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Newtree

Twin Star Global Limited

*(Incorporated in the British Virgin Islands
with limited liability)*

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)

JOINT ANNOUNCEMENT

- (1) AGREEMENTS IN RELATION TO
THE SALE AND PURCHASE OF SHARES IN
NEWTREE GROUP HOLDINGS LIMITED;**
- (2) MANDATORY UNCONDITIONAL CASH OFFER BY
OPTIMA CAPITAL LIMITED
ON BEHALF OF
TWIN STAR GLOBAL LIMITED
FOR ALL THE ISSUED SHARES IN
NEWTREE GROUP HOLDINGS LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
THE OFFEROR GROUP,
ITS MEMBERS AND THEIR RESPECTIVE
ULTIMATE BENEFICIAL OWNERS AND
PARTIES ACTING IN CONCERT WITH ANY OF THEM);
AND**
- (3) RESUMPTION OF TRADING IN THE SHARES OF
NEWTREE GROUP HOLDINGS LIMITED**

The Agreements

After trading hours of the Stock Exchange on 9 March 2012, the Offeror Group, the Offeror's guarantor, the Vendor and the Vendor's guarantor entered into the Agreements, pursuant to which the Offeror Group agreed to acquire, and the Vendor agreed to sell, the Sale Shares, being an aggregate of 476,666,000 Shares and representing approximately 71.5% of the existing issued share capital of the Company, for a total consideration of HK\$250 million, representing approximately HK\$0.524 per Sale Share. The consideration for the Sale Shares was determined after arm's length negotiations among the parties to the Agreements. Completion took place immediately following the signing of the Agreements.

Mandatory unconditional cash offer

Prior to Completion, save for the Sale Shares held by the Vendor, which is a party acting in concert with the Offeror, the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them did not have any interests in the share capital or voting rights of the Company. As a result of the acquisition of the Sale Shares, (i) the Offeror is interested in a total of 409,999,590 Shares, representing approximately 61.5% of the existing issued share capital of the Company; (ii) Smooth Auspicious is interested in a total of 26,666,574 Shares, representing approximately 4% of the existing issued share capital of the Company; (iii) Imperishable Land is interested in a total of 19,999,918 Shares, representing approximately 3% of the existing issued share capital of the Company; and (iv) Wise Attempt is interested in a total of 19,999,918 Shares, representing approximately 3% of the existing issued share capital of the Company. Accordingly, the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them are interested in an aggregate of 476,666,000 Shares, representing approximately an aggregate of 71.5% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned by the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them. As at the date of the Agreements and the date of this joint announcement, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Optima Capital has been appointed as the financial adviser to the Offeror to make the Offer, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For every Offer Share HK\$0.524 in cash

Based on the Offer Price of HK\$0.524 per Offer Share and 666,666,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at HK\$349,332,984. As the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them are interested in an aggregate of 476,666,000 Shares as at the date of this joint announcement, there are 190,000,000 Shares subject to the Offer, representing approximately 28.5% of the existing issued share capital of the Company. Accordingly, the Offer is valued at HK\$99,560,000. Optima Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

General

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document.

Pursuant to Rule 8.2 of the Takeovers Code, the composite offer document setting out, among other things, the terms of the Offer and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offer will be posted to the Shareholders by and on behalf of the Offeror within 21 days of the date of this joint announcement or such later date as the Executive may approve.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Lee Thomas Tuan-Tong, Mr. Chow Tsu-Yin and Mr. Chan Bing Chung, to advise the Independent Shareholders in respect of the Offer. The Independent Financial Adviser will be appointed to advise the Independent Board Committee in respect of the Offer. The appointment of the Independent Financial Adviser is subject to the approval of the Independent Board Committee. Further announcement will be made by the Company as soon thereafter the appointment of the Independent Financial Adviser is made.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 12 March 2012 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Monday, 19 March 2012.

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

THE AGREEMENTS

(i) The First Agreement dated 9 March 2012

Parties

Vendor: Able Bright Limited, a company beneficially owned by Golden Realm Limited, the entire issued share capital of which is registered in the name of Asia Square Holdings Limited. Asia Square Holdings Limited is the nominee of Sarasin for a discretionary trust set up by Mr. Chum, father of Mr. Desmond Chum, one of the ultimate beneficial owners of the Offeror, as the settlor and Sarasin as the trustee, the beneficiaries of which are the members of Mr. Chum's family. The Vendor is a party acting in concert with the Offeror

Vendor's guarantor: Mr. Chum

Purchaser: Twin Star Global Limited, a company incorporated in the BVI with limited liability, and ultimately beneficially owned as to 50% by Dr., Sir Wong and as to 50% by Mr. Desmond Chum

Offeror's guarantor: Dr., Sir Wong

(ii) The Second Agreement dated 9 March 2012

Parties

Vendor: Able Bright Limited

Purchaser: Smooth Auspicious International Limited, a company incorporated in the BVI with limited liability, and wholly and ultimately beneficially owned by Mr. Xu, the sole director of Smooth Auspicious

(iii) The Third Agreement dated 9 March 2012

Parties

Vendor: Able Bright Limited

Purchaser: Imperishable Land Limited, a company incorporated in the BVI with limited liability, and wholly and ultimately beneficially owned by Mr. Fang, the sole director of Imperishable Land

(iv) The Fourth Agreement dated 9 March 2012

Parties

Vendor: Able Bright Limited

Purchaser: Wise Attempt Limited, a company incorporated in the BVI with limited liability, and wholly and ultimately beneficially owned by Mr. Zeng, the sole director of Wise Attempt

Subject matters

Pursuant to the Agreements, the Offeror Group agreed to acquire, and the Vendor agreed to sell, the Sale Shares, being an aggregate of 476,666,000 Shares (of which (i) 409,999,590 Shares, representing approximately 61.5% of the existing issued share capital of the Company, were acquired by the Offeror, (ii) 26,666,574 Shares, representing approximately 4% of the existing issued share capital of the Company, were acquired by Smooth Auspicious, (iii) 19,999,918 Shares, representing approximately 3% of the existing issued share capital of the Company, were acquired by Imperishable Land; and (iv) 19,999,918 Shares, representing approximately 3% of the existing issued share capital of the Company, were acquired by Wise Attempt). The Sale Shares represent an aggregate of approximately 71.5% of the existing issued share capital of the Company as at the date of this joint announcement. The Sale Shares were acquired free from all liens, claims and encumbrances and together with all rights and benefits attaching or accruing thereto including all dividends and distribution declared, made or paid on or after the date of the Agreements.

Consideration

The total consideration for the Sale Shares is HK\$250 million (equivalent to HK\$0.524 per Sale Share), which was determined after arm's length negotiations among the parties to the Agreements and paid by the Offeror Group in full in cash at Completion.

Completion

Completion took place on 9 March 2012 immediately after the signing of the Agreements.

Share charge

Reference is made to the announcement of the Company dated 30 September 2011 in which it was stated that after trading hours of the Stock Exchange on 30 September 2011, the Vendor created a charge over 276,666,200 Shares, representing approximately 41.5% of the issued share capital of the Company in favour of Sun Finance as a security for a six-month term loan of HK\$150,000,000 advanced by Sun Finance to Dr., Sir Wong. On 9 March 2012, the loan from Sun Finance was fully repaid by Dr., Sir Wong and the aforesaid share charge was released on the same day.

Upon Completion, the Offeror Group also created a charge over an aggregate of 476,666,000 Shares, representing approximately 71.5% of the issued share capital of the Company, in favour of Speeder Link as a security for a three-month term loan, with an option to extend the

term for additional three months, of HK\$200,000,000 advanced by Speeder Link to the Offeror for the purpose of financing the Offeror's acquisition of an aggregate of 409,999,590 Shares from the Vendor.

MANDATORY UNCONDITIONAL CASH OFFER

Prior to Completion, save for the Sale Shares held by the Vendor, the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them did not have any interests in the share capital or voting rights of the Company. As a result of the acquisition of the Sale Shares, (i) the Offeror is interested in a total of 409,999,590 Shares, representing approximately 61.5% of the existing issued share capital of the Company; (ii) Smooth Auspicious is interested in a total of 26,666,574 Shares, representing approximately 4% of the existing issued share capital of the Company; (iii) Imperishable Land is interested in a total of 19,999,918 Shares, representing approximately 3% of the existing issued share capital of the Company; and (iv) Wise Attempt is interested in a total of 19,999,918 Shares, representing approximately 3% of the existing issued share capital of the Company. Accordingly, the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them are interested in an aggregate of 476,666,000 Shares, representing approximately 71.5% of the entire issued share capital of the Company. Therefore, approximately 28.5% of the existing issued share capital of the Company is subject to the Offer.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional general offer in cash for all the issued Shares other than those already owned by the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them. As at the date of the Agreements and the date of this joint announcement, the Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Principle terms of the Offer

Optima Capital has been appointed as the financial adviser to the Offeror to make the Offer, which is unconditional in all respects, on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For every Offer Share HK\$0.524 in cash

The Offer Shares to be acquired under the Offer shall be fully paid or credited as fully paid and free from all liens, claims and encumbrances and together with all rights attaching to them as at 9 March 2012, including the rights to receive all dividends and distribution declared, made or paid, if any, on or after 9 March 2012.

Comparison of value

The Offer Price of HK\$0.524 per Offer Share is equal to the price per Sale Share paid by the Offeror Group under the Agreements and represents:

- (i) a discount of approximately 38.35% to the closing price of HK\$0.85 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 34.01% to the average of closing price of HK\$0.794 per Share as quoted on the Stock Exchange for five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 23.95% to the average of closing price of HK\$0.689 per Share as quoted on the Stock Exchange for ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 18.13% to the unaudited consolidated total equity attributable to the Shareholders of approximately HK\$0.64 per Share as at 30 September 2011.

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the six-month period immediately preceding the Last Trading Day were HK\$0.85 per Share on the Last Trading Day and HK\$0.355 per Share on 6 December 2011 respectively.

Value of the Offer

Based on the Offer Price of HK\$0.524 per Offer Share and 666,666,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company is valued at HK\$349,332,984. As the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them are interested in an aggregate of 476,666,000 Shares as at the date of this joint announcement, there are 190,000,000 Shares subject to the Offer, representing approximately 28.5% of the existing issued share capital of the Company. Accordingly, the Offer is valued at HK\$99,560,000.

Financial resources available to the Offeror

Optima Capital is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer. The Offer will be financed by the credit loan facilities of an amount up to HK\$103,100,000 by Metro Capital to Dr., Sir Wong, which are secured by a share charge provided by the Offeror in favour of Metro Capital over all the Offer Shares that may have acquired by the Offeror pursuant to the Offer.

Effect of accepting the Offer

By accepting the Offer, the relevant Shareholders will sell their Shares to the Offeror free from all liens, claims and encumbrances and together with all rights attaching to them as at 9 March 2012, including the right to receive all dividends and distribution declared, made or paid, if any, on or after 9 March 2012.

Stamp duty

Seller's ad valorem stamp duty payable by the relevant Shareholders who accept the Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to the relevant Shareholder

on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within 10 days of the date on which the relevant documents of title completed acceptance form(s) are received by the Offeror to render each such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

Dealing and interests in the Company's securities

Save for the acquisition of the Sale Shares under the Agreements, the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them have not dealt in any Shares, convertible securities, warrants, options or derivatives of the Company during the six months prior to the date of this joint announcement. As at the date of this joint announcement, save for the Sale Shares held by the Offeror Group, the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any one of them do not hold, own, control or direct any Shares, convertible securities, warrants, options or derivatives of the Company.

Other arrangements

As at the date of this joint announcement, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares, convertible securities, warrants, options or derivatives of the Offeror or the Company and which might be material to the Offer. There is no agreement or arrangement to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

As at the date of this joint announcement, none of the Offeror Group, its members and their respective ultimate beneficial owners or parties acting in concert with any one of them has received any irrevocable commitment to accept the Offer or has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company. None of the Offeror Group, its members and their respective ultimate beneficial owners or parties acting in concert with any one of them has entered into any contracts in relation to the outstanding derivatives in respect of securities in the Company.

Overseas Shareholders

The Offer will be related to securities of a company incorporated in the Cayman Islands and will be subject to the procedure and disclosure requirements of Hong Kong securities laws and regulations, which may be different from other jurisdictions. The ability of Shareholders outside Hong Kong, if they so wish, to participate in the Offer will also be subject to, and may be limited by, the laws and regulations of their respective jurisdictions.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the respective shareholding structures of the Company immediately before Completion, and upon Completion and as at the date of this joint announcement:

	Immediately before Completion		Upon Completion and as at the date of this joint announcement	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor (<i>Note</i>)	476,666,000	71.50	–	–
The Offeror	–	–	409,999,590	61.50
Smooth Auspicious	–	–	26,666,574	4.00
Imperishable Land	–	–	19,999,918	3.00
Wise Attempt	–	–	19,999,918	3.00
The Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them	476,666,000	71.50	476,666,000	71.50
Public Shareholders	<u>190,000,000</u>	<u>28.50</u>	<u>190,000,000</u>	<u>28.50</u>
Total	<u>666,666,000</u>	<u>100.00</u>	<u>666,666,000</u>	<u>100.00</u>

Note: The Vendor is owned by Golden Realm Limited, the entire issued share capital of which is registered in the name of Asia Square Holdings Limited. Asia Square Holdings Limited is the nominee of Sarasin for a discretionary trust set up by Mr. Chum as the settlor and Sarasin as the trustee, the beneficiaries of which are the members of Mr. Chum's family.

INFORMATION ON THE OFFEROR GROUP

The Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability and is owned as to 50% by Dr., Sir Wong and 50% by Mr. Desmond Chum. As at the date of this joint announcement, Dr., Sir Wong and Mr. Desmond Chum are the directors of the Offeror and also the executive directors of the Company.

Dr., Sir Wong

Dr., Sir Wong, aged 26 is an executive Director and the vice-chairman of the Company. He is a member of the Hong Kong Institute of Directors. Dr., Sir Wong holds a bachelor of science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the United States of America and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局) and a diploma of lifestyle medicine for stress management from the Harvard Medical School Department of Continuing Education. Dr., Sir Wong is also the Trade Adviser of the Honorary Consulate of Equatorial Guinea to Bucharest Romania and the Diplomatic Adviser to the Special Representatives for the PRC of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priors.

Dr., Sir Wong has experience in a wide range of business, including the coal mining, natural resources industry, international coal trading, business consultation, property investment, provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organization, TV series production, operation of an artist training school. He is also the owner of the Colors Securities Limited which is principally engaged in dealing in securities (Type 1), advising on securities (Type 4) and asset management (Type 9) and Colors Commodities Limited which principally engaged in dealing in futures contracts (Type 2) and advising on futures contracts (Type 5).

Dr., Sir Wong was a consultant of a Hong Kong-based medium-sized certified public accountants firm for more than 1 year. He was also a chairman and an executive director of TLT Lottotainment Group Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Growth Enterprise Market (the "GEM") of the Stock Exchange (stock code: 8022), from 17 April 2009 to 31 May 2011. Dr., Sir Wong is currently an executive director and the chairman of the Ming Kei Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the GEM of the Stock Exchange (stock code: 8239).

Mr. Desmond Chum

Mr. Desmond Chum, aged 33, is an executive Director and the chief executive officer of the Company. He graduated from University Hill Secondary School in British Columbia, Canada in 1996. Mr. Desmond Chum is the son of Mr. Chum and Ms. Lei Sao Cheng, both being an executive Director, and Mr. Desmond Chum is primarily responsible for devising the Group's business development strategies and overseeing their due execution. Mr. Desmond Chum is also responsible for overseeing the manufacturing and sales functions as well as the daily operations of the Group. Since Mr. Desmond Chum joining of the Group in 1999, Mr. Desmond Chum has taken up roles in different functions within the Group. Prior to assuming his current position as the CEO, Mr. Desmond Chum worked as the production manager, purchasing manager and sales manager of the Group where Mr. Desmond Chum was responsible for overseeing the production and design of the Group's products, purchase of raw materials and machinery as well as expansion of the Group's overseas markets. Since joining the Group, Mr. Desmond Chum has successfully led the Group to become an exporter of clinical and household hygienic disposables with innovative designs which include

products made with oxo-biodegradable materials, and secured and maintained stable business relationships with various well-established customers in the European Union and the United States of America and also expand the markets to the United Kingdom of Great Britain and Northern Ireland via an acquisitions.

Smooth Auspicious

Smooth Auspicious is an investment holding company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Xu. As at the date of this joint announcement, Mr. Xu is the sole director of Smooth Auspicious.

Mr. Xu, aged 32, holds a bachelor of law degree from Xian Jiaotong University's School of Law (西安交通大學法學院) and has over 7 years of extensive practical experience and extensive knowledge in the corporate finance, financial and securities industry especially in the Shanghai A Shares in the Shanghai Stock Exchange and Shenzhen A Shares in the Shenzhen Stock Exchange respectively. Mr. Xu is currently a professional investor.

Imperishable Land

Imperishable Land is an investment holding company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Fang. As at the date of this joint announcement, Mr. Fang is the sole director of Imperishable Land.

Mr. Fang, aged 53, is currently a deputy managing director of Shanghai Shenrong Investment Company Limited (上海市申融投資有限公司), a company established in PRC and specialized in pre-initial public offering investment and joint-venture fund and also a professional investor. Mr. Fang has over 28 years of extensive practical experience and extensive knowledge in the corporate finance, financial and securities industry especially in the Shanghai A Shares in the Shanghai Stock Exchange and Shenzhen A Shares in the Shenzhen Stock Exchange respectively. Mr. Fang also has over 20 years of extensive practical experiences and extensive knowledge in the industry of metals, construction materials, textile, tel-communications and local municipal transportations' network financing.

Wise Attempt

Wise Attempt is an investment holding company incorporated in the BVI with limited liability and wholly and beneficially owned by Mr. Zeng. As at the date of this joint announcement, Mr. Zeng is the sole director of Wise Attempt.

Mr. Zeng, aged 32, holds a bachelor of art major in mass communication and marketing from Shenzhen University (深圳大學文學院傳播系廣告學), Mr. Zeng has over 7 years of extensive experience and knowledge in private equity and venture capital and specialized in leverage buyout and transaction and growth capital investment. Mr. Zeng is currently the deputy managing director of Qishifu Private Equity Investment (Tianjin) Company Limited (騏仕夫股權基金投資(天津)有限公司) and also a professional investor.

INFORMATION OF THE GROUP

The Group is principally engaged in the manufacture and trading of hygienic disposables for household and clinical uses, products consist mainly of clinical waste bags, general waste bags, disposable film bags and aprons. The Group is also engaged in the trading of methyl tertiary butyl ether business, the wholesale and retail of household consumables.

For the year ended 31 March 2011, the Group recorded audited consolidated profit before taxation of approximately HK\$56.73 million and audited consolidated comprehensive income for the year attributable to owners of the Company of approximately HK\$57.18 million. For the year ended 31 March 2010, the Group recorded audited consolidated profit before taxation of approximately HK\$79.95 million and audited consolidated comprehensive income for the year attributable to owners of the Company of approximately HK\$79.08 million. The audited equity attributable to the Shareholders as at 31 March 2011 was approximately HK\$437.77 million.

OFFEROR'S INTENTION ON THE GROUP

The Offeror is owned as to 50% by Dr., Sir Wong and 50% by Mr. Desmond Chum. Mr. Desmond Chum was appointed as executive director of the Company on 9 June 2010 while Dr., Sir Wong was appointed as executive director and vice chairman of the Company on 4 October 2011. Mr. Desmond Chum joined the Group in September 1999. He is the CEO of the Group and the son of Mr. Chum who is the founder of the Group. Being the CEO of the Group, Mr. Desmond Chum has in-depth knowledge on the existing business and operation of the Group. On the other hand, Dr., Sir Wong has experience in a wide range of business and industry. Details of their backgrounds are set out in the section headed "Information on the Offeror Group" above. It is the intention of the Offeror that the Group will continue its existing principal business. The Offeror considers that the acquisition of a controlling interest in the Company together with the Offer represent a good opportunity for the Offeror to leverage on the diverse business background of each of Dr., Sir Wong and Mr. Desmond Chum. While continuing to strengthen the existing business of the Group, the Offeror may explore other business opportunities and consider whether any assets and/or business acquisitions by the Group will be appropriate for the development of the Group with a view to developing a corporate strategy to broaden the income stream of the Group. The potential business opportunities may include, but not be limited to, securities and asset management business, provision of brokerage and agency services in insurance industry, provision of motor vehicles beauty services and/or provision of wireless two-way telecommunication products and services.

Save as disclosed above and the proposed change of board composition as set out in the section below, the Offeror does not intend to introduce any major changes to the business of the Group, including (i) redeployment of the fixed assets of the Group; or (ii) discounting the employment of employees of the Group, other than in the ordinary course of business.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board is currently made up of eight Directors, comprising five executive Directors and three independent non-executive Directors.

The Offeror intends to nominate Mr. Tsang Ho Ka, Eugene, Ms. Sung Ting Yee, Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan as new Directors to the Board with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable laws. Mr. Chum, Ms. Lei Sao Cheng, Mr. Lee Thomas Tuan Tong, Mr. Chow Tsu Yin and Mr. Chan Bing Chung will resign as Directors to the Board with effect from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable laws.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made accordingly.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than 25% of the issued Shares, being the minimum prescribed percentage applicable to the Company, is held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer. As at the date of this joint announcement, the Offeror Group is interested in approximately 71.5% of the issued share capital of the Company. Accordingly, a total of 190,000,000 Shares, representing approximately 28.5% of the issued share capital of the Company, are held by the public. The Offeror and the Company undertake to the Stock Exchange to take appropriate steps to ensure that minimum public float of not less than 25% of the Company's entire issued ordinary share capital as required under the applicable Listing Rules will be restored or maintained (as applicable) following the close of the Offer.

DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror (within the meaning of the Takeovers Code) are hereby reminded to disclose their dealings in the relevant securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

It is the intention of the Offeror and the Board that the offer document and the offeree board circular be combined in a composite offer document.

Pursuant to Rule 8.2 of the Takeovers Code, the composite offer document setting out, among other things, the terms of the Offer and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser on the Offer will be posted to the Shareholders by and on behalf of the Offeror within 21 days of the date of this joint announcement or such later date as the Executive may approve.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Lee Thomas Tuan-Tong, Mr. Chow Tsu-Yin and Mr. Chan Bing Chung, to advise the Independent Shareholders in respect of the Offer. The Independent Financial Adviser will be appointed to advise the Independent Board Committee in respect of the Offer. The appointment of the Independent Financial Adviser is subject to the approval of the Independent Board Committee. Further announcement will be made by the Company as soon thereafter as the appointment of the Independent Financial Adviser is made.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 12 March 2012 pending the release of this joint announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Monday, 19 March 2012.

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

DEFINITION

In this joint announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreements”	collectively, the First Agreement, the Second Agreement, the Third Agreement and the Fourth Agreement
“Board”	the board of Directors
“BVI”	British Virgin Islands
“CEO”	chief executive officer

“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)
“Completion”	completion of the Agreements
“Director(s)”	director(s) of the Company
“Dr., Sir Wong”	Dr., Sir Wong Wai Sing, an executive Director and vice-chairman of the Company and one of the ultimate beneficial owners and directors of the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the executive director
“First Agreement”	the sale and purchase agreement dated 9 March 2012 entered into between the Offeror, the Offeror’s guarantor, the Vendor and the Vendor’s guarantor in relation to the sale and purchase of 409,999,590 Shares
“Fourth Agreement”	the sale and purchase agreement dated 9 March 2012 entered into between the Vendor and Wise Attempt in relation to the sale and purchase of 19,999,918 Shares
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Imperishable Land”	Imperishable Land Limited, a company incorporated in the BVI with limited liability and wholly and directly beneficially owned by Mr. Fang, the sole director of Imperishable Land, and a party acting in concert with the Offeror
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors formed to advise the Independent Shareholders on the Offer
“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee in respect of the Offer
“Independent Shareholders”	Shareholders other than the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any one of them as regards the Offer

“Last Trading Day”	9 March 2012, being the last trading day of the Shares immediately prior to its suspension in trading on the Stock Exchange on 12 March 2012 pending the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Metro Capital”	Metro Capital Securities Limited, a company incorporated in Hong Kong, being the lender of the credit loan facilities of an amount up to HK\$103,100,000 to Dr., Sir Wong
“Mr. Chum”	Mr. Chum Tung Hang, an executive Director and chairman of the Company
“Mr. Desmond Chum”	Mr. Chum Hon Sing, an executive Director and one of the ultimate beneficial owners and directors of the Offeror
“Mr. Fang”	Mr. Fang Yingang, the ultimate beneficial owner and sole director of Imperishable Land
“Mr. Xu”	Mr. Xu Yiming, the ultimate beneficial owner and sole director of Smooth Auspicious
“Mr. Zeng”	Mr. Zeng Hao, the ultimate beneficial owner and sole director of Wise Attempt
“Offer”	the mandatory unconditional cash offer to be made by Optima Capital on behalf of the Offeror for all the Shares other than those already owned by the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them in accordance with the Takeovers Code
“Offer Price”	the price at which the Offer will be made, i.e. at HK\$0.524 per Offer Share
“Offer Share(s)”	Share(s) in respect of which the Offer is made, being Share(s) not already owned by the Offeror Group, its members and their respective ultimate beneficial owners and parties acting in concert with any of them
“Offeror”	Twin Star Global Limited, a company incorporated in the BVI with limited liability and ultimately beneficially owned as to 50% by Dr., Sir Wong and 50% by Mr. Desmond Chum, each of whom is a director of the Offeror

“Offeror Group”	the Offeror, Smooth Auspicious, Imperishable Land and Wise Attempt
“Optima Capital”	Optima Capital Limited, a licensed corporation under the SFO permitted to engaged in type 1 (dealings in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities, and the financial adviser to the Offeror
“PRC”	The People’s Republic of China which, for the purpose of this joint announcement, shall exclude Hong Kong, Macau and Taiwan
“Sale Share(s)”	an aggregate of 476,666,000 Shares acquired by the Offeror Group from the Vendor pursuant to the terms and conditions of the Agreements
“Sarasin”	Sarasin Trust Company (Singapore) Limited
“Second Agreement”	the sale and purchase agreement dated 9 March 2012 entered into between the Vendor and Smooth Auspicious in relation to the sale and purchase of 26,666,574 Shares
“SFC”	the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Smooth Auspicious”	Smooth Auspicious International Limited a company incorporated in the BVI with limited liability and wholly and ultimately beneficially owned by Mr. Xu, the sole director of Smooth Auspicious, and a party acting in concert with the Offeror
“Speeder Link”	Speeder Link International Limited, a company incorporated in the BVI with limited liability, being the lender of a three-month term loan of HK\$200,000,000 to the Offeror pursuant to the loan agreement dated 9 March 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sun Finance”	Sun Finance Company Limited, a company incorporated in Hong Kong, being the lender of a six-month term loan of HK\$150,000,000 to Dr., Sir Wong pursuant to the loan agreement dated 30 September 2011
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Agreement”	the sale and purchase agreement dated 9 March 2012 entered into between the Vendor and Imperishable Land in relation to the sale and purchase of 19,999,918 Shares
“Vendor”	Able Bright Limited, a company incorporated in the BVI with limited liability, beneficially owned by Golden Realm Limited, the entire issued share capital of which is registered in the name of Asia Square Holdings Limited. Asia Square Holdings Limited is the nominee of Sarasin for a discretionary trust set up by Mr. Chum as the settlor and Sarasin as the trustee, the beneficiaries of which are the members of Mr. Chum’s family
“Wise Attempt”	Wise Attempt Limited, a company incorporated in the BVI with limited liability and wholly and ultimately beneficially owned by Mr. Zeng, the sole director of Wise Attempt, and a party acting in concert with the Offeror
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the board of directors of
Twin Star Global Limited
Dr., Sir Wong Wai Sing
Director

By Order of the Board
Newtree Group Holdings Limited
Mr. Chum Tung Hang
Chairman

Macau, 16 March 2012

As at the date of this joint announcement, the executive Directors are Mr. Chum Tung Hang, Dr., Sir Wong Wai Sing, Mr. Lee Chi Shing, Caesar, Mr. Chum Hon Sing and Ms. Lei Sao Cheng, and the independent non-executive Directors are Mr. Lee Thomas Tuan-Tong, Mr. Chow Tsu-Yin and Mr. Chan Bing Chung.

The directors of each of the members of the Offeror Group jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in respect of the Offeror Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those in respect of the Offeror Group) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.