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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)

**(I) PROPOSED OPEN OFFER ON THE BASIS OF
THREE (3) OFFER SHARES FOR EVERY TWO (2) EXISTING SHARES
HELD ON THE RECORD DATE AT HK\$0.164 PER OFFER SHARE;
(II) CLOSURE OF REGISTER OF MEMBERS;
AND
(III) PROPOSED AMENDMENTS TO
THE TERMS OF THE CONVERTIBLE BONDS**

Underwriter to the Open Offer

Cheong Lee Securities Limited

PROPOSED OPEN OFFER

The Company proposes to raise gross proceeds of approximately HK\$230.5 million by way of the Open Offer. The Company will allot and issue 1,405,519,920 Offer Shares at the Subscription Price of HK\$0.164 per Offer Share on the basis of three Offer Shares for every two existing Shares held on the Record Date. The Open Offer will not be extended to the Excluded Shareholders. Fractional entitlements will not be allotted but will be aggregated and underwritten by Cheong Lee Securities pursuant to the terms of the Underwriting Agreement. The estimated net proceeds from the Open Offer will be approximately HK\$219.7 million.

As at the date of this announcement, Mr. Wong and Twin Star, which are respectively interested in 8,030,000 Shares and 96,924,000 Shares, representing approximately 0.86% and 10.34% of the existing issued Shares, have irrevocably undertaken to the Company and Cheong Lee Securities that they will accept their respective entitlement of 12,045,000 Offer Shares and 145,386,000 Offer Shares under the Open Offer. Cheong Lee Securities has conditionally agreed to fully underwrite the 1,248,088,920 Offer Shares subject to such undertakings.

To qualify for the Open Offer, a Qualifying Shareholder must be registered as a member of the Company at the close of business on the Record Date.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 19 July 2016. It is expected that the last day of dealings in Shares on a cum-entitlement basis is Friday, 15 July 2016 and Shares will be dealt with on an ex-entitlement basis from Monday, 18 July 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 July 2016 to Thursday, 14 July 2016 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Wednesday, 20 July 2016 to Friday, 22 July 2016 (both days inclusive) for determining the entitlements to the Open Offer.

No transfer of Shares will be registered during the above book closure periods.

PROPOSED AMENDMENTS TO THE TERMS OF THE CONVERTIBLE BONDS

On 17 May 2016, the Company and the CB Holders entered into the Deed of Amendments to amend certain terms and conditions of the Convertible Bonds, which include:

- (i) the maturity date of the Convertible Bonds shall be extended to 31 August 2016;
- (ii) unless previously redeemed, converted or purchased and cancelled under the terms of the Convertible Bonds, the Company will redeem all the outstanding Convertible Bonds at the Total Redemption Amount on 31 August 2016;
- (iii) if the Open Offer is completed more than five Business Days before 31 August 2016, the Company shall redeem all the outstanding Bonds within five (5) Business Days after completion of the Open Offer at the Total Redemption Amount and shall be deemed to have delivered a redemption notice to the CB Holders with respect to such early redemption; and

- (iv) all outstanding and unpaid interest on the outstanding principal amount of the Convertible Bonds accrued as at the date thereof and interest which will further accrue on the outstanding principal amount of the Convertible Bonds shall be payable by the Company on 31 August 2016 or the date of early redemption under the terms of Convertible Bonds, whichever is earlier.

The amendments under the Deed of Amendments shall be conditional upon and subject to all necessary consents and approvals required to be obtained on the part of the Company and the CB Holders in respect of the amendments and the transactions contemplated under the Deed of Amendments (including but not limited to the approval of the Stock Exchange under the Listing Rules, if required) having been obtained. If any of the above conditions are not fulfilled on or before 18 June 2016 or such later date as the Company and the CB Holders may agree, the Deed of Amendments will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

The Company will apply for the approval under Rule 28.05 of the Listing Rules for the above alternations to the terms of the Convertible Bonds. Save for the changes as mentioned above, the terms and conditions of the Convertible Bonds remain unchanged.

LISTING RULES IMPLICATION

As the Open Offer will increase the number of issued Shares by more than 50%, pursuant to Rule 7.24(5)(a) of the Listing Rules, the Open Offer is subject to the approval from the Independent Shareholders at the EGM.

In compliance with Rule 7.24(5)(a) of the Listing Rules, the Open Offer must be made conditional on approval of the Independent Shareholders by way of poll at the EGM and any controlling shareholders and their associates or where there is no controlling shareholder, the Directors (other than independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. Mr. Wong, the executive Director, Chairman and Chief Executive Officer of the Company, is personally interested in 8,030,000 Shares, representing approximately 0.86% of the existing issued share capital of the Company as at the date of this announcement. Twin Star, a company owned as to 50% by Mr. Wong and 50% by Mr. Chum, is interested in 96,924,000 Shares, representing approximately 10.34% of the existing issued share capital of the Company as at the date of this announcement. Mr. Wong, Mr. Chum and Twin Star shall abstain from voting in respect of the resolution relating to the Open Offer at the EGM. Save as disclosed above, none of the Directors or the chief executive of the Company and their respective associates holds any Shares as at the date of this announcement. Cheong Lee Securities does not hold any Shares as at the date of this announcement.

GENERAL

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Open Offer and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

The Independent Financial Adviser will be appointed by the Company with the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Open Offer and the Underwriting Agreement.

The EGM will be convened and held to consider, and, if thought fit, to approve, the Open Offer and the Underwriting Agreement. The Circular containing, among other things, (i) further details of the Open Offer and the Underwriting Agreement; (ii) letters of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Open Offer and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Underwriting Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders on Friday, 24 June 2016 as additional time is required for the Company to prepare relevant information to be included in the Circular.

Upon the approval of the Open Offer and the Underwriting Agreement by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus, without the Application Form, will be despatched to the Excluded Shareholders (if any) for their information only.

ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

Adjustments to the conversion price of the Convertible Bonds in issue may be required under the terms of the instrument constituting the Convertible Bonds. Further announcement(s) will be made by the Company in this regard.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting Arrangement for the Open Offer” in this announcement below). In particular, it is subject to the approval by the Independent Shareholders at the EGM. If Cheong Lee Securities terminates the Underwriting Agreement, the Open Offer will not proceed.

Any dealings in Shares between the date of this announcement and the date on which the Open Offer becomes unconditional are at an investor's own risk.

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

THE OPEN OFFER

Open Offer statistics

Basis of the Open Offer	:	three (3) Offer Shares for two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.164 per Offer Share
Number of Shares in issue as at the date of this announcement	:	937,013,281
Number of Offer Shares	:	1,405,519,920 Offer Shares (assuming no exercise of the conversion rights attaching to the Convertible Bonds and no issue of new Shares from the date of this announcement up to the Record Date)
Aggregate nominal value of the Offer Shares	:	HK\$14,055,199.2
Enlarged issued share capital of the Company upon completion of the Open Offer	:	2,342,533,201 Shares

As at the date of this announcement, the Company has outstanding Convertible Bonds which are convertible into 31,250,000 Shares upon full conversion of such Convertible Bonds (based on the existing conversion price of HK\$3.20, subject to adjustment). Save for the foregoing, as at the date of this announcement, the Company has no outstanding warrants, options, derivatives or securities convertible into or exchangeable for Shares.

Assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, the 1,405,519,920 Offer Shares to be allotted and issued pursuant to the terms of the Open Offer represent (i) 150% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 60% of the enlarged issued share capital of the Company immediately upon completion of the Open Offer.

The Subscription Price

The Subscription Price of HK\$0.164 per Offer Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Open Offer.

The Subscription Price represents:

- (i) a discount of approximately 56.84% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 57.84% to the average of the closing prices of HK\$0.389 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 58.0% to the average of the closing prices of HK\$0.3905 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 34.50% to the theoretical ex-entitlement price of approximately HK\$0.2504 per Share based on the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 31.95% to the unaudited consolidated net tangible asset value per Share of approximately HK\$0.241 as at 30 September 2015 (which is calculated based on the unaudited consolidated net tangible assets of the Group as at 30 September 2015 of approximately HK\$225.7 million and 937,013,281 Shares in issue as at the date of this announcement).

The terms of the Open Offer, including the Subscription Price, were determined at after arm's length negotiations between the Company and Cheong Lee Securities with reference to the following factors: (i) the recent market prices of the Shares under the prevailing market and economic conditions; (ii) the net loss of the Group for the two consecutive financial years since 2014; (iii) the Company's funding need for redemption of the outstanding Convertible Bonds; and (iv) the abovementioned unaudited consolidated net tangible assets of the Group as at 30 September 2015 of approximately HK\$225.7 million and the unaudited consolidated net tangible asset value per Share of approximately HK\$0.241. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors (excluding the independent non-executive Directors whose views are expressed in the letter from the Independent Board Committee) consider the Subscription Price, which has been set at a discount as described above with an objective to encourage the existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms or otherwise. The conditions of the Underwriting Agreement are set out under the paragraph headed “Conditions of the Underwriting Agreement” under the section headed “Underwriting Arrangement for the Open Offer” of this announcement below.

If the conditions of the Underwriting Agreement which include but not limited to, the Independent Shareholders’ approval at the EGM, are not fulfilled, the Open Offer will not proceed.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully paid, will rank pari passu with the existing Shares then in issue on the date of allotment and issue of the Offer Shares in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of the allotment and issue of the Offer Shares.

Qualifying Shareholders

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Open Offer, a Qualifying Shareholder must be registered as a member of the Company at the close of business on the Record Date.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:30 p.m. on Tuesday, 19 July 2016. It is expected that the last day of dealings in Shares on a cum-entitlement basis is Friday, 15 July 2016 and Shares will be dealt with on an ex-entitlement basis from Monday, 18 July 2016.

Excluded Shareholders

The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Open Offer as explained below.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders (if any). If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Offer Shares will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any Application Form to them.

Overseas Shareholders should note that they may or may not be entitled to the Open Offer, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Fractional entitlement to the Offer Shares

The Company will not provisionally allot fractions of Offer Shares. All fractions of Offer Shares will be aggregated and underwritten by Cheong Lee Securities pursuant to the terms of the Underwriting Agreement.

No application for excess Offer Shares

No application for excess Offer Shares will be offered to the Qualifying Shareholders. Any Untaken Shares will be taken up by Cheong Lee Securities pursuant to the terms of the Underwriting Agreement.

Each Qualifying Shareholder will be given an equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Open Offer and accordingly the Board has resolved not to adopt an excess application mechanism. The additional work which may be required to prepare for and administer the excess application arrangement (such as printing and despatch of excess application forms and incurring professional fees to process and handle the excess applications) may not be justified as the Company is seeking to reduce all unnecessary expenses so as to receive the maximum net proceeds from the Open Offer. It is estimated by the Company that the additional costs and expenses, including additional fees payable to the Registrar, legal advisers and other professional services providers, would be approximately HK\$200,000. In addition, the excess application mechanism may be abused by the Qualifying Shareholders by splitting their shareholdings into odd lots to enable them to submit multiple top-up applications and be possibly allocated more excess Offer Shares, which is not considered to be fair and equitable.

Further, as detailed under the paragraph headed “Principal terms of the Underwriting Agreement” under the section headed “Underwriting Arrangement for the Open Offer”, Cheong Lee Securities indicated that it would only enter into the Underwriting Agreement on the basis that no new substantial shareholders shall be introduced to the Company and no material change shall be made to the existing Board. However, the excess application mechanism may result in an unexpected introduction of a new substantial shareholder or controlling shareholder to the Company which may cast uncertainties on the Company’s future direction and may not be in the interests of the Company and the Shareholders as a whole.

In light of the above and that the Independent Shareholders are given the opportunity to express their views on the terms of the Open Offer (including no excess application for the Offer Shares) through their votes at the EGM, the Board (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

Share certificates for the Offer Shares

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by Tuesday, 16 August 2016 to those entitled thereto by ordinary post at their own risks.

Application for listing of the Offer Shares

The Company will apply to the Listing Committee for the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange.

Subject to the granting of the listing of, and the permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong.

Irrevocable undertakings from Mr. Wong and Twin Star

Mr. Wong, who is interested in 8,030,000 Shares as at the date of this announcement representing approximately 0.86% of the existing issued share capital of the Company, has irrevocably undertaken to each of the Company and Cheong Lee Securities that: (i) he shall not dispose of, or agree to dispose of, 8,030,000 Shares held by him from the date of his irrevocable undertaking up to the close of business on the Record Date; (ii) he shall accept or procure the acceptance for the 12,045,000 Offer Shares for which he is entitled to pursuant to the Open Offer; and (iii) he shall lodge the Application Form in respect of the 12,045,000 Offer Shares accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

Twin Star, which is interested in 96,924,000 Shares as at the date of this announcement representing approximately 10.34% of the existing issued share capital of the Company, has irrevocably undertaken to each of the Company and Cheong Lee Securities that: (i) it shall not dispose of, or agree to dispose of, 96,924,000 Shares held by it from the date of its irrevocable undertaking up to the close of business on the Record Date; (ii) it shall accept or procure the acceptance for the 145,386,000 Offer Shares for which it is entitled to pursuant to the Open Offer; and (iii) it shall lodge the Application Form in respect of the 145,386,000 Offer Shares accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

THE FULLEDGE UNDERTAKING

As at the date of this announcement, Fulfilledge holds the outstanding Convertible Bonds in the principal amount of HK\$82 million, which are convertible into 25,625,000 Shares upon full conversion of such Convertible Bonds (based on the existing conversion price of HK\$3.20, subject to adjustment). Fulfilledge has irrevocably undertaken and confirmed to the Company and Cheong Lee Securities that (i) it shall not exercise any of the conversion rights attached to the Convertible Bonds nor transfer any of the Convertible Bonds held by it from the date of the Fulfilledge Undertaking up to the close of business date on the Record Date; and (ii) it has agreed with the Company to extend the maturity date of the Convertible Bonds to 31 August 2016.

THE LEE UNDERTAKING

As at the date of this announcement, Mr. Lee holds the outstanding Convertible Bonds in the principal amount of HK\$18 million, which are convertible into 5,625,000 Shares upon full conversion of such Convertible Bonds (based on the existing conversion price of HK\$3.20, subject to adjustment). Mr. Lee has irrevocably undertaken and confirmed to the Company and Cheong Lee Securities that (i) he shall not exercise any of the conversion rights attached to the Convertible Bonds nor transfer any of the Convertible Bonds held by him from the date of the Lee Undertaking up to the close of business date on the Record Date; and (ii) he has agreed with the Company to extend the maturity date of the Convertible Bonds to 31 August 2016.

UNDERWRITING ARRANGEMENT FOR THE OPEN OFFER

Principal terms of the Underwriting Agreement

Date : 17 May 2016

Parties : (i) The Company; and

(ii) Cheong Lee Securities, an indirect wholly-owned subsidiary of CL Group, which is principally engaged in provision of securities and futures brokerage and trading, placing and underwriting services, loan and financing service and securities advisory services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Cheong Lee Securities and CL Group are third parties independent of the Company and its connected persons.

Number of the Underwritten Shares : Cheong Lee Securities has conditionally agreed pursuant to the Underwriting Agreement to underwrite up to 1,248,088,920 Offer Shares at the Subscription Price, being the total number of Offer Shares under the Open Offer excluding an aggregate of 157,431,000 Offer Shares undertaken to be subscribed by Mr. Wong and Twin Star under the paragraph headed "Irrevocable undertakings from Mr. Wong and Twin Star" under the section headed "The Open Offer" above. The Open Offer is therefore fully underwritten.

Commission : Pursuant to the Underwriting Agreement, the Company shall pay Cheong Lee Securities an underwriting commission of 4% of the Subscription Price on the Underwritten Shares. Cheong Lee Securities shall be entitled to underwriting commission of approximately HK\$8.2 million.

The commission rate was determined after arm's length negotiation between the Company and Cheong Lee Securities by reference to, among other things, the size of the Open Offer, the current and expected market condition, the deteriorating financial condition of the Group and the prevailing market rate for the underwriting commission. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

The Company has approached several financial institutions (including Cheong Lee Securities) who are independent of the Company and its connected persons for negotiation of equity fund raising exercises such as rights issue, open offer and placing of new Shares before entering into the Underwriting Agreement. However, the Company did not receive any positive feedback from any of them except Cheong Lee Securities. During the negotiation with Cheong Lee Securities, in view of the deteriorating financial position of the Group, Cheong Lee Securities indicated that it would only enter into the Underwriting Agreement on the basis that no new substantial shareholders shall be introduced to the Company and no material change shall be made to the existing Board.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon:

- (i) the passing by the Independent Shareholders at the EGM of an ordinary resolution to approve the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Offer Shares and the absence of excess application arrangement in the Open Offer by no later than the Prospectus Posting Date;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance by no later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders pursuant to the Underwriting Agreement, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (iv) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the Prospectus Posting Date;
- (v) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects;
- (vi) compliance with and performance of all undertakings and obligations of Fulledge under the Fulledge Undertaking;

- (vii) compliance with and performance of all undertakings and obligations of Mr. Lee under the Lee Undertaking;
- (viii) compliance with and performance of all undertakings and obligations of Mr. Wong under the irrevocable undertaking from Mr. Wong;
- (ix) compliance with and performance of all undertakings and obligations of Twin Star under the irrevocable undertaking from Twin Star; and
- (x) the obligations of Cheong Lee Securities becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms at or before the Latest Time for Termination.

None of the conditions above is waivable. In the event that the above conditions are not satisfied by the Latest Time for Termination, or where appropriate, the respective prescribed time, or such later date or dates as Cheong Lee Securities may agree with the Company in writing, the Underwriting Agreement shall terminate and no party shall have any claim against the other parties for costs, damages, compensation or otherwise (save for any antecedent breaches and claims thereof).

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (i) in the absolute opinion of Cheong Lee Securities, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of Cheong Lee Securities materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of Cheong Lee Securities, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (ii) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the sole and absolute opinion of Cheong Lee Securities is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (iv) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of Cheong Lee Securities, a material omission in the context of the Open Offer; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

Cheong Lee Securities shall have the absolute right to issue a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If Cheong Lee Securities terminates the Underwriting Agreement, the Open Offer will not proceed.

EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

2016

Expected despatch date of the Circular, proxy form and notice of the EGM	Friday, 24 June
Latest time for Shareholders to lodge transfer of the Shares in order to attend and vote at the EGM	4:30 p.m. on Friday, 8 July
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	From Monday, 11 July to Thursday, 14 July

Latest time for lodging proxy forms for the EGM	10:00 a.m. on Tuesday, 12 July
Expected time and date of the EGM	10:00 a.m. on Thursday, 14 July
Announcement of poll results of the EGM	Thursday, 14 July
Last day of dealings in the Shares on a cum-entitlement basis	Friday, 15 July
First day of dealings in the Shares on an ex-entitlement basis	Monday, 18 July
Latest time for the Shareholders to lodge transfer of the Shares in order to qualify for the Open Offer	4:30 p.m. on Tuesday, 19 July
Closure of register of members of the Company for determining entitlements under the Open Offer (both dates inclusive)	From Wednesday, 20 July to Friday, 22 July
Record Date for determining entitlements to the Open Offer	Friday, 22 July
Register of members of the Company re-opens	Monday, 25 July
Despatch of Prospectus Documents (in the case of the Excluded Shareholders, Prospectus only)	Monday, 25 July
Latest time for Acceptance and payment for the Offer Shares	4:00 p.m. on Monday, 8 August
Latest Time for Termination and the Open Offer becomes unconditional	4:00 p.m. on Thursday, 11 August
Announcement of the results of the Open Offer	Monday, 15 August
Despatch of certificates for the Offer Shares	Tuesday, 16 August
Despatch of refund cheques if the Open Offer is terminated	Tuesday, 16 August
Expected first day of dealings in the Offer Shares	9:00 a.m. on Wednesday, 17 August

Designated brokers starting to stand in the market to provide matching services for sale and purchase of odd lots of Shares 9:00 a.m. on Wednesday, 17 August

Designated brokers ceasing to stand in the market to provide matching services for sale and purchase of odd lots of Shares 4:00 p.m. on Tuesday, 6 September

Effect of bad weather on the Latest Time for Acceptance and payment for the Offer Shares

All times in this announcement refer to Hong Kong time. If there is a “black” rainstorm warning or a typhoon signal number 8 or above in force in Hong Kong on Monday, 8 August 2016, being the Latest Acceptance Date:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Acceptance Date will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Latest Time for Termination) may be affected.

ODD LOTS ARRANGEMENT AND MATCHING SERVICES

In order to facilitate the trading of odd lots (if any) arising from the Open Offer, the Company will arrange odd lot matching services during the period from 9:00 a.m. on Wednesday, 17 August 2016 to 4:00 p.m. on Tuesday, 6 September 2016 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Further details in respect of the odd lots arrangement will be set out in the Circular.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE OPEN OFFER

For illustration purpose only, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Open Offer assuming full acceptance by all Qualifying Shareholders under the Open Offer; and (iii) immediately upon completion of the Open Offer assuming nil acceptance by the Qualifying Shareholders (except Mr. Wong and Twin Star) under the Open Offer:

	(i) As at the date of this announcement		(ii) Immediately upon completion of the Open Offer assuming full acceptance by all Qualifying Shareholders under the Open Offer		(iii) Immediately upon completion of the Open Offer assuming nil acceptance by the Qualifying Shareholders (except Mr. Wong and Twin Star) under the Open Offer	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Wong	8,030,000	0.86	20,075,000	0.86	20,075,000	0.86
Twin Star (<i>Note 1</i>)	96,924,000	10.34	242,310,000	10.34	242,310,000	10.34
Mr. Wong and parties acting in concert with him	104,954,000	11.20	262,385,000	11.20	262,385,000	11.20
Cheong Lee Securities (<i>Note 2</i>)	—	—	—	—	1,248,088,920	53.28
Other public Shareholders	832,059,281	88.80	2,080,148,201	88.80	832,059,281	35.52
Total	937,013,281	100.00	2,342,533,201	100.00	2,342,533,201	100.00

Notes:

1. Twin Star is owned as to 50% by Mr. Wong and 50% by Mr. Chum.
2. Cheong Lee Securities has entered into sub-underwriting arrangements with a sub-underwriter to ensure that it will, together with parties acting in concert with it, hold less than 10% of the total number of Shares in issue upon the completion of the Open Offer. Cheong Lee Securities shall use all reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters) (i) shall be third party independent of the Company and connected persons of the Company; and (ii) shall not, together with any parties acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the sub-underwriter is a third party independent of the Company and its connected persons.

As illustrated above, if no Qualifying Shareholders take up the Offer Shares, the shareholding of the existing public Shareholders would be reduced from approximately 88.80% as at the date of this announcement to approximately 35.52% upon completion of the Open Offer. There will be a significant dilution to the shareholding interest of the existing public Shareholders as a result of the Open Offer.

However, having taken into account the reasons for the Open Offer as set out in the section headed “Use of proceeds and reasons for the Open Offer” below, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider that the dilution effect to the shareholding interest of the existing public Shareholders as a result of the Open Offer is acceptable.

USE OF PROCEEDS AND REASONS FOR THE OPEN OFFER

The Group is principally engaged in (i) manufacturing and trading of the household and clinical hygienic disposables and trading of related raw materials; (ii) wholesale and retail of household consumables; (iii) coal trading business; (iv) sales and distribution of jewelries and watches under the brand “Cosi Moda”; (v) digital technology business; and (vi) education business.

The Group has suffered from net loss for the past two consecutive financial years. The Group recorded a net loss of approximately HK\$137.4 million for the year ended 31 March 2014 and the net loss of the Group expanded to approximately HK\$259.1 million in the subsequent financial year ended 31 March 2015. The Group continued to incur net loss of approximately HK\$60.2 million for the six months ended 30 September 2015. Having excluded the discontinued operations resulting from the disposal of the Methyl Tertiary Butyl Ether products trading business in late 2015, the net loss position of the Group stalled at approximately HK\$60.2 million. In view of such, the Company has been actively looking for new business opportunities to achieve sustainable growth of the Group and maximise value for the Shareholders.

As at 30 September 2015, the Group had net assets of approximately HK\$533.7 million. However, having excluded goodwill and other intangible assets, the Group had net tangible assets of only approximately HK\$225.7 million. Among the net tangible assets of the Group, the Group’s cash level was low with bank deposits and cash balance of approximately HK\$32.2 million (including pledged bank deposit of approximately HK\$7.8 million). On the contrary, the Group has outstanding Convertible Bonds in the principal amount of HK\$100 million which shall be due for redemption on 18 June 2016 pursuant to the original terms and conditions of the Convertible Bonds. This led the Company to negotiate with the CB Holders and Cheong Lee Securities for the entering into the Deed of Amendments and the terms and conditions of the Open Offer, respectively, to avoid a potential liquidation of the Company. Pursuant to the Deed of Amendments, the sum of the maximum amount of the Total Redemption Amount and the accrued interest thereon shall be approximately HK\$132.1 million.

Taking into account the above, the Directors consider that there is an imminent funding need of the Group and believe that the Open Offer represents an opportunity for the Group to raise a substantial amount of fund that matches the cashflow schedule of the Group.

The gross proceeds from the Open Offer are expected to be approximately HK\$230.5 million before expenses. The net proceeds from the Open Offer after deducting related expenses of approximately HK\$10.8 million are estimated to be approximately HK\$219.7 million. The net Subscription Price per Offer Share is expected to be approximately HK\$0.156. The Company intends to apply not more than approximately HK\$132.1 million for the redemption of the Convertible Bonds (being the sum of the maximum amount of the Total Redemption Amount of approximately HK\$126.5 million and the maximum amount of the accrued interest thereon of approximately HK\$5.6 million). The balance of the net proceeds of not less than approximately HK\$87.6 million shall be retained for expected working capital requirements of the Group including but not limited to payment to suppliers, salaries and payment of rental expenses, management fees and rates.

The Company has considered other fund raising alternatives before resolving to the Open Offer such as bank borrowing, rights issues and placing of new shares or convertible bonds. As disclosed under the paragraph headed “Principal terms of the Underwriting Agreement” under the section headed “Underwriting Arrangement for the Open Offer” above, the Company has approached several financial institutions to negotiate other fundraising alternatives and did not receive any positive feedback from any of them except Cheong Lee Securities. The Directors believe that it would be in the best interests of the Company and the Shareholders as a whole to raise long-term equity capital through the Open Offer after having considered that: (i) bank borrowing would result in additional interest burden to and higher gearing ratio for the Group and, given the unsatisfactory financial conditions of the Company, it may involve lengthy due diligence and negotiations with banks which are also relatively uncertain and time consuming as compared to equity financing for the Group; (ii) the nil-paid trading of rights issue will create uncertainty on the shareholding structure of the Company; and (iii) placing of new shares or convertible bonds will preclude existing Shareholders from participating in the capital raising exercise which inevitably will result in dilution to the equity interest of the existing Shareholders.

Notwithstanding the potential dilution impact of the Open Offer as set out in the section headed “Changes in the shareholding structure of the Company arising from the Open Offer” above, in view of the aforesaid and other relevant factors as disclosed in this announcement, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice from the Independent Financial Adviser) consider that the terms and conditions of the Open Offer (including the Subscription Price and the ratio of the Open Offer) to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE IN THE PRECEDING 12-MONTH PERIOD

The Company has not conducted any fund raising activities in the past 12 months immediately prior to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 11 July 2016 to Thursday, 14 July 2016 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Wednesday, 20 July 2016 to Friday, 22 July 2016 (both days inclusive) for determining the entitlements to the Open Offer.

No transfer of Shares will be registered during the above book closure periods.

PROPOSED AMENDMENTS TO THE TERMS OF THE CONVERTIBLE BONDS

On 17 May 2016, the Company and the CB Holders entered into the Deed of Amendments to amend certain terms and conditions of the Convertible Bonds, which include:

- (i) the maturity date of the Convertible Bonds shall be extended to 31 August 2016;
- (ii) unless previously redeemed, converted or purchased and cancelled under the terms of the Convertible Bonds, the Company will redeem all the outstanding Convertible Bonds at 100% of the outstanding principal amount of the Convertible Bonds plus a premium of 12% per annum (calculated based on the actual number of days elapsed from the date of issue of the Convertible Bonds until the day of the actual receipt of the redemption amount by the CB Holders on a 365-day year basis) (the “**Total Redemption Amount**”) on 31 August 2016;
- (iii) if the Open Offer is completed more than five Business Days before 31 August 2016, the Company shall redeem all the outstanding Bonds within five (5) Business Days after completion of the Open Offer at the Total Redemption Amount and shall be deemed to have delivered a redemption notice to the CB Holders with respect to such early redemption; and
- (iv) all outstanding and unpaid interest on the outstanding principal amount of the Convertible Bonds accrued as at the date thereof and interest which will further accrue on the outstanding principal amount of the Convertible Bonds shall be payable by the Company on 31 August 2016 or the date of early redemption under the terms of Convertible Bonds, whichever is earlier.

The amendments under the Deed of Amendments shall be conditional upon and subject to all necessary consents and approvals required to be obtained on the part of the Company and the CB Holders in respect of the amendments and the transactions contemplated under the Deed of Amendments (including but not limited to the approval of the Stock Exchange under the Listing Rules, if required) having been obtained. If any of the above conditions are not fulfilled on or before 18 June 2016 or such later date as the Company and the CB Holders may agree, the Deed of Amendments will lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

The original maturity date of the Convertible Bonds is 18 June 2016 which is before the expected completion date of the Open Offer. The amendments to the terms and conditions of the Convertible Bonds were made in order to facilitate the payment of the outstanding principal amount and accrued interest of the Convertible Bonds by part of the net proceeds of the Open Offer. The original redemption amount at maturity (which is two years after the date of issue of the Convertible Bonds) under the terms and conditions of the Convertible Bonds was 124% of the outstanding principal amount of the Convertible Bonds, representing a 12% premium per annum over the outstanding principal amount of the Convertible Bonds. Since the term of the Convertible Bonds has been extended beyond its original maturity date, the redemption amount is also amended to stipulate that such 12% premium per annum will cover the extended term of the Convertible Bonds.

The amendments are arrived at after arm's length negotiation between the Company and the CB Holders. The Directors consider that the terms of the Deed of Amendments are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Company will apply for the approval under Rule 28.05 of the Listing Rules for the above alternations to the terms of the Convertible Bonds. Save for the changes as mentioned above, the terms and conditions of the Convertible Bonds remain unchanged.

LISTING RULES IMPLICATIONS

As the Open Offer will increase the number of issued Shares by more than 50%, pursuant to Rule 7.24(5)(a) of the Listing Rules, the Open Offer is subject to the approval from the Independent Shareholders at the EGM.

In compliance with Rule 7.24(5)(a) of the Listing Rules, the Open Offer must be made conditional on approval of the Independent Shareholders by way of poll at the EGM and any controlling shareholders and their associates or where there is no controlling shareholder, the Directors (other than the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Open Offer. Mr. Wong, the executive Director, Chairman and Chief Executive Officer of the Company, is personally interested in 8,030,000 Shares, representing approximately 0.86% of the existing issued share capital of the Company as at the date of this announcement. Twin Star, a company owned as to 50% by Mr. Wong and 50% by Mr. Chum, is interested in 96,924,000 Shares, representing approximately 10.34%

of the existing issued share capital of the Company as at the date of this announcement. Mr. Wong, Mr. Chum and Twin Star shall abstain from voting in respect of the resolution relating to the Open Offer at the EGM. Save as disclosed above, none of the Directors or the chief executive of the Company and their respective associates holds any Shares as at the date of this announcement. Cheong Lee Securities does not hold any Shares as at the date of this announcement.

GENERAL

The Independent Board Committee, comprising all three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian, has been established to make recommendations to the Independent Shareholders as to whether the terms of the Open Offer and the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM.

The Independent Financial Adviser will be appointed by the Company with the approval by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Open Offer and the Underwriting Agreement.

The EGM will be convened and held to consider, and, if thought fit, to approve, the Open Offer and the Underwriting Agreement. The Circular containing, among other things, (i) further details of the Open Offer and the Underwriting Agreement; (ii) letters of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Open Offer and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer and the Underwriting Agreement; and (iv) a notice of the EGM will be despatched to the Shareholders on Friday, 24 June 2016 as additional time is required for the Company to prepare relevant information to be included in the Circular.

Upon the approval of the Open Offer and the Underwriting Agreement by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus, without the Application Form, will be despatched to the Excluded Shareholders (if any) for their information only.

ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE BONDS

Adjustments to the conversion price of the Convertible Bonds in issue may be required under the terms of the instrument constituting the Convertible Bonds. Further announcement(s) will be made by the Company in this regard.

WARNING OF THE RISKS OF DEALING IN SHARES

The Open Offer is conditional on the Underwriting Agreement having become unconditional and not having been terminated (see the paragraph headed “Termination of the Underwriting Agreement” under the section headed “Underwriting Arrangement for the Open Offer” in this announcement above). In particular, it is subject to the approval by the Independent Shareholders at the EGM. If Cheong Lee Securities terminates the Underwriting Agreement, the Open Offer will not proceed.

Any dealings in Shares between the date of this announcement and the date on which the Open Offer becomes unconditional are at an investor’s own risk.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under The Hong Kong Code on Takeovers and Mergers
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal number 8 or above or a “black” rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“CB Holders”	Fulledge and Mr. Lee
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“Cheong Lee Securities”	Cheong Lee Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities under the SFO
“Circular”	the circular to be issued by the Company in relation to the Open Offer
“CL Group”	CL Group (Holdings) Limited, a company incorporated in Cayman Islands with limited liability and the issued ordinary shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8098)
“Company”	Newtree Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1323)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bonds”	the convertible bonds of the Company in the principal amount of HK\$100 million, details of which are contained in the announcements of the Company dated 11 June 2014 and 19 June 2014 respectively
“Deed of Amendments”	the deed of amendments dated 17 May 2016 entered into between the Company and the CB Holders for amending certain terms and conditions of the Convertible Bonds
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Open Offer and the Underwriting Agreement
“Excluded Shareholder(s)”	the Overseas Shareholder(s) who the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude them from the Open Offer

“Fulledge”	Fulledge Limited, a company incorporated in the BVI with limited liability
“Fulledge Undertaking”	the irrevocable undertaking given by Fulledge in favour of the Company and Cheong Lee Securities on 17 May 2016 pursuant to which Fulledge has undertaken (i) it shall not exercise any of the conversion rights attached to the Convertible Bonds nor transfer any of the Convertible Bonds held by it from the date of the Fulledge Undertaking up to the close of business date on the Record Date; and (ii) it has agreed with the Company to extend the maturity date of the Convertible Bonds to 31 August 2016
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board, comprising all three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian, established to give a recommendation to the Independent Shareholders in respect of the Open Offer and the Underwriting Agreement
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Open Offer and the Underwriting Agreement
“Independent Shareholders”	Shareholders other than the controlling shareholders and their associates or, where there is no controlling shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates, i.e. Mr. Wong, Mr. Chum and Twin Star
“Last Trading Day”	16 May 2016, being the last trading day immediately prior to the date of this announcement

“Latest Acceptance Date”	Monday, 8 August 2016, or such later date as may be agreed between the Company and Cheong Lee Securities, being the last day for acceptance of and payment for the Offer Shares
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date, or such later time as may be agreed between the Company and Cheong Lee Securities
“Latest Time for Termination”	4:00 p.m. on the third Business Day following (but excluding) the Latest Acceptance Date, or such later time or date as may be agreed between the Company and Cheong Lee Securities, being the latest time to terminate the Underwriting Agreement
“Lee Undertaking”	the irrevocable undertaking given by Mr. Lee in favour of the Company and Cheong Lee Securities on 17 May 2016 pursuant to which Mr. Lee has undertaken (i) he shall not exercise any of the conversion rights attached to the Convertible Bonds nor transfer any of the Convertible Bonds held by him from the date of the Lee Undertaking up to the close of business date on the Record Date; and (ii) he has agreed with the Company to extend the maturity date of the Convertible Bonds to 31 August 2016
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chum”	Mr. Chum Hon Sing, the executive Director and Vice Chairman of the Company
“Mr. Lee”	Mr. Lee Fan Shing
“Mr. Wong”	Mr. Wong Wai Sing, the executive Director, Chairman and Chief Executive Officer of the Company
“Offer Share(s)”	the new Share(s) to be allotted and issued in respect of the Open Offer
“Open Offer”	the issue of 1,405,519,920 Offer Shares at the Subscription Price on the basis of three (3) Offer Shares for every two (2) existing Shares held on the Record Date

“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form(s)
“Prospectus Posting Date”	Monday, 25 July 2016, or such later date as may be agreed between the Company and Cheong Lee Securities for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Friday, 22 July 2016, or such other date as may be agreed between the Company and Cheong Lee Securities, being the record date to determine entitlements under the Open Offer
“Registrar”	Tricor Investor Services Limited, the Company’s branch share registrar and transfer office in Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price in respect of each Offer Share, being HK\$0.164 per Offer Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Total Redemption Amount”	has the meaning ascribed to it under the section headed “Proposed amendments to the terms of the Convertible Bonds” of this announcement

“Twin Star”	Twin Star Global Limited, a company incorporated in the BVI with limited liability, which is owned as to 50% by Mr. Wong and 50% by Mr. Chum
“Underwriting Agreement”	the underwriting agreement dated 17 May 2016 entered into between the Company and Cheong Lee Securities in relation to the Open Offer
“Underwritten Shares”	the Offer Shares underwritten by Cheong Lee Securities subject to the terms and conditions of the Underwriting Agreement (being 1,248,088,920 Offer Shares)
“Untaken Shares”	any of the Underwritten Shares not taken up by the Qualifying Shareholders under the Open Offer
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

By order of the Board
Newtree Group Holdings Limited
Wong Wai Sing
Chairman and Chief Executive Officer

Hong Kong, 17 May 2016

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Wong Wai Sing, Mr. Chum Hon Sing, Mr. Chan Kin Lung, Mr. Lee Chi Shing, Caesar, Ms. Yick Ming Ching, Dawnibilly and Mr. Wong Jeffrey; and three independent non-executive Directors, namely Mr. Kwok Kam Tim, Dr. Hui Chik Kwan and Mr. Tso Ping Cheong, Brian.