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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
PROPOSED EXERCISE OF CONVERTIBLE BONDS II
OF BLUE SKY**

BACKGROUND

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

As disclosed in the announcements of the Company dated 24 February 2015 and 4 July 2016, respectively, Disposal Completion I and Disposal Completion II have occurred, after which Total Belief (being a direct wholly owned subsidiary of the Company) received the Convertible Bonds I and Convertible Bonds II, respectively.

As disclosed in the announcements of the Company dated 9 September 2015, 10 September 2015 and 14 September 2015, and the circular of the Company dated 20 October 2015, the conversion rights attaching to the entire portion of the Convertible Bonds I have been exercised.

* For identification purpose only

As disclosed in the announcement of the Company dated 8 September 2016, Total Belief disposed of a portion of the Convertible Bonds II in the principal amount of HK\$43,000,000 and the rights in respect thereof. On 9 September 2016, Total Belief further disposed of a portion of the Convertible Bonds II in the principal amount of HK\$1,500,000 and the rights in respect thereof to an Independent Third Party.

PROPOSED EXERCISE OF CONVERTIBLE BONDS II OF BLUE SKY

As at the date of this announcement, the Group holds 170,298,521 Blue Sky Shares (representing 1.98% of the issued share capital of Blue Sky) and Total Belief holds the Convertible Bonds II in the principal amount of HK\$88,035,348.

On 19 September 2016, the Board approved the exercise of the conversion rights attaching to the Convertible Bonds II in the principal amount of HK\$88,035,348 at the Conversion Price of HK\$0.379 per Conversion Share (the “**Exercise of the CB II**”), pursuant to which 232,283,240 Blue Sky Shares (representing approximately 2.70% of the issued share capital of Blue Sky as at the date hereof and approximately 2.63% of the issued share capital of Blue Sky as enlarged by the issue of the Conversion Shares pursuant to the Exercise of the CB II) will be issued to Total Belief.

Upon the Exercise of the CB II, the Group will hold an aggregate of 402,581,761 Blue Sky Shares (representing approximately 4.68% of the issued share capital of Blue Sky as at the date hereof and approximately 4.56% of the issued share capital of Blue Sky as enlarged by the issue of the Conversion Shares pursuant to the Exercise of the CB II (on the assumption that there is no change in the issued share capital of Blue Sky other than the issue of the Conversion Shares pursuant to the Exercise of the CB II)).

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios under the Listing Rules in respect of the Exercise of the CB II (when aggregated with the exercise of the portion of the Convertible Bonds I in the principal amount of HK\$57,805,108 within twelve months prior to the date hereof) are more than 5% and less than 25%, the Exercise of the CB II (on the said aggregate basis) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Mr. Cheng Ming Kit, an executive Director, is also an executive director and the chairman of Blue Sky and, as at the date of this announcement, holds 1,031,291,256 Blue Sky Shares (representing approximately 11.99% of the issued share capital of Blue Sky). Accordingly, Mr. Cheng Ming Kit is a controller of the Company and a substantial shareholder of Blue Sky and the Exercise of the CB II also constitutes a connected transaction under Rule 14A.28 of the Listing Rules and is subject to the reporting and announcement requirements, and the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As (i) Max Sun Enterprises Limited holds 3,516,537,544 Shares (representing approximately 65.00% of the Company's issued share capital and voting rights in the Company's general meeting) has approved the Exercise of the CB II in writing; and (ii) none of the Shareholders is required to abstain from voting if a special general meeting is held by the Company to approve the Exercise of the CB II, the Company will apply to the Stock Exchange for a waiver under Rule 14A.37 of the Listing Rules for the general meeting requirement. Subject to the Stock Exchange granting the said waiver, no shareholders' meeting of the Company will be convened for the approval of the Exercise of the CB II. A circular containing, among others, (i) further details of the Exercise of the CB II; (ii) a letter from the Independent Board Committee to the independent Shareholders in relation to the Exercise of the CB II; and (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the independent Shareholders, will be despatched to the Shareholders on or before 11 October 2016.

Further announcement(s) will be made by the Company regarding the potential disposal of relevant Conversion Shares in compliance with the Listing Rules where necessary.

BACKGROUND

Reference is made to the joint announcement of the Company and Blue Sky dated 7 October 2014 and the circular of the Company dated 5 December 2014 (the "**Circular**") in relation to, among others, the disposal of an aggregate of 85.46% of Shine Great Shares by the Company pursuant to Transaction I and Transaction II. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

As disclosed in the announcements of the Company dated 24 February 2015 and 4 July 2016, respectively, Disposal Completion I and Disposal Completion II have occurred, after which Total Belief (being a direct wholly owned subsidiary of the Company) received the Convertible Bonds I and Convertible Bonds II, respectively.

As disclosed in the announcements of the Company dated 9 September 2015, 10 September 2015 and 14 September 2015, and the circular of the Company dated 20 October 2015, the conversion rights attaching to the entire portion of the Convertible Bonds I have been exercised.

As disclosed in the announcement of the Company dated 8 September 2016, Total Belief disposed of a portion of the Convertible Bonds II in the principal amount of HK\$43,000,000 and the rights in respect thereof. On 9 September 2016, Total Belief further disposed of a portion of the Convertible Bonds II in the principal amount of HK\$1,500,000 and the rights in respect thereof to an Independent Third Party.

PROPOSED EXERCISE OF CONVERTIBLE BONDS II

The Convertible Bonds II

As at the date of this announcement, the Group holds 170,298,521 Blue Sky Shares (representing approximately 1.98% of the issued share capital of Blue Sky) and Total Belief holds the Convertible Bonds II in the principal amount of HK\$88,035,348.

On 19 September 2016, the Board approved the Exercise of the CB II, pursuant to which 232,283,240 Blue Sky Shares (representing approximately 2.70% of the issued share capital of Blue Sky as at the date hereof and approximately 2.63% of the issued share capital of Blue Sky as enlarged by the issue of the Conversion Shares pursuant to the Exercise of the CB II) will be issued to Total Belief.

A summary of the particulars of the Convertible Bonds II is set out below:

Time of entitlement	Outstanding principal amount	Conversion Price	Interest	Maturity	Approximate number of Blue Sky Shares upon full conversion at the Conversion Price of HK\$0.379
Upon the Disposal Completion II on 4 July 2016	HK\$88,035,348	HK\$0.379	Nil	Third anniversary of the date of the issue	232,283,240

For further details of the terms of the Convertible Bonds II, please refer to the section headed “II. (C) Principal Terms of the Convertible Bonds to be issued by Blue Sky” in the letter from the Board contained in the Circular.

Conversion Price and basis of determination of Conversion Price

As disclosed in the abovementioned section of the Circular, the Conversion Price is HK\$0.379 (subject to any adjustments in accordance with the terms and conditions of the Convertible Bonds (if any)), which was determined after arm’s length negotiations between Blue Sky and the Company, with reference to the then prevailing market price of the Blue Sky Shares.

The Conversion Price (subject to any adjustments in accordance with the terms and conditions of the Convertible Bonds (if any)) represents:

- (i) as disclosed in the abovementioned section of the Circular, a discount of approximately 10.19% to the closing price of HK\$0.422 per Blue Sky Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement; and

- (ii) a discount of approximately 35.76% to the closing price of HK\$0.59 per Blue Sky Share as quoted on the Stock Exchange on the last trading day immediately prior to the issue of this announcement.

Shareholding of the Group in Blue Sky upon the Exercise of the CB II

Upon the Exercise of the CB II, the Group will hold an aggregate of 402,581,761 Blue Sky Shares (representing approximately 4.68% of the issued share capital of Blue Sky as at the date hereof and approximately 4.56% of the issued share capital of Blue Sky as enlarged by the issue of the Conversion Shares pursuant to the Exercise of the CB II (on the assumption that there is no change in the issued share capital of Blue Sky other than the issue of the Conversion Shares pursuant to the Exercise of the CB II)).

On the assumption that there is no change in the issued share capital of Blue Sky other than the issue of the Conversion Shares pursuant to the Exercise of the CB II, the shareholding of the Group in Blue Sky as at the date hereof and immediately upon the Exercise of the CB II is set out below:

	As at the date hereof		Immediately upon the Exercise of the CB II	
	Approximate number of Blue Sky Shares	Approximate percentage of the issued share capital of Blue Sky	Approximate number of Blue Sky Shares	Approximate percentage of the issued share capital of Blue Sky (as enlarged by the issue of Conversion Shares pursuant to the Exercise of the CB II)
The Group	170,298,521	1.98%	402,581,761	4.56%

Reasons for and benefits of the Exercise of the CB II

As disclosed in the announcements of the Company dated 9 September 2015 and 14 September 2015 and the circular of the Company dated 20 October 2015, considering, among others, that the Convertible Bonds carry no interest, the Company intended to exercise the conversion rights attaching to the Convertible Bonds II when received and the Board considered such conversion appropriate and necessary, and the Company intended to dispose of the Blue Sky Shares upon conversions of the Convertible Bonds II in the future when the Board considered such disposal appropriate and necessary.

Total Belief received the Convertible Bonds II after the Disposal Completion II occurred on 4 July 2016. As disclosed above, the Convertible Bonds II carry no interest and are due to mature on the third anniversary of the date of the issue date. Having captured a good opportunity to realise part of the Convertible Bonds II by disposal of the same to certain Independent Third Parties (as disclosed in the announcement of the Company dated 8 September 2016 and this announcement) with a premium to the principal amount of the Convertible Bonds II, the Board is of the view that it is an appropriate time for the Company to exercise the conversion rights attaching to the remaining portion of the Convertible Bonds II in due time in order to capture the opportunities in the stock market and realise the potential capital gain from the appreciation of the Blue Sky Shares provided that the market price of the Blue Sky Shares is above the Conversion Price.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the advice of the independent financial adviser) are of the view that the Exercise of the CB II is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Mr. Cheng Ming Kit (being an executive Director, and an executive director, the chairman and a substantial shareholder (holding 1,031,291,256 Blue Sky Shares (representing approximately 11.99% of the issued share capital of Blue Sky as at the date hereof)) of Blue Sky) is considered materially interested in the Exercise of the CB II and has abstained from voting on the resolution(s) passed by the Board in respect of the Exercise of the CB II.

INFORMATION ON THE GROUP

The Group is principally engaged in the exploration, development, production and sale of natural resources. Total Belief is a direct wholly owned subsidiary of the Company principally engaged in investment holding.

INFORMATION ON BLUE SKY

Blue Sky is a company incorporated in Bermuda and the shares of which are primarily listed on the Main Board of the Stock Exchange (Stock Code: 6828) and secondarily listed on the Singapore Exchange Securities Trading Limited (Stock Code: UQ7). Based on publicly available information, the Directors understand that 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 and (ii) sales of book product and specialised products.

The following information is extracted from the 2015 annual report of Blue Sky:

	For the year ended 31 December 2015 (audited) HK\$ '000	For the year ended 31 December 2014 (audited) HK\$ '000
Profit/(loss) before taxation	1,904	(70,480)
Profit/(loss) after taxation	6,903	(70,023)

According to the interim results announcement of Blue Sky for the six months ended 30 June 2016, the unaudited consolidated net asset value of Blue Sky as at 30 June 2016 is approximately HK\$2,905,969,000.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, and save the interest of Mr. Cheng Ming Kit in Blue Sky as set out above, Blue Sky and its ultimate beneficial owners are Independent Third Parties.

BACKGROUND INFORMATION ON TRANSACTION I AND TRANSACTION II

As disclosed in the joint announcement of the Company and Blue Sky dated 7 October 2014 and the Circular, on 7 October 2014, Total Belief (as vendor) and Goldlink (being a direct wholly owned subsidiary of Blue Sky) (as 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 comprise (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 aggregate consideration of up to approximately HK\$230,045,259, which has been satisfied as follows: (i) as to HK\$14,000,000 paid by Goldlink to Total Belief as earnest monies; (ii) as to HK\$3,000,000 in cash upon the execution of the Sale and Purchase Agreement; (iii) as to HK\$77,805,108 by the issue of the Convertible Bonds I upon Disposal Completion I; and (iv) as to HK\$135,240,151 by the issue of the Convertible Bonds II upon Disposal Completion II.

Upon the Disposal Completion I, the Company has reduced its indirect interest in the Shine Great Group to 49%, and the Shine Great Group have ceased to be subsidiaries of the Company and have become subsidiaries of Blue Sky. Further, upon the Disposal Completion II, the Company has ceased to hold any interest in Shine Great and Shine Great Group, and Shine Great has become a wholly owned subsidiary of Blue Sky.

LISTING RULES IMPLICATIONS

As certain of the applicable percentage ratios under the Listing Rules in respect of the Exercise of the CB II (when aggregated with the exercise of the portion of the Convertible Bonds I in the principal amount of HK\$57,805,108 within twelve months prior to the date hereof) are more than 5% and less than 25%, the Exercise of the CB II (on the said aggregate basis) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Mr. Cheng Ming Kit, an executive Director, is also an executive director and the chairman of Blue Sky and, as at the date of this announcement, holds 1,031,291,256 Blue Sky Shares (representing approximately 11.99% of the issued share capital of Blue Sky). Accordingly, Mr. Cheng Ming Kit is a controller of the Company and a substantial shareholder of Blue Sky and the Exercise of the CB II also constitutes a connected transaction under Rule 14A.28 of the Listing Rules and is subject to the reporting and announcement requirements, and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As (i) Max Sun Enterprises Limited holds 3,516,537,544 Shares (representing approximately 65.00% of the Company's issued share capital and voting rights in the Company's general meeting) has approved the Exercise of the CB II in writing; and (ii) none of the Shareholders is required to abstain from voting if a special general meeting is held by the Company to approve the Exercise of the CB II, the Company will apply to the Stock Exchange for a waiver under Rule 14A.37 of the Listing Rules for the general meeting requirement. Subject to the Stock Exchange granting the said waiver, no shareholders' meeting of the Company will be convened for the approval of the Exercise of the CB II.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Board (the **"Independent Board Committee"**) comprising all the independent non-executive Directors (namely, Mr. Wong Man Kong, Peter, Mr. Chan Chi Yuen, Mr. Yung Chun Fai, Dickie and Mr. Chiu Wai On) has been formed to consider the Exercise of the CB II and an independent financial adviser has been appointed by the Company to advise the Independent Board Committee and the independent Shareholders on the Exercise of the CB II.

DESPATCH OF CIRCULAR

A circular containing, among others, (i) further details of the Exercise of the CB II; (ii) a letter from the Independent Board Committee to the independent Shareholders in relation to the Exercise of the CB II; and (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the independent Shareholders, will be despatched to the Shareholders on or before 11 October 2016.

Further announcement(s) will be made by the Company regarding the potential disposal of relevant Conversion Shares in compliance with the Listing Rules where necessary.

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

Hong Kong, 19 September 2016

As at the date of this announcement, the Board comprises six directors, of whom two are executive directors, namely Mr. Cheng Kam Chiu, Stewart and Mr. Cheng Ming Kit; 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.