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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

Cheong Lee
昌利證券

Cheong Lee Securities Limited

On 23 January 2015 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Places for up to 16,000,000 new Shares at a price of HK\$2.53 per Placing Share, for and on behalf of the Company.

The Placing Price of HK\$2.53 per Placing Share represents:

- (a) a discount of approximately 8.66% to the closing price of HK\$2.77 per Share as quoted on the Stock Exchange on 23 January 2015, being the date of the Placing Agreement; and
- (b) a discount of approximately 8.99% to the average closing price of approximately HK\$2.78 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before 23 January 2015, being the date of the Placing Agreement.

The maximum number of 16,000,000 Placing Shares represents approximately 1.80% of the entire issued share capital of the Company of 886,649,020 Shares as at the date of this announcement and approximately 1.77% of the Company's entire issued share capital as enlarged by the Placing. The net proceeds from the Placing of approximately HK\$38.8 million (assuming the Placing Shares are fully placed and after deducting the placing commission and all relevant expenses) will be used as follows: (i) HK\$30 million for the Possible Acquisition and (ii) the remaining amount of approximately HK\$8.8 million will be reserved as 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 the Listing Committee of the Stock Exchange granting or agreeing to grant 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.

Reference is made to the announcement of the Company dated 30 October 2014 in relation to the possible fund raising.

THE PLACING AGREEMENT

- Date: 23 January 2015.
- Placing Agent: Cheong Lee Securities Limited. To the best of the Directors' knowledge, information and belief, 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 (who will be independent individual or other institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as defined in the Listing Rules) immediately following completion of the Placing.
- Number of Placing Shares: Up to 16,000,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 1.80% of the entire issued share capital of the Company of 886,649,020 Shares as at the date of this announcement and approximately 1.77% of the Company's entire issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares is HK\$160,000.
- Placing Price: HK\$2.53 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:
- (a) a discount of approximately 8.66% to the closing price of HK\$2.77 per Share as quoted on the Stock Exchange on 23 January 2015, being the date of the Placing Agreement;

- (b) a discount of approximately 8.99% to the average closing price of approximately HK\$2.78 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before 23 January 2015, being the date of the Placing Agreement.

The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$38.8 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$2.43.

Placing Commission: The Placing Agent will receive a placing commission of 3% on the gross proceeds of the Placing.

General Mandate: The Placing Shares will be issued pursuant to the general mandate granted to the Directors by resolution of the Shareholders passed at the Company's annual general meeting 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 16,000,000 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 16 September 2014) and the 21,900,000 Shares issued on 29 October 2014 (for a private placing as announced in the announcements of the Company dated 15 October 2014 and 29 October 2014), will together utilise a total of 71,260,790 Shares, representing approximately 47.4% of the said general mandate and no other Share has ever been issued under the said general mandate. As such, 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, will rank *pari passu* among themselves and with Shares in issue at the time of issue an allotment of the Placing Shares.

Conditions to the Placing: The Placing is conditional upon the listing of and permission to deal in all the Placing Shares being granted by the Listing Committee of the Stock Exchange.

If the condition precedent is not fulfilled on or prior to 6 February 2015 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 shall have any claim against the others for costs, damages, compensation or otherwise (save in respect of any antecedent breach and/or any rights or obligations which may have accrued under the Placing Agreement).

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

Completion of the Placing: Subject to the satisfaction of all the conditions set out above, the Placing is expected to be completed at 3:00 p.m. (Hong Kong time) on the second Business Day after the satisfaction of condition to the Placing Agreement (or such other date and time to be agreed between Placing Agent and the Company) at the principal place of business of the Placing Agent (or such other place to be agreed between the Placing Agent and the Company).

Termination: The Placing Agent may terminate the Placing Agreement prior to completion of the Placing Agreement if in the opinion of the Placing Agent the success of the Placing or the business or financial condition of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Placing); or

- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) a change or development involving a prospective change in taxation in Hong Kong, Cayman Islands, or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets.

EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company immediately before the completion of the Placing and immediately after 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	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Substantial Shareholder(s)				
Twin Star Global Limited (<i>Note 1</i>)	179,118,000	20.20	179,118,000	19.85
Mr. Wong Wai Sing	4,250,000	0.48	4,250,000	0.47
Public Shareholders				
The Placees	–	–	16,000,000	1.77
Other public Shareholders	703,281,020	79.32	703,281,020	77.91
Total	<u>886,649,020</u>	<u>100.00</u>	<u>902,649,020</u>	<u>100.00</u>

Note 1: 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, and duplicated, in 179,118,000 Shares held by Twin Star Global Limited.

REASONS FOR AND BENEFITS OF THE PLACING

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing and trading of the household and clinical hygienic disposables 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; (v) sales and distribution of jewelries and watches under the brand “Cosi Moda”; and (vi) digital technology business and the education business.

In view of the current market conditions, the Directors have considered various fund raising methods and believe that the Placing represents a good opportunity to finance the investment plans of the Company, reduce the liabilities of the Company and obtain working capital for its future business development. In addition, the Placing will broaden the Company's shareholder base and strengthen its capital base and working capital position. Accordingly, the 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.

USE OF THE PROCEEDS

Assuming all the Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the Placing will be HK\$40.48 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\$38.8 million, representing a net issue price of approximately HK\$2.43 per Placing Share. The Company intends to apply the net proceeds as follows: (i) HK\$30 million for the possible acquisition of 95% equity interest in Eco-Mining Innovative Tech Limited, as announced in the announcement of the Company dated 7 November 2014 (the "**Possible Acquisition**") and (ii) the remaining amount of approximately HK\$8.8 million will be reserved as general working capital of the Group.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the 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 announcements of the Company dated 14 May 2014 and 6 June 2014. The net proceeds of approximately HK\$56.4 million were intended to apply for (i) funding potential acquisition activities as identified by the Group from time to time; and/or (ii) the general working capital of the Group. The Company has utilised approximately HK\$38.0 million as consideration for the acquisition of approximately 10% equity interest in Goldbell Holdings Limited, as announced in the announcement of the Company dated 10 July 2014 (the "**Goldbell Acquisition**") and approximately HK\$18.4 million as general working capital;

- (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\$96.4 million were intended to apply for potential acquisition and as general working capital of the Group. The Company has utilised approximately HK\$96.0 million as consideration for the Goldbell Acquisition and approximately HK\$0.4 million as general working capital; and
- (iii) A private placing of 21,900,000 Shares at an issue price of HK\$2.40 per share as stated in the announcements of the Company dated 15 October 2014 and 29 October 2014. The net proceeds, after deducting all the placing commission and all relevant expenses, of approximately HK\$50.8 million were intended to apply for (i) repayment of the promissory note issued 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 (the “**Coal Trading Acquisition**”); and/or (ii) partial settlement of the remaining amount of the promissory notes issued in relation to the Goldbell Acquisition; (iii) the general working capital of the Group. Up to the date of this announcement, approximately HK\$4.0 million has been used for settlement of the promissory note in relation to the Coal Trading Acquisition, HK\$12.5 million has been used for partial settlement of remaining amount of the promissory notes in relation to the Goldbell Acquisition, HK\$4.0 million has been used for the interest payment of convertible bonds, HK\$0.5 million has been used for the partial settlement of the refundable deposit in relation to the Possible Acquisition and approximately HK\$29.8 million has been used as the general working capital of the Group.

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the past twelve months before the date of this announcement.

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:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	board of Directors from time to time
“Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong throughout their normal business hours
“Company”	Newtree Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1323)
“Director(s)”	director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, institutional or other professional 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 purchase 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 on a best effort basis

“Placing Agent”	Cheong Lee Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in future contracts), Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 23 January 2015 in relation to the Placing
“Placing Price”	HK\$2.53 per Placing Share
“Placing Share(s)”	a maximum of 16,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
Newtree Group Holdings Limited
Mr. Wong Wai Sing
Chairman and Executive Director

Hong Kong, 23 January 2015

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.