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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the high concentration of the shareholding of the Company in the hands of a limited number of shareholders as at 25 June 2012.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded. Shareholders and prospective investors are therefore advised to exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of the shareholding of Newtree Group Holdings Limited (the “**Company**”) in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 25 June 2012.

The Company noted that an announcement (the “**SFC Announcement**”) has been published by Securities and Future Commission (the “**SFC**”) on 9 July 2012.

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. Its findings suggested that as at 25 June 2012, 16 Shareholders held an aggregate of 123,472,000 shares of HK\$0.10 each in the share capital of the Company (the “**Shares**”), representing 18.52% of the issued Shares. Such shareholding, together with 476,688,000 Shares (representing 71.50% of the issued Shares) held by Twin Star Global Limited (“**Twin Star**”) and parties acting in concert (namely Smooth Auspicious International Limited (“**Smooth Auspicious**”), Imperishable Land Limited (“**Imperishable Land**”) and Wise Attempt Limited (“**Wise Attempt**”)) with the mandatory unconditional cash offer announced by the Company on 16 March 2012, represented 90.02% of the issued Shares as at 25 June 2012. Therefore, only 9.98% of the issued Shares were held by other Shareholders.

As at 25 June 2012, the shareholding structure of the Company was as follows:–

	Number of Shares held <i>(Shares)</i>	% of total number of issued Shares <i>(%)</i>
Twin Star (<i>Note 1</i>)	410,021,590	61.50
Smooth Auspicious (<i>Note 2</i>)	26,666,574	4.00
Imperishable Land (<i>Note 3</i>)	19,999,918	3.00
Wise Attempt (<i>Note 4</i>)	19,999,918	3.00
A group of 16 Shareholders	123,472,000	18.52
Other Shareholders	66,506,000	9.98
Total	<u>666,666,000</u>	<u>100.00</u>

Note 1: Twin Star Global Limited is incorporated in the BVI with limited liability and is owned as to 50% by Mr. Wong Wai Sing, an executive director and vice-chairman of the Company, and 50% by Mr Chum Hon Sing, an executive director and chairman of the Company. Twin Star Global Limited was the Offeror in the mandatory unconditional cash offer announced by the Company on 16 March 2012.

Note 2: Smooth Auspicious International Limited is incorporated in the BVI with limited liability and is wholly owned by Mr Xu Yiming. It was a party acting in concert with the Offeror in the mandatory unconditional cash offer announced by the Company on 16 March 2012.

Note 3: Imperishable Land Limited is incorporated in the BVI with limited liability and is wholly owned by Mr Fang Yingang. It was a party acting in concert with the Offeror in the mandatory unconditional cash offer announced by the Company on 16 March 2012.

Note 4: Wise Attempt Limited is incorporated in the BVI with limited liability and is wholly owned by Mr Zeng Hao. It was a party acting in concert with the Offeror in the mandatory unconditional cash offer announced by the Company on 16 March 2012.

Based on the information provided by the SFC:

On 16 March 2012, the Company announced a mandatory unconditional cash offer (“**Cash Offer**”) by the Offeror, Twin Star Global Limited and parties acting in concert with it (namely, Smooth Auspicious International Limited, Imperishable Land Limited and Wise Attempt Limited) for all the issued Shares, other than those already owned by them. The offer price of HK\$0.524 (“**Share Offer Price**”) represented a discount of 38.4% to the last closing price of HK\$0.85 before the announcement.

Since then, share price of the Company rose 56.5% from HK\$0.85 on 9 March 2012 (being last trading day before suspension for the Cash Offer announcement) to HK\$1.33 on 14 May 2012. After the Cash Offer completed on 14 May 2012, Twin Star Global Limited and parties acting in concert with it held a total of 476,688,000 shares, or 71.5% of the issued Shares.

Since the completion of the Cash Offer, closing price of the Company's shares increased a further 11.3% to HK\$1.48 on 25 June 2012. As at 6 July 2012, the Company's share closed at HK\$1.44, represents an increase of 69.4% over the closing price of HK\$0.85 prior to the Cash Offer announcement.

The board (the "**Board**") of the directors of the Company (the "**Directors**") wishes to clarify that the above information is provided by the SFC and the Board has not verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the information above except for the shareholding of Twin Star, Smooth Auspicious, Imperishable Land and Wise Attempt, the Share Offer Price, and the respective closing prices of the Shares as at 9 March 2012, 14 May 2012, 25 June 2012 and 6 July 2012.

Public Float

Based on the information available and to the best knowledge of the Board, as at 25 June 2012 and the date of this announcement, Twin Star, Smooth Auspicious, Imperishable Land and Wise Attempt held 476,688,000 Shares, representing approximately 71.50% of the issued Shares.

The Board believes that, to the best of its knowledge, information and belief based on the information available to it, not less than 25% of the issued Shares are held in public hands and the Company is able to comply with the public float requirement under the Listing Rules.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded. Shareholders and prospective investors are therefore advised to exercise extreme caution when dealing in the Shares.

By the order of the board
Newtree Group Holdings Limited
Chum Hon Sing
Chairman

Hong Kong, 9 July 2012

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