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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)

CONNECTED TRANSACTION EXERCISE OF CONVERTIBLE BONDS OF BLUE SKY

Financial Adviser to the Company



**WALLBANCK BROTHERS
Securities (Hong Kong) Limited**

EXERCISE OF CONVERTIBLE BONDS OF BLUE SKY AND DISPOSAL OF SHARES OF BLUE SKY

Reference is made to the joint announcement of the Company and Blue Sky dated 7 October 2014 and the circular dated 5 December 2014 (the “Circular”) in relation to the disposal of 85.46% of Shine Great Shares by the Company. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

According to the announcement of the Company dated 24 February 2015 (the “Completion Announcement I”), all the conditions precedent for Disposal Conditions Precedent I for the Transaction I have been fulfilled pursuant to the Sale and Purchase Agreement. Disposal Completion I had taken place on 24 February 2015 and a sum of HK\$77,805,108 had been paid by the issue of the relevant Convertible Bonds I at the principal amount of HK\$77,805,108 by Blue Sky to Total Belief.

* For identification purpose only

First Exercise of Convertible Bonds I

On 27 March 2015, the Company has exercised the conversion rights attaching to Convertible Bonds I at the principal amount of HK\$10,000,000 at the Conversion price of HK\$0.379 and held approximately 26,385,224 Conversion Shares, represents (i) approximately 0.53% of the total issued shares of Blue Sky as of 27 March 2015; and (ii) approximately 0.53% of enlarged issued shares immediately after the said conversion of Convertible Bonds I at the principal amount of HK\$10,000,000 (the “First Exercise of the CB I”).

Second Exercise of Convertible Bonds I

On 20 April 2015, the Company has exercised the conversion rights attaching to Convertible Bonds I at the principal amount of HK\$10,000,000 at the Conversion price of HK\$0.379 and held an aggregate number of approximately 52,770,448 Conversion Shares, represents (i) approximately 1.05% of total issued share of Blue Sky as of 20 April 2015; and (ii) approximately 1.05% of enlarged issued shares immediately after the conversion of Convertible Bonds I at the aggregate principal amount of HK\$20,000,000 (the “Second Exercise of the CB I”).

Disposal of Blue Sky Shares

On 22 April 2015, the Company has disposed 400,000 Conversion Shares at average selling price of HK\$0.50 (the “Disposal of Blue Sky Shares”). Therefore, the Company holds 52,370,448 Conversion Shares as approximately 1.04% of the total issued shares of Blue Sky as of 22 April 2015.

LISTING RULES IMPLICATION

Due to inadvertent oversight, there has been a delay in issue of the announcement in relation to the First Exercise of the CB I and the Second Exercise of CB I by the Company.

As at the dates of the First Exercise of the CB I and the Second Exercise of the CB I, Mr. Cheng Ming Kit was the chief executive officer and an executive Director of the Company, and was also an executive director and the chairman of Blue Sky. As at the dates of the First Exercise of the CB I and the Second Exercise of the CB I, Mr. Cheng Ming Kit holds a total of approximately 11.56% and 11.99% of equity interest of Blue Sky respectively. Accordingly, Mr. Cheng Ming Kit was regarded as a controller of the Company under Rule 14A.28.

As the applicable percentage ratios under the Listing Rules for the First Exercise of the CB I and the Second Exercise of the CB I were more than 0.1% but less than 5% respectively, the First Exercise of the CB I and the Second Exercise of the CB I constituted connected transactions of the Company subject to reporting and announcement requirements but exempted from independent shareholder’s approval requirements under chapter 14A of the Listing Rules.

Therefore, Mr. Cheng Ming Kit is considered to be materially interested in the First Exercise of the CB I and the Second Exercise of the CB I and has abstained from voting on the resolution(s) passed by the Board concerning the First Exercise of the CB I and the Second Exercise of the CB I and the transaction(s) contemplated thereunder.

Further announcement will be made by the Company for compliance with the Listing Rules regarding the potential exercise of Convertible Bonds II and disposal of relevant Conversion Shares.

WARNING NOTICE

Shareholders and potential investors should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

EXERCISE OF CONVERTIBLE BONDS OF BLUE SKY AND DISPOSAL OF SHARES OF BLUE SKY

Reference is made to the joint announcement of the Company and Blue Sky dated 7 October 2014 and the circular dated 5 December 2014 (the “Circular”) in relation to the disposal of 85.46% of Shine Great Shares by the Company. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

According to the announcement of the Company dated 24 February 2015 (the “Completion Announcement I”), all the conditions precedent for Disposal Conditions Precedent I for the Transaction I have been fulfilled pursuant to the Sale and Purchase Agreement. Disposal Completion I had taken place on 24 February 2015 and a sum of HK\$77,805,108 had been paid by the issue of the relevant Convertible Bonds I at the principal amount of HK\$77,805,108 by Blue Sky to Total Belief.

First Exercise of Convertible Bonds I

On 27 March 2015, the Company has exercised the conversion rights attaching to Convertible Bonds I at the principal amount of HK\$10,000,000 at the Conversion price of HK\$0.379 and held approximately 26,385,224 Conversion Shares, represents (i) approximately 0.53% of the total issued shares of Blue Sky as of 27 March 2015; and (ii) approximately 0.53% of enlarged issued shares immediately after the said conversion of Convertible Bonds I at the principal amount of HK\$10,000,000 (the “First Exercise of the CB I”).

Second Exercise of Convertible Bonds I

On 20 April 2015, the Company has exercised the conversion rights attaching to Convertible Bonds I at the principal amount of HK\$10,000,000 at the Conversion price of HK\$0.379 and held an aggregate number of approximately 52,770,448 Conversion Shares, represents (i) approximately 1.05% of total issued share of Blue Sky as of 20 April 2015; and (ii)

approximately 1.05% of enlarged issued shares immediately after the conversion of Convertible Bonds I at the aggregate principal amount of HK\$20,000,000 (the “Second Exercise of the CB I”).

Disposal of Blue Sky Shares

On 22 April 2015, the Company has disposed 400,000 Conversion Shares at average selling price of HK\$0.50 (the “Disposal of Blue Sky Shares”).

Therefore, the Company holds 52,370,448 Conversion Shares, represents approximately 1.04% of the total issued shares of Blue Sky as of 22 April 2015.

Reasons for the First Exercise of the CB I and Second Exercise of the CB I

The Company is entitled to receive Convertible Bonds I and Convertible Bonds II upon Disposal Completion I and Disposal Completion II respectively. Both the Convertible Bonds I and Convertible Bonds II carry no interest and are due to mature on the third anniversary of the date of their respective issue date. The Board holds the view that as the Convertible Bonds carry no interest, the Company shall exercise the conversion rights attaching to the Convertible Bonds in due time.

The Board held the view that 27 March 2015 and 20 April 2015 were the appropriate time for the First Exercise of the CB I and the Second Exercise of the CB I respectively and held the relevant Conversion Shares in order to capture the opportunities in the stock market and realize the potential capital gain from the appreciation of the Blue Sky Shares upon share price of Blue Sky be above the Conversion Price.

The Directors (including the independent non-executive Directors) held the view that the First Exercise of the CB I and the Second Exercise of the CB I were (i) fair and reasonable; (ii) on normal commercial terms; and (iii) in the interests of the Company and the Shareholders as a whole.

Financial Implication of the First Exercise of the CB I and Second Exercise of the CB I

Through the possible disposal of Blue Sky Shares in the future when the Board considers such disposal be appropriate and necessary, the Company expects to realize capital gain from the capital appreciation of the Blue Sky Shares when the growth from the market potential of natural gas products in PRC is realized and captured.

The Disposal of Blue Sky Shares on 22 April 2015 contributed a gain of approximately HK\$48,400 to the Company.

INFORMATION ON THE TRANSACTION I AND TRANSACTION II

On 7 October 2014 (after the trading hours), Total Belief, a direct wholly owned subsidiary of the Company, as the vendor and Goldlink, a direct wholly owned subsidiary of Blue Sky, as the purchaser entered into the Sale and Purchase Agreement, pursuant to which Total Belief has conditionally agreed to sell and Goldlink has conditionally agreed to acquire an aggregate of 8,546,210 Shine Great Shares, representing approximately 85.46% of the issued share capital of Shine Great which comprises of (i) 3,646,210 Shine Great Shares,

representing approximately 36.46% of the issued share capital of Shine Great under Transaction I; and (ii) 4,900,000 Shine Great Shares, representing approximately 49% of the issued share capital of Shine Great under Transaction II subject to the satisfaction of Revenue Guarantee and Profit Guarantee, at an aggregated consideration of up to approximately HK\$230,045,259, as paid by Goldlink to Total Belief as earnest monies in an aggregate of HK\$14,000,000 in accordance with the terms and conditions of the MOU, the Supplemental MOU and the Further Supplemental MOU, and the remaining balance to be satisfied by (i) payable of HK\$3,000,000 in cash upon execution of the Sale and Purchase Agreement; (ii) issuing of the principal amount of HK\$77,805,108 of Convertible Bonds by Blue Sky to the Company and/or Total Belief and/or their nominees upon Disposal Completion I; and (iii) issuing of the principal amount of HK\$135,240,151 of Convertible Bonds by Blue Sky to the Company and/or Total Belief and/or their nominees upon Disposal Completion II.

Upon Disposal Completion I, the Company will reduce its indirect interest in the Shine Great Group to 49%, and the Shine Great Group will cease to be subsidiaries of the Company and become subsidiaries of Blue Sky. Further upon Disposal Completion II, the Company will not hold any interest in Shine Great and Shine Great Group, and Shine Great will become a wholly owned subsidiary of Blue Sky.

PARTICULARS OF THE CONVERTIBLE BONDS

<u>Considerations</u>	<u>Time of Entitlement</u>	<u>Amount</u>	<u>Conversion Price</u>	<u>Interest</u>	<u>Maturity</u>	<u>Approximate Number of Blue Sky Shares upon full conversion at the Conversion Price of HK\$0.379</u>
Convertible Bonds I	Upon Disposal Completion I, which had taken place on 24 February 2015	At the principal amount of HK\$77,805,108	HK\$0.379	Nil	Third anniversary of the date of the issue	205,290,521
Convertible Bonds II	Upon Disposal Completion II	At the principal amount of HK\$135,240,151	HK\$0.379	Nil	Third anniversary of the date of the issue	356,834,171

SHAREHOLDINGS OF BLUE SKY BY THE COMPANY UPON CONVERSION OF CONVERTIBLE BONDS I AND CONVERTIBLE BONDS II

		Approximate Number of Conversion Shares at the Conversion Price of HK\$0.379	Approximate % of issued share of Blue Sky as of 22 April 2015	Approximate % of issued share of Blue Sky immediately upon full exercise of the conversion rights attaching to remaining portion of the Convertible Bonds I as of 22 April 2015	Approximate % of issued share of Blue Sky immediately upon full exercise of the conversion rights attaching to the remaining portion of the Convertible Bonds I and the entire portion of the Convertible Bonds II as of 22 April 2015
Convertible Bonds entitled upon Disposal Completion I	HK\$20,000,000 at the principal amount of Convertible Bonds I, which were exercised on 27 March 2015 and 20 April 2015 respectively ⁽¹⁾	52,370,448 ⁽¹⁾	1.04%	1.01%	0.94%
	HK\$57,805,108 at the principal amount of Convertible Bonds I (the “remaining portion of the Convertible Bonds I”)	152,520,073	3.02%	2.94%	2.75%
Convertible Bonds entitled upon Disposal Completion II	Entire portion of Convertible Bonds II	356,834,171	7.08%	6.87%	6.43%
Total		<u>561,724,692</u>	<u>11.14%</u>	<u>10.82%</u>	<u>10.12%</u>

Note (1): The Company has disposed 400,000 Conversion Shares on 22 April 2015. As a result, the Company holds 52,370,448 Conversion Shares after the conversion of Convertible Bonds I at the principal amount of HK\$20,000,000 as of 22 April 2015.

INFORMATION ON THE SHAREHOLDINGS OF BLUE SKY BY THE COMPANY

The Company holds approximately 52,370,448 Conversion Shares, represents approximately 1.04% of the total issued shares of Blue Sky as of 22 April 2015.

INFORMATION ON THE INTENTION FOR CONVERTIBLE BONDS BY THE COMPANY

The Company intends to exercise the conversion rights attaching to the remaining portion of Convertible Bonds I and the Convertible Bonds II when received and the Board considers such conversions be appropriate and necessary.

INFORMATION ON THE INTENTION FOR DISPOSAL OF THE BLUE SKY SHARES BY THE COMPANY

The Company intends to dispose the Blue Sky Shares upon conversions of Convertible Bonds I and Convertible Bonds II in the future when the Board considers such disposal be appropriate and necessary, including but not limited to realize the capital gain from the capital appreciation of Blue Sky Shares.

INFORMATION ON THE COMPANY

The Company is incorporated in Bermuda with limited liability. The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in (i) trading of oil products; and (ii) exploration, development, production and sale of natural resources.

INFORMATION ON BLUE SKY

Blue Sky is a company incorporated in Bermuda with limited liability. The principal activity of Blue Sky is investment holding and its subsidiaries are principally engaged in (i) sales and distribution of natural gas and other related products; (ii) sales of book products; and (iii) sales of specialised products.

The following information is extracted from the annual reports of Blue Sky for the two financial years ended 31 December 2014 and 31 December 2013 respectively:

	Year ended 31 December	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	200,430	154,475
Net Loss before income tax	(70,480)	(60,489)
Net Loss after income tax	<u>(70,023)</u>	<u>(58,569)</u>
Consolidated net assets attributable to owners of Blue Sky	<u>851,220</u>	<u>193,904</u>

To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, Blue Sky is Independent Third Party.

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

Hong Kong, 14 September 2015

As at the date of this announcement, the Board comprises seven directors, of whom two are executive directors, namely Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit; one is a non-executive director, namely Mr. Heffner, Paul Lincoln; and four are independent non-executive directors, namely Mr. Wong Man Kong, Peter, Mr. Chan Chi Yuen, Mr. Yung Chun Fai, Dickie and Mr. Chiu Wai On.