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## **NEW TIMES ENERGY CORPORATION LIMITED**

**新時代能源有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock code: 00166)**

### **PLACING OF CONVERTIBLE NOTES**

#### **PLACING AGENTS**



**國泰君安(香港)**  
GUOTAI JUNAN (HONG KONG)



**TUNG TAI SECURITIES CO LTD**  
東泰證券有限公司

#### **PLACING OF CONVERTIBLE NOTES**

On 25 January 2011, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Placing Agents agreed to place, on a best effort basis, the Convertible Notes up to an aggregate principal amount of HK\$160 million. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties. The Placees and whose ultimate beneficial owners shall be independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules).

\* For identification purpose only

The Convertible Notes carry the right to convert into Conversion Shares at the First Conversion Price of HK\$0.18 per Conversion Share (subject to adjustment) or the Second Conversion Price of HK\$0.20 per Conversion Share (subject to adjustment), as the case may be. Assuming the conversion rights attaching to the Convertible Notes are exercised in full at the First Conversion Price, up to 888,888,888 Conversion Shares will fall to be issued to the Noteholders, representing approximately 10.77% of the issued capital of the Company as at the date of this announcement and approximately 9.72% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. Assuming the conversion rights attaching to the Convertible Notes are exercised in full at the Second Conversion Price, up to 800,000,000 Conversion Shares will fall to be issued to the Noteholders, representing approximately 9.69% of the issued capital of the Company as at the date of this announcement and approximately 8.83% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued and allotted under the General Mandate, pursuant to which the Directors were authorised to issue and allot up to 1,613,530,604 new Shares. The General Mandate has not been utilized as at the date of this announcement.

**Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## INTRODUCTION

On 25 January 2011, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Placing Agents agreed to place, on a best effort basis, the Convertible Notes up to an aggregate principal amount of HK\$160 million.

## THE PLACING AGREEMENT

### Date

25 January 2011

### Parties

- (a) the Company; and
- (b) the Placing Agents

The Placing Agents conditionally agreed with the Company to place, on a best effort basis, the Convertible Notes up to the aggregate principal amount of HK\$160 million, to the Placees. Amongst the Placing Agents, Guotai Junan agreed to place, on a best effort basis, up to HK\$35 million of the Convertible Notes; and Tung Tai agreed to place, on a best effort basis, up to HK\$125 million of the Convertible Notes.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquires, the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties.

## **Placees**

The Convertible Notes shall be offered to not less than six Placees which are independent institutional or private investors procured by the Placing Agents. Further announcement will be made by the Company if the Placing Agents fail to identify at least six Placees. The Placees and whose ultimate beneficial owners shall be independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules).

## **Conditions of the Placing**

The Placing is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant approval for the listing of, and permission to deal in, the Conversion Shares falling to be issued and allotted on the exercise of the conversion rights attached to the Convertible Notes either unconditionally or subject to conditions to which the Company does not object; and
- (b) none of the force majeure events set out in the Placing Agreement having occurred or occurring.

If any of the above conditions is not fulfilled at or before 5:00 p.m. on 15 February 2011 or such later time or date as the Placing Agents and the Company shall agree in writing, the Placing Agents may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agents under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agents shall have any claim against any of the others, save for any antecedent breach thereof.

The Placing Agreement contain provisions entitling the Placing Agents to terminate the Placing Agreement on the occurrence of certain force majeure events which include, inter alia, the occurrence of any change in market conditions which makes it inexpedient or inadvisable to proceed with the placing of the Convertible Notes or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of the announcement pertaining to the Placing Agreement.

## **Completion**

Completion of the Placing will take place within four Business Days following the day on which the conditions set out in the Placing Agreement are satisfied or such later date as may be agreed between the Company and the Placing Agents.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## THE CONVERTIBLE NOTES

The following are the principle terms of the Convertible Notes:

- Principal amount : Up to an aggregate amount of HK\$160 million
- Denomination : HK\$1,000,000 each
- Maturity date : Second anniversary date of the issue date of the Convertible Notes
- Conversion Prices : (i) First Conversion Price: HK\$0.18 per Conversion Share (subject to adjustment) from the issue date up to the date falling four months after the issue date of the Convertible Notes (ii) Second Conversion Price: HK\$0.20 per Conversion Share (subject to adjustment) from the next date falling four months after the issue date of the Convertible Notes
- Interests : 9% per annum payable semi-annually
- Conversion period : The Noteholders have the right to convert the Convertible Notes in to Shares from the day immediately following the date of the issue of the Convertible Notes up to 4:00 p.m. (Hong Kong time) on the Maturity Date in an amount representing a whole multiple of HK\$1,000,000, save that if at any time the outstanding principal amount of the Convertible Note held by a Noteholder is less than HK\$1,000,000, or if a Noteholder intends to exercise the conversion rights attached to the entire principal amount of all the Convertible Notes held by him, the Noteholder may convert the whole (but not part only) of the such outstanding principal amount of the Convertible Notes
- Voting rights: : The Convertible Notes do not confer any voting rights at general meetings of the Company on the holder(s) of the Convertible Notes
- Ranking: : The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the other Shares in issue as at the date of issue of such Conversion Shares
- Transferability : The Convertible Notes are freely transferrable. The Convertible Notes must not transfer to any person, firm or company which is a connected person (as that expression is defined in the Listing Rules) of the Company except in compliance with the applicable requirements under the Listing Rules and the Hong Kong Code on Takeovers and Mergers)

- Adjustment of the conversion prices : The Conversion Prices are subject to usual adjustment provisions customary for convertibles notes of similar kind. The adjustment events will arise as a result of certain change in the share capital of the Company including consolidation or sub-division of shares, capitalization of profits or reserves or subsequent issue of securities in the Company
- Listing : No application will be made for the listing of, permission to deal in, the Convertible Notes on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

### **The Conversion Prices**

The First Conversion Price represents:

- (i) a discount of approximately 3.74% to the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 4.96% to the average closing price of HK\$0.1894 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (iii) a discount of approximately 6.98% to the average closing price of HK\$0.1935 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Second Conversion Price represents:

- (iv) a premium of approximately 6.95% to the closing price of HK\$0.187 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (v) a premium of approximately 5.60% to the average closing price of HK\$0.1894 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and
- (vi) a premium of approximately 3.36% to the average closing price of HK\$0.1935 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Conversion Prices were determined with reference to the prevailing market price of the Shares and were negotiated on an arm's length basis between the Company and the Placing Agents. The Directors (including the independent non-executive Directors) consider that the Conversion Prices are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## The Conversion Shares

The Convertible Notes carry the right to convert into Conversion Shares at the First Conversion Price of HK\$0.18 per Conversion Share (subject to adjustment) or the Second Conversion Price of HK\$0.20 per Conversion Share (subject to adjustment), as the case may be.

Assuming the conversion rights attaching to the Convertible Notes are exercised in full at the First Conversion Price, up to 888,888,888 Conversion Shares will fall to be issued to the Noteholders, representing approximately 10.77% of the issued capital of the Company as at the date of this announcement and approximately 9.72% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Assuming the conversion rights attaching to the Convertible Notes are exercised in full at the Second Conversion Price, up to 800,000,000 Conversion Shares will fall to be issued to the Noteholders, representing approximately 9.69% of the issued capital of the Company as at the date of this announcement and approximately 8.83% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares will be issued and allotted under the General Mandate, pursuant to which the Directors were authorised to issue and allot up to 1,613,530,604 new Shares. The General Mandate has not been utilized as at the date of this announcement. The Placing Agreement and the Placing, as well as the allotment and issue of the Conversion Shares, are not subject to Shareholders' approval at a general meeting.

## SHAREHOLDING STRUCTURE

The following table illustrates the change in shareholding structure of the Company upon full exercise of the conversion rights attached to the Convertible Notes.

	As at the date of this announcement		Upon full exercise of the conversion rights attached to the Convertible Notes at First Conversion Price		Upon full exercise of the conversion rights attached to the Convertible Notes at Second Conversion Price	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
<i>Directors</i>						
Fung Siu To, Clement	600,000	0.01	600,000	0.01	600,000	0.01
Cheng Ming Kit	20,000	0.00	20,000	0.00	20,000	0.00
<i>Public Shareholders</i>						
Placees	–	–	888,888,888	9.72	800,000,000	8.83
Other public shareholders	8,254,565,019	99.99	8,254,565,019	90.27	8,254,565,019	91.16
Total	<u>8,255,185,019</u>	<u>100.00</u>	<u>9,144,073,907</u>	<u>100.00</u>	<u>9,055,185,019</u>	<u>100.00</u>

## FUND RAISING ACTIVITIES OF THE GROUP IN THE PAST TWELVE MONTHS

Date of announcement	Events	Net proceeds (Approximate)	Intended use of proceeds	Actual use of proceeds
19 January 2010	– Subscription of 322,582,000 Shares	HK\$99.9 million	For general working capital purpose and for financing future investment opportunities	Part of the proceeds (approx. HK\$245 million) has been used for the progress payment of exploration works in Argentina, part of the proceeds (approx. HK\$30 million) has been used to finance the acquisition of entire issued share capital of Fortune Ease Holdings Ltd and the balance were put into an interest-bearing bank account
	– Placing of 743,100,000 Shares	HK\$221.4 million	Financing the Acquisition and future investments	
6 May 2010	Bonus issue of listed warrants	HK\$0.009 million	For general working capital of the Group and future business development	Utilised as intended

Save for the above, the Company has not conducted any fund raising activities by issue of equity securities in the past twelve months immediately before the date of this announcement.

### REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding, and its subsidiaries are mainly engaged in natural resources trading, oil exploration and energy related business.

The gross proceeds from the Placing will be approximately HK\$160 million. The net proceeds (after deducting the placing commission and the fees involved in the Placing) of approximately HK\$155.1 million. The net proceeds raised per Conversion Share upon the completion of the Placing will be approximately HK\$0.174 per Conversion Share based on the First Conversion Price and approximately HK\$0.194 per Conversion Share based on the Second Conversion Price.

The Company intends to apply the net proceeds of the Placing for general working capital purpose and for financing future investment opportunities which are expected to improve the profitability and/or broaden the revenue streams of the Group including financing further exploration works, test well drilling and workover for shut-in wells in the Tartagal and Morillo Oriental Block in northwestern Argentina.

The Directors have considered various means available to raise funds in the capital market to finance the funds required. The issue of the Convertible Notes is an appropriate mean of raising additional capital of the Company since (i) they will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) if the conversion rights attaching to the Convertible Notes are exercised, the shareholder base of the Company will be enlarged and the capital base of the Company will be strengthened.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

If the number of Placees procured by the Placing Agents to subscribe for the Convertible Notes is less than six, the Company will make a further announcement specifying the names of those Placees, as required by Rule 13.28 of the Listing Rules. If the number of Placees is six or more, the names of the Placees are not required to be disclosed.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms used herein shall have the following meanings:

“Acquisition”	the acquisition of the entire share capital of Jade Honest Limited as announced by the Company on 20 February 2009 and 4 May 2009 respectively
“associates”	has the meaning ascribed thereto in the Listing Rules, unless otherwise specified
“Board”	the board of Directors
“Business Day”	means a day on which the Stock Exchange is open for trading in Hong Kong
“Company”	New Times Energy Corporation Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange
“Conversion Prices”	the First Conversion Price and the Second Conversion Price
“Conversion Shares”	the new Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes
“Convertible Notes”	the convertible notes in the aggregate principal amount of up to HK\$160 million to be issued by the Company pursuant to the Placing Agreement

“Directors”	the directors of the Company
“First Conversion Price”	“conversion price of HK\$0.18 per Conversion Share (subject to adjustment) from the issue date up to the date falling four months after the issue date of the Convertible Notes
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 9 June 2010 to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the annual general meeting
“Group”	the Company and its subsidiaries
“Guotai Junan”	Guotai Junan Securities (Hong Kong) Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Independent Third Party(ies)”	independent third party(ies) not connected with the Directors, substantial shareholders or chief executive of the Company and its subsidiaries or any of their respective associates
“Last Trading Date”	24 January 2011, being the last trading day immediately before the date of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder(s)”	holder(s) of the Convertible Notes
“Placees”	any independent institutional or private investors procured by the Placing Agents, on best effort basis, to subscribe for the Convertible Notes pursuant to the Placing Agreement
“Placing”	the placing of the Convertible Notes pursuant to the terms of the Placing Agreement
“Placing Agents”	Guotai Junan and Tung Tai
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agents dated 25 January 2011 in relation to the Placing

“Second Conversion Price”	conversion price of HK\$0.20 per Conversion Share (subject to adjustment) from the next date falling four months after the issue date of the Convertible Notes
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.10 each in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tung Tai”	Tung Tai Securities Company Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**New Times Energy Corporation Limited**  
**Cheng Kam Chiu, Stewart**  
*Chairman*

Hong Kong, 25 January 2011

*As at the date of this announcement, the board of Directors comprises seven Directors, of which two are executive Directors, namely Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit; two non-executive Directors, namely Mr. Wong Man Kong, Peter and Mr. Chan Chi Yuen; and three independent non-executive Directors, namely Mr. Fung Chi Kin, Mr. Fung Siu To, Clement and Mr. Chiu Wai On.*