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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)

**INSIDE INFORMATION IN RELATION TO
CHANGES IN ACCOUNTING ESTIMATES**

This announcement is made by Amber Energy Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

CHANGES IN DEPRECIATION METHOD

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that, in view of the changes in government policies, operating environment and market conditions, the Company has reviewed the depreciation method for certain of the property, plant and equipment of the Group as specified in the table below. The Company has decided to change the depreciation method from 1 January 2017 for these property, plant and equipment from the original units of production method to the straight-line method.

The new depreciation method of the Group, in which the estimated remaining useful lives are consistent with those implied by the previous depreciation method, is set out in the following table:

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

Reasons for the Change in Depreciation Method

The power plants of the Group are operated as peak module power plants in Zhejiang province so that they only generate power according to the deployment of grid companies during peak hours.

Before the trial run of the “Dual Tariff Policy” on 1 January 2015, the annual planned power generation hours for each power plant of the Group were stipulated to be 3,500 hours/year by Economic and Information Commission of Zhejiang Province and Economic and Information Commission of Huzhou City (“Economic and Information Authorities”) and the actual annual power generation hours were also relatively stable at about 3,500 hours (within the range of 5% more or less). Revenue was directly related to the actual power generation hours and varied accordingly.

In 2015 and 2016, the annual planned power generation hours approved by the Economic and Information Authorities for each power plant of the Group dropped significantly, and therefore the Group’s volume tariff revenue decreased with the decrease of actual power generation hours. Meanwhile, according to the relevant requirements as set out in the “Dual Tariff Policy” pursuant to “ZheJiaZi [2015] No. 135” (浙價資[2015]135號) introduced on a trial basis from 1 January 2015, the Group received subsidy income of capacity tariff granted to its power plants by grid companies. Considering the implementation of the “Dual Tariff Policy” was on a trial basis and the significant uncertainty around the sustainability of the policy in the future, the Group did not revise its depreciation method for generator equipment in 2015 and 2016. Instead, in anticipation of the expected reduction in actual production volume, an impairment loss on the relevant property, plant and equipment of RMB139,943,000 was recognized for the year ended 31 December 2014.

In 2017, according to “FaGaiNengYuan [2017] No. 1217” — “Opinions on Accelerating the Utilisation of Natural Gas” (「發改能源[2017]1217號」 — 「加快推進天然氣利用的意見」), it is stated that “encourage the development of natural gas peak module power plants, encourage local governments to support the development of natural gas peak module power plants with appropriate financial assistance, while proactively implement measures such as financial subsidy to mitigate the price contradiction of natural gas power generation and consummate the pricing mechanism of natural gas power generation”. Meanwhile, the “13th Five-Year’ Plan of Power Development in Zhejiang Province” “ZheFaGaiGuiHua [2016] No. 535” (浙發改規劃[2016]535號) also states that “fully capitalise on the peak module effect of existing natural gas power plants, and timely establish a reasonable compensation mechanism for peak adjusting cost”. A series of documents in relation to government planning further confirms the positioning of peak module of natural gas power plants and the thought of supporting development by financial subsidy. At present, the “Dual Tariff Policy” and revenue in the form of capacity tariff subsidy align with the government’s long-term plan, further evidencing the sustainability of such policy in the future.

Based on the information above and after ongoing internal assessment and recent communication with relevant government authorities, the Group's management considers the uncertainty around the sustainability of the "Dual Tariff Policy" has reduced to a sufficient extent and expects that the "Dual Tariff Policy" will continue to be in place in 2017 and for the foreseeable future. In the opinion of the Directors, the increased clarity over the "Dual Tariff Policy" from 2017 constitutes a significant change in the operating environment of the Group and, accordingly, the Group's previous depreciation method for generator equipment which had been based on the actual production hours would no longer be a good reflection of the pattern of consumption of economic benefits associated with these equipment.

To allow the depreciation of generator equipment over its estimated remaining useful lives in a more systematic manner, the Group has changed the depreciation method for generator equipment to straight-line method since 1 January 2017. Further, in connection with the change in depreciation method, the Directors have also reviewed the net carrying value of these generator equipment as at 30 June 2017 and did not note any impairment losses.

Effect of the Change in Depreciation Method

The change in depreciation method is a change in accounting estimates and is applied prospectively without retrospective adjustment, therefore there will be no impact on the Group's financial positions and operating results for previous years.

The relevant change became effective from 1 January 2017. Based on the current scope of the consolidated financial statements, the change in depreciation method to straight-line method is expected to result in an increase in depreciation expense of the Group for approximately RMB17,922,000 with a corresponding decrease in the carrying values of these generator equipment for the six months ended 30 June 2017 when compared with the depreciation expense calculated by the original units of production method. As the actual power generation hours for year 2017 cannot be accurately estimated at the moment, assuming that the actual power generation hours in 2017 will remain the same as in 2016, the straight-line method of depreciation is expected to increase the depreciation expense of the Group by approximately RMB36,872,000 for the year 2017.

Save as disclosed above, the relevant changes in accounting estimates have no significant impact on the assets, liabilities, comprehensive income and cash flows of the Group.

The Board (including independent non-executive Directors) considers that the relevant changes in accounting estimates are in compliance with the related requirements, can satisfy the actual needs of the Group's business development, present a fair view of the financial conditions and operating results of the Group, and the decision-making procedures are in compliance with the relevant laws and regulations and the articles of association of the Company without prejudice to the interests of the Company and its shareholders.

The information contained in this announcement is only a preliminary assessment made by the Board based on the information currently available, which has not been reviewed or audited by the Company's auditor. Further details of the effect of the changes in accounting estimates on the unaudited interim results of the Group for the six months ended 30 June 2017 will be disclosed in the interim results announcement of the Company, which is expected to be published by the end of August 2017.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 14 August 2017

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