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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

Financial adviser to the Company



INCU Corporate Finance Limited

Placing Agent



PLACING OF NEW SHARES

On 15 October 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, to not less than six Placings for up to 27,000,000 new Shares at a price of HK\$2.40 per Placing Share.

The Placing Price of HK\$2.40 per Placing Share represents:

- (a) a discount of approximately 6.98% to the closing price of HK\$2.58 per Share as quoted on the Stock Exchange on 15 October 2014, being the date of the Placing Agreement; and
- (b) a discount of approximately 6.98% to the average of the closing prices of approximately HK\$2.58 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Placing Agreement.

The maximum 27,000,000 Placing Shares represent approximately 3.44% of the existing issued share capital of the Company of 785,281,667 Shares as at the date of this announcement and approximately 3.32% of the Company's entire issued share capital as enlarged by the Placing Shares. The net proceeds from the Placing of approximately HK\$62.1 million (assuming the Placing Shares are fully placed and after deducting the placing commission and all relevant expenses) will be used as: (i) HK\$4 million for repaying the remaining amount of the promissory notes issued as part of the consideration in relation to the acquisition of China Indonesia Alliances Coal Investment Company Limited, as announced in the announcement of the Company dated 23 January 2013; (ii) HK\$12.5 million for partial settlement of the remaining amount of the promissory notes issued as part of the consideration in relation to the acquisition of 10% interest in Goldbell Holdings Limited, as announced in the announcement of the Company dated 10 July 2014; and (iii) the remaining amount of HK\$45.6 million as the general working capital of the Group.

The issue of the Placing Shares will be made under the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 7 August 2014.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of conditions precedent under 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 PLACING AGREEMENT

Date

15 October 2014 (after trading hours)

Parties

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

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

Placees

The Placing Shares will be placed to not less than six Placees and who and whose ultimate beneficial owners will be Independent Third Parties. It is expected that none of the Placees will become a Substantial Shareholder immediately after completion of the Placing.

Number of Placing Shares

Up to 27,000,000 new Shares will be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represent approximately 3.44% of the existing issued share capital of the Company of 785,281,667 Shares as at the date of this announcement and approximately 3.32% of the Company's entire issued share capital as enlarged by the Placing Shares. The maximum aggregate nominal value of the Placing Shares will be HK\$270,000.

Placing Price

The Placing Price of HK\$2.40 per Placing Share represents:

- (a) a discount of approximately 6.98% to the closing price of HK\$2.58 per Share as quoted on the Stock Exchange on 15 October 2014, being the date of the Placing Agreement; and
- (b) a discount of approximately 6.98% to the average of the closing prices of approximately HK\$2.58 per Share as quoted on the Stock Exchange for the last five full trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was arrived at, after arm's length negotiation between the Company and the Placing Agent on the date (after trading hours) of the Placing Agreement with reference to the recent trading price of the Shares on the Stock Exchange. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Placing Commission

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the actual number of the Placing Shares being placed.

General Mandate

The allotment and issue of the Placing Shares will be made under the general mandate granted to the Directors pursuant to the resolutions of the Shareholders passed at the annual general meeting of the Company held on 7 August 2014 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of the annual general meeting, which is 150,384,175 Shares. The 27,000,000 Placing Shares to be allotted and issued, together with the 33,360,790 Shares issued on 25 September 2014 (for the acquisition of Tiger Global Group Limited as announced in the announcement of the Company dated 25 September 2014), will together utilise total of 60,360,790 Shares, representing approximately 40% of the said general mandate. As the Placing Shares will be made under general mandate, no Shareholders' approval is required for the allotment and issue of the Placing Shares.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, shall rank pari passu in all respects among themselves and with the Shares in issue at the time of allotment and issue of the Placing Shares.

Conditions Precedent

The Placing is conditional upon the following conditions being fulfilled on or before the Long Stop Date:

- (a) the Listing Committee of the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (b) the Placing Agreement not having been terminated in accordance with its terms.

Application will be made to the Stock Exchange for approval for the granting of the listing of and permission to deal in the Placing Shares.

Completion

Completion shall take place at 4:00 p.m. (Hong Kong time) on the Completion Date (or such other date and time as may be agreed by the parties) at the principal place of business of the Placing Agent (or such other place to be agreed between the Placing Agent and the Company).

If the conditions precedent of the Placing are not fulfilled by 5:00 p.m. on the Long Stop Date, the Placing Agreement shall terminate and neither the Placing Agent nor the Company will have any claim against the other in respect of the Placing, save for any antecedent breach of the Placing Agreement.

Termination of the Placing Agreement

The Placing Agent shall have the right to terminate this Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. (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 in the Placing Agreement 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 hereof expressed to survive or operate in the event of termination of the Placing Agreement.

REASONS FOR ENTERING INTO THE PLACING AGREEMENT AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in (i) manufacture and trading of hygienic disposable for household and clinical and trading of related raw materials; (ii) trading of Methyl Tertiary Butyl Ether products; (iii) wholesale and retail of household consumables; (iv) coal trading business; and (v) sales and distribution of jewelry and watches.

The Directors have considered various fund raising methods and believe that under the prevailing market conditions, the Placing represents an opportunity for the Group to raise additional funds to reduce the liabilities of the Company. In addition, the Placing will broaden the Company's shareholder base and strengthen its capital base and working capital position.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be approximately HK\$64.8 million. The net proceeds (assuming the Placing Shares are fully placed and after deducting the placing commission and all relevant expenses) will be approximately HK\$62.1 million, representing a net issue

price of approximately HK\$2.3 per Placing Share. The Company intends to apply the net proceeds as to (i) HK\$4 million for repaying the remaining amount of the promissory notes issued as part of the consideration in relation to the acquisition of China Indonesia Alliances Coal Investment Company Limited, as announced in the announcement of the Company dated 23 January 2013; (ii) HK\$12.5 million for partial settlement of the remaining amount of the promissory notes issued as part of the consideration in relation to the acquisition of 10% interest in Goldbell Holdings Limited, as announced in the announcement of the Company dated 10 July 2014; and (iii) the remaining amount of HK\$45.6 million as the general working capital of the Group.

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

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activity in the past 12 months immediately before the date of this announcement:

- (i) A private placing of 23,700,000 Shares at an issue price of HK\$2.45 per share as stated in the announcement of the Company dated 14 May 2014. The net proceeds of approximately HK\$56.4 million were intended to apply for (i) the funding potential acquisition activities as identified by the Group from time to time; and/or (ii) the general working capital of the Group. Up to the date of this announcement, the Company has utilized approximately HK\$38 million for the acquisition of 10% interest in Goldbell Holdings Limited and approximately HK\$14.3 million as general working capital and reserved approximately HK\$4.1 million as general working capital; and
- (ii) An issue of convertible bonds in the aggregate principal amount of HK\$100 million which entitled the holders to convert into Shares at the conversion price of HK\$3.2 per Share as stated in the announcement of the Company dated 11 June 2014. The net proceeds of approximately HK\$96.2 million were intended to apply for potential acquisition and such net proceeds has been applied as to HK\$96 million for the acquisition of 10% interest in Goldbell Holdings Limited and reserved HK\$0.2 million as general working capital.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Placing assuming all the Placing Shares are fully placed is and will be as follows:

	As at the date of this announcement		Immediately upon completion of the Placing assuming all the Placing Shares are fully placed	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
Substantial Shareholder(s)				
Twin Star Global Limited	147,238,000	18.75	147,238,000	18.13
<i>(Note)</i>				
Mr. Wong Wai Sing	4,100,000	0.52	4,100,000	0.51
Public Shareholders				
The Places	–	–	27,000,000	3.32
Other public Shareholders	<u>633,943,667</u>	<u>80.73</u>	<u>633,943,667</u>	<u>78.04</u>
Total	<u>785,281,667</u>	<u>100.00</u>	<u>812,281,667</u>	<u>100.00</u>

Note: Twin Star Global Limited, a company incorporated in the British Virgin Islands with limited liability, is owned as to 50% by Mr. Chum Hon Sing, the joint vice-chairman of the Board and executive Director and as to 50% by Mr. Wong Wai Sing, the chairman of the Board and executive Director. Mr. Chum Hon Sing and Mr. Wong Wai Sing are deemed to be interested in 147,238,000 Shares held by Twin Star Global Limited.

GENERAL

Shareholders and potential investors should note that the completion of the Placing is subject to the fulfillment of conditions precedent under 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.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“Board”	the board of Directors from time to time
“Business Day(s)”	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
“Completion Date”	a date on which the Placing is completed in accordance with the terms and conditions of the Placing Agreement, which shall be within four Business Days after the day on which all the conditions precedent under the Placing Agreement are fulfilled
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Third Party(ies)”	parties which are not connected persons of the Company (as defined in the Listing Rules) and are independent of and not connected with the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	29 October 2014, or such later date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any professional, institutional or other investor independent of and not connected with the Company, the connected persons of the Company and their respective associates procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Orient Securities (Hong Kong) Limited, a licensed corporation to carry on business in 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)
“Placing Agreement”	the Placing Agreement dated 15 October 2014 entered into between the Placing Agent and the Company in relation to Placing
“Placing Price”	HK\$2.40 per Placing Share
“Placing Share(s)”	a maximum of 27,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holders of the issued Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meanings ascribed 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. Wong Wai Sing
Chairman and Executive Director

Hong Kong, 15 October 2014

As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chum Hon Sing, Ms. Sung Ting Yee, Mr. Lee Chi Shing, Caesar, Ms. Yick Mi Ching, Dawnibilly, Ms. Yu Tak Wai, Winnie and Mr. Chan Kin Lung, the non-executive Director is Mr. Mok Tsan San, and the independent non-executive Directors are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd, Mr. Tam Chak Chi and Dr. Hui Chik Kwan.