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**Newtree Group Holdings Limited**  
**友川集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 1323)**

**PLACING OF NEW SHARES**  
**UNDER GENERAL MANDATE**

**Placing Agent**



**Financial Adviser to the Company**



**INCUB Corporate Finance Limited**

On 3 June 2013, after trading hours of the Stock Exchange, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed with the Company to place up to 40,000,000 Placing Shares on a best effort basis to not less than six Placees who are Independent Third Parties at the Placing Price of HK\$2.10 per Placing Share.

The Placing Shares will be allotted and issued under the General Mandate.

The Completion of the Placing is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

If the foregoing condition is not fulfilled on or prior to 3 July 2013 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any antecedent breach of the Placing Agreement).

Assuming the maximum amount of the Placing Shares of 40,000,000 Shares are placed, the gross proceeds and net proceeds from the Placing will be HK\$84.00 million and approximately HK\$81.04 million respectively, which will be used for funding the potential acquisition activities as identified by the Group from time to time, including but not limited to the potential acquisition as announced in the announcement of the Company dated 29 May 2013 in relation to the entering into a non-legally binding memorandum of understanding for the possible acquisition of the entire equity interest in Goldbell Holdings Limited, and for general working capital of the Group.

**Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

On 3 June 2013, after trading hours of the Stock Exchange, the Company entered into the Placing Agreement with the Placing Agent, the principal terms of which are summarised below.

## **THE PLACING AGREEMENT**

### **Date**

3 June 2013

### **Parties**

Issuer: The Company

The Placing Agent: Huatai Financial Holdings (Hong Kong) Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

## **Number of Placing Shares**

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure not less than six Placees to subscribe for 40,000,000 Placing Shares at HK\$2.10 per Placing Share, representing approximately 5.81% of the issued share capital as at the date of this announcement, and approximately 5.49%% of the issued share capital as enlarged by the issue of the maximum amount of the Placing Shares. The Placing is on a best effort basis. The maximum nominal value of the Placing Shares will be HK\$400,000.

## **The Placees**

The Placing Shares will be placed to not less than six Placees which will be individuals, institutional or other professional investors, and who and whose ultimate beneficial owners shall be Independent Third Parties. The Placing Agent has agreed to use all reasonable endeavours to ensure that none of the Placees and their ultimate beneficial owners shall become a substantial shareholder (as defined under the Listing Rules) of the Company upon taking up the Placing Shares.

## **Placing Price**

The Placing Price of HK\$2.10 per Placing Share represents:

- (i) a discount of approximately 14.63% to the closing price of HK\$2.46 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 17.52% to the average closing price of HK\$2.546 per Share as quoted on the Stock Exchange for the last five trading days up to and including the day immediately prior to the Last Trading Day.

The Placing Price of HK\$2.10 per Placing Share was determined on arm's length basis between the Company and the Placing Agent based on current market conditions and the prevailing market price of the Shares. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement the Placing Price of the Placing Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Ranking of the Placing Shares**

The Placing Shares will be issued fully paid up and ranking *pari passu* in all respects among themselves and with the existing Shares in issue, including the right to receive all dividends and distributions which may be declared made or paid after the Completion Date and will be issued free and clear of all liens, encumbrances or other third party rights.

## **Conditions of the Placing**

The Completion of Placing is conditional upon the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares.

If the foregoing conditions are not fulfilled by 5:00 p.m. (Hong Kong time) on 3 July 2013 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any antecedent breach of the Placing Agreement).

## **Completion of the Placing**

Completion of the Placing shall take place within five Business Days following the fulfillment of the conditions in respect of the Placing under the Placing Agreement or such later date as the Company and the Placing Agent may agree.

## **Commission**

The Placing Agent will be entitled to a placing commission of 2.5% of the aggregate amount of the Placing Price multiplied by the actual number of the Placing Shares placed by the Placing Agent.

Such commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and prevailing market conditions. The Directors consider that the commission is fair and reasonable.

## **Termination**

Under the Placing Agreement, the Placing Agent shall have the right to terminate the Placing Agreement by notice in writing given to the Company at any time prior to 12:00 noon (Hong Kong time) on the Completion Date if any of the following develops, occurs or comes into force:

- (a) there shall have come to the notice of the Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained herein or any failure to perform any of the Company's undertakings in the Placing Agreement;

- (b) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the Placing Agent, are or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (c) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (d) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange,

and that the right to terminate the Placing Agreement under paragraphs (a) to (d) above shall be a separate and independent right and that the exercise of any such right by the Placing Agent shall not affect or prejudice or constitute a waiver of any other right, remedy or claim which the Placing Agent may have as at the date of such notice nor shall termination of the Placing Agreement affect or prejudice any provision thereof expressed to survive or operate in the event of termination of the Placing Agreement.

## **MANDATE TO ISSUE NEW SHARES**

The Placing is not subjected to Shareholders' approval and is issued under the General Mandate. The Placing Shares will be allotted and issued under the General Mandate granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 28 August 2012. Under the General Mandate, the Directors are allowed to allot and issue up to 133,333,200 Shares. As at the date of this announcement, no Share have been allotted and issued pursuant to the General Mandate.

## **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Placing Shares.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and immediately after the Completion of the Placing (assuming all the Placing Shares are placed) are as follow:

|                           | As at the date of this<br>announcement |                    | Immediately after<br>Completion of the Placing<br>(assuming all the Placing<br>Shares are placed) |                    |
|---------------------------|--|--------------------|---|--------------------|
|                           | <i>No. of Shares</i>                   | <i>% (approx.)</i> | <i>No. of Shares</i>  | <i>% (approx.)</i> |
| <b>Shareholders</b>       |  |                    |   |                    |
| Twin Star Global Limited  |  |                    |   |                    |
| <i>(Note)</i>             | 340,267,659                            | 49.44              | 340,267,659   | 46.73              |
| The Placees               | –                                      | –                  | 40,000,000  | 5.49               |
| Other Public Shareholders | <u>347,953,218</u>                     | <u>50.56</u>       | <u>347,953,218</u>  | <u>47.78</u>       |
| <b>Total</b>              | <u>688,220,877</u>                     | <u>100.00</u>      | <u>728,220,877</u>  | <u>100.00</u>      |

*Note:* Twin Star Global Limited is owned as to 50% by Mr. Chum Hon Sing, the chairman and an executive Director and as to 50% by Mr. Wong Wai Sing, an executive Director. Mr. Chum Hon Sing and Mr. Wong Wai Sing are deemed to be interested in 340,267,659 Shares held by Twin Star Global Limited.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the manufacturing and trading of hygienic disposables for household and clinical uses; agent and trading of MTBE products; wholesale and retail of household consumables.

Assuming the maximum amount of 40,000,000 Placing Shares are placed, the gross proceeds raised from the Placing will be HK\$84.00 million. After taking into account the estimated expenses in relation to the Placing, the estimated net proceeds from the Placing will be approximately HK\$81.04 million, representing a net price of approximately HK\$2.026 per Placing Share. The net proceeds from the Placing will be used for funding the potential acquisition activities as identified by the Group from time to time, including but not limited to the potential acquisition as announced in the announcement of the Company dated 29 May 2013 in relation to the entering into a non-legally binding memorandum of understanding for the possible acquisition of the entire equity interest in Goldbell Holdings Limited, and for general working capital of the Group.

The Directors consider that the Placing represents a good opportunity to raise additional funds to finance the potential acquisition activities as identified by the Group from time to time and to broaden the Company's shareholder base. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

## **FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS**

The Company has not conducted any fund raising activity in the past 12 months immediately before the date of this announcement.

## **GENERAL**

**Shareholders and potential investors should note that Completion of the Placing is subject to fulfillment of the condition under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

|                |  |
|----------------|--|
| “associate(s)” | with the meaning ascribed thereto under the Listing Rules  |
| “Board”        | the board of Directors from time to time   |
| “Business Day” | a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours |
| “Company”      | Newtree Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange (Stock Code: 1323)  |
| “Completion”   | completion of the Placing in accordance with the terms and conditions of the Placing Agreement   |

|                                     |  |
|-------------------------------------|--|
| “Completion Date”                   | within five Business Days following the fulfillment of the conditions of the Placing under the Placing Agreement or such later date as the Company and the Placing Agent may agree   |
| “connected person(s)”               | with the meaning ascribed thereto under the Listing Rules  |
| “Director(s)”                       | director(s) of the Company   |
| “General Mandate”                   | the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 28 August 2012 to allot and issue and deal with 20% of the then issued share capital of the Company       |
| “Group”                             | the Company and its subsidiaries   |
| “Hong Kong”                         | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Independent Third Party (Parties)” | third party (parties) independent of and not connected with the Company and its connected persons  |
| “Last Trading Day”                  | 3 June 2013, being the last trading day for the Shares prior to the issue of this announcement   |
| “Listing Rules”                     | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Placee(s)”                         | any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement        |
| “Placing”                           | the private placing of the Placing Shares on a best-effort basis under the General Mandate procured by the Placing Agent to selected investors on the terms and subject to the conditions set out in the Placing Agreement |



|                     |  |
|---------------------|--|
| “Placing Agent”     | Huatai Financial Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Placing Agreement” | the agreement in relation to the Placing entered into between the Company and the Placing Agent on 3 June 2013   |
| “Placing Price”     | HK\$2.10 per Placing Share   |
| “Placing Share(s)”  | a maximum of 40,000,000 new Shares to be placed under the Placing  |
| “Share(s)”          | ordinary share(s) with par value of HK\$0.01 each in the issued share capital of the Company   |
| “Shareholder(s)”    | the holder(s) of the issued Share(s)   |
| “Stock Exchange”    | The Stock Exchange of Hong Kong Limited  |
| “subsidiaries”      | with the meaning ascribed thereto under the Listing Rules  |
| “HK\$”              | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                 | per cent.  |

By order of the Board  
**Newtree Group Holdings Limited**  
**Mr. Chum Hon Sing**  
*Chairman and Executive Director*

Hong Kong, 3 June 2013

*As at the date of this announcement, the executive Directors are Mr. Chum Hon Sing, Mr. Wong Wai Sing, Mr. Lee Chi Shing, Caesar, Mr. Tsang Ho Ka, Eugene, Ms. Yick Mi Ching, Dawnibilly and Ms. Sung Ting Yee; and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.*