has been formed to advise the Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the Subscription.

EGM

An EGM will be held to consider and if thought fit, to approve the Subscription Agreement, the Subscription and the Specific Mandate by the Independent Shareholders. Amber International and its associates are required to abstain from voting on the resolutions to be proposed at the EGM. No associate of Amber International is a Shareholder.

A circular containing, *inter alia*, further information regarding the Subscription Agreement and a notice of EGM will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules, which is currently expected to be on or before 8 November 2011.

RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange has been suspended from 2:31 p.m. on 18 October 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange from 9:00 a.m. on 19 October 2011.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise:

“Amber International”	Amber International Investment Co. Ltd., a company incorporated under the laws of the British Virgin Islands, is the controlling shareholder of the Company currently holding 72.29% of the issued share capital of the Company. It is owned as to 90% by Mr. Lu Wei Ding through GDZ International Limited and as to 10% by Mr. Chai Wei, an executive Director, through DUOU Investment Co., Ltd.
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of Directors
“Bondholder”	holder of the Convertible Bond
“Company”	Amber Energy Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
“Conditions”	the terms and conditions of the Convertible Bond
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Conversion”	the exercise of the conversion rights attached to the Convertible Bond and the issuance of the Conversion Shares accordingly
“Conversion Price”	the price at which each Conversion Share(s) will be issued upon Conversion, being HK\$1.3 per Conversion Share initially and subject to adjustment which may be made pursuant to the Conditions
“Conversion Share(s)”	the new Share(s) to be issued upon Conversion
“Convertible Bond”	the convertible bond to be issued by the Company to Amber International in the principal amount of HK\$124,800,000 pursuant to the Subscription Agreement
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Subscription Agreement and the transactions contemplated thereunder and the Specific Mandate
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	CIMB Securities (HK) Limited, an independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the Subscription
“Independent Shareholders”	Shareholders other than Amber International and its associates
“Issue Date”	the date on which the Convertible Bond is issued by the Company to Amber International under the Subscription Agreement
“Last Trading Date”	17 October 2011, being the last full trading day in the Shares immediately before the suspension of trading in the Shares pending publication of this announcement
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2012 or such later date as may be agreed in writing between the Company and Amber International
“Maturity Date”	a date falling on the fifth anniversary of the Issue Date or such later date as may be agreed between the Company and the Bondholder
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted to the Directors at the EGM for the allotment and issue of the Convertible Bond to Amber International and the Conversion Shares to Amber International and/or other Bondholder upon Conversion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	The subscription of the Convertible Bond by Amber International pursuant to the terms of the Subscription Agreement

“Subscription Agreement”	the subscription agreement dated 18 October 2011 and entered into between the Company and Amber International in relation to the Subscription
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	percent.

By Order of the Board
Amber Energy Limited
Chai Wei
President

Hong Kong, 18 October 2011

As at the date of this announcement, the executive directors of the Company are Mr. Chai Wei and Mr. Hu Xian Wei; the non-executive directors are Mr. Ding Guang Ping and Mr. Feng Li Min; and the independent non-executive directors are Mr. Zhang Shou Lin, Mr. Tse Chi Man and Mr. Yao Xian Guo.