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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 39.2% to HK$259.1 million.
- Gross profit decreased by approximately 92.3% to HK$8.6 million.
- Gross profit margin decreased from 26.0% to 3.3%, mainly because of the decrease in turnover and the increase in cost of raw materials could not be fully transferred to customers and the amortisation of other intangible assets.
- Loss attributable to owner of the company amounted to HK$33.5 million.
- Loss per share amounted to HK$5.03 cents.

ANNUAL RESULTS

The board of directors (the "Board") of Newtree Group Holdings Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together as the "Group") for the year ended 31 March 2012 with the comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012** ***HK$'000***	2011 *HK$'000*
Revenue	*3*	**259,094**	426,272
Cost of sales		**(250,504)**	(315,341)
Gross profit		**8,590**	110,931
Other income	*4*	**2,636**	1,171
Other gains and losses	*5*	**(1,941)**	(2,317)
Selling and distribution expenses		**(9,281)**	(11,269)
Administrative expenses		**(33,033)**	(18,674)
Other expenses		**(3,963)**	–
Listing expenses		**–**	(23,110)
(Loss) profit before tax		**(36,992)**	56,732
Income tax (credit) expense	*6*	**1,887**	(1,807)
(Loss) profit for the year	*7*	**(35,105)**	54,925
Other comprehensive income			
Exchange difference arising on translation		**5,046**	2,254
Total comprehensive (expense) income for the year, net of income tax		**(30,059)**	57,179
(Loss) profit for the year attributable to:			
Owners of the Company		**(33,541)**	54,925
Non-controlling interests		**(1,564)**	–
		(35,105)	54,925
Total comprehensive (expense) income for the year, attributable to:			
Owners of the Company		**(28,495)**	57,179
Non-controlling interests		**(1,564)**	–
		(30,059)	57,179
(Loss) earnings per share	*9*		
– basic (HK cents)		**(5.03)**	10.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**28,243**	35,312
Prepaid lease payments		**6,510**	6,478
Other intangible assets	*10*	**23,197**	–
Goodwill		**9,774**	–
		67,724	41,790
CURRENT ASSETS			
Inventories		**69,608**	71,357
Prepaid lease payments		**211**	205
Trade and other receivables and prepayments	*11*	**100,193**	76,747
Pledged bank deposit		**62,286**	59,500
Bank balances and cash		**128,943**	215,488
		361,241	423,297
CURRENT LIABILITIES			
Trade and other payables and accruals	*12*	**28,272**	24,478
Tax payable		**5,670**	2,838
		33,942	27,316
NET CURRENT ASSETS		**327,299**	395,981
Total assets less current liabilities		**395,023**	437,771
NON CURRENT LIABILITY			
Deferred tax liabilities		**4,432**	–
		390,591	437,771
CAPITAL AND RESERVES			
Share capital		**6,667**	6,667
Reserves		**382,609**	431,104
Equity attributable to owners of the Company		**389,276**	437,771
Non-controlling interests		**1,315**	–
Total equity		**390,591**	437,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The parent and the ultimate holding company is Twin Star Global Limited, a company incorporated in British Virgin Islands. The address of the registered office and principal place of business of the Company are disclosed in the introduction to the annual report.

The principal activities of the Group are engaged in manufacture and trading of hygienic disposables for household and clinical uses ("Hygienic Disposables Business") located in the People's Republic of China ("PRC") and Macau, agent of Methyl Tertiary Butyl Ether ("MTBE") products ("MTBE Business") located in Hong Kong ("HK") and wholesale and retail of household consumables ("Household Consumables Business") located in United Kingdom ("UK").

The consolidated financial statements have been presented in Hong Kong dollars ("HKD"), while the functional currency of the Company is United State dollars ("USD"). The directors of the Company selected HKD as the presentation currency because the directors consider that presenting the consolidated financial statements in HKD is preferable when controlling and monitoring the performance and financial position of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs, amendments or interpretation that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[6]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.
[5] Effective for annual periods beginning on or after 1 Janaury 2014.
[6] Effective for annual periods beginning on or after 1 January 2012.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards have no significant impact on amounts reported in the consolidated financial statements.

The directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised.

In previous year, the Group reported its segment information based on two major operating divisions reviewed by the board of directors – (1) household application products and (2) clinical application products. During the current year, the Group acquired two new subsidiaries which represented two new segments, MTBE business and household consumables business. In addition, since the household application products business and clinical application products business are now managed and assessed as a whole by the CODM, the household application products segment and clinical application products segment have now been combined into one single operating and reportable segment, namely the hygienic disposables business segment, for internal reporting purpose. Also, for determination of segment result of such segment, directors' remuneration is now excluded from, and selling expenses, administrative expenses, depreciation of property, plant and equipment and amortisation of prepaid lease payment of hygienic disposables business are now included in segment result of hygienic disposables business for internal reporting purpose. Accordingly, comparative figures for segment reporting have been restated. The performance of the three segments is regularly reviewed by the board of directors for the purpose of resources allocation and performance assessment. Therefore, the Group's operating and reportable segments under HKFRS 8 are as follows:

- Hygienic Disposables Business – Trading and manufacturing of the clinical and household hygienic disposables
- MTBE Business – Agent service of MTBE products
- Household Consumables Business – Trading of household consumables

Segment revenues and results

The following is an analysis of the Group's revenue and results from reportable and operating segments.

	Hygienic Disposables Business	MTBE Business	Household Consumables Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2012				
Revenue from external customers	**245,027**	**807**	**13,260**	**259,094**
Segment (loss) profit	**(6,337)**	**1,244**	**432**	**(4,661)**
Bank interest income				**1,829**
Other gains and losses				**1,723**
Amortisation of other intangible assets				**(20,142)**
Central administration costs				**(15,741)**
Loss before tax				**(36,992)**

	Hygienic Disposables Business
	HK$'000
	(restated)
For the year ended 31 March 2011	
Revenue from external customers	426,272
Segment profit	85,884
Bank interest income	1,171
Other gains and losses	(2,246)
Listing expenses	(23,110)
Central administration costs	(4,967)
Profit before tax	56,732

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of central administration costs, amortisation of other intangible assets, listing expenses, bank interest income, other gains and losses and taxation. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	31 March 2012	31 March 2011
	HK$'000	*HK$'000*
Hygienic Disposables Business	**136,499**	190,099
MTBE Business	**48,496**	–
Household Consumables Business	**19,770**	–
Total segment assets	**204,765**	190,099
Goodwill	**9,774**	–
Other intangible assets	**23,197**	–
Pledged bank deposit	**62,286**	59,500
Bank balances and cash	**128,943**	215,488
Consolidated assets	**428,965**	465,087

Segment liabilities

	31 March 2012	31 March 2011
	HK$'000	*HK$'000*
Hygienic Disposables Business	**18,435**	24,478
MTBE Business	**2,620**	–
Household Consumables Business	**7,217**	–
Total segment liabilities	**28,272**	24,478
Tax payable	**5,670**	2,838
Deferred tax liabilities	**4,432**	–
Consolidated liabilities	**38,374**	27,316

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segments other than goodwill, other intangible assets, pledged bank deposit and bank balances and cash.

- All liabilities are allocated to operating segments other than tax payable and deferred tax liabilities.

Other segment information

	Hygienic Disposables Business	MTBE Business	Household Consumables Business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2012				
Amounts included in the measure of segment profit or loss or segment assets:				
Capital additions	**9,272**	**–**	**748**	**10,020**
Depreciation of property, plant and equipment and amortisation of prepaid lease payment	**11,089**	**–**	**23**	**11,112**
Loss on disposals of property, plant and equipment	**11**	**–**	**–**	**11**
Impairment loss on trade receivables	**3,653**	**–**	**–**	**3,653**

	Hygienic Disposables Business
	HK$'000
For the year ended 31 March 2011	
Amounts included in the measure of segment profit or loss or segment assets:	
Capital additions	614
Depreciation of property, plant and equipment and amortisation of prepaid lease payment	9,419
Impairment loss on other receivables	71

Revenue from major products and services

The following is an analyses of this Group's revenue from its major products and services:

	2012	2011
	HK$'000	*HK'000*
Sales of goods from		
– Hygienic Disposables Business	**245,027**	426,272
– Household Consumables Business	**13,260**	–
Agency fee income from MTBE Business	**807**	–
	259,094	426,272

Information about geographical areas

In determining the Group's information about geographical areas, revenue are attributed to the segments based on the location of the customers.

The following table provides an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods.

	Revenue by Geographical market	
	2012	2011
	HK$'000	*HK$'000*
United Kingdom	**151,778**	146,326
Norway	**79,998**	100,047
United States of America	**16,808**	167,374
Ireland	**4,287**	–
France	**3,381**	–
Sweden	**889**	1,805
PRC	**807**	–
Germany	**781**	3,918
Others	**365**	6,802
	259,094	426,272

As at 31 March 2012, approximately HK$33,175,000, HK$20,399,000, HK$13,317,000 and HK$833,000 of the non-current assets are located in the PRC, United Kingdom, Hong Kong and Macau respectively.

As at 31 March 2011, approximately HK$41,271,000 and HK$519,000 of the non-current assets are located in the PRC and Macau respectively.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Customer A[1]	**79,998**	100,046
Customer B[1]	**71,687**	64,749
Customer C[1]	**57,510**	55,489
Customer D[1]	**–**	145,697

[1] Revenue from Hygienic Disposables Business

4. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Bank interest income	**1,829**	1,171
Service income	**807**	–
	2,636	1,171

5. OTHER GAINS AND LOSSES

	2012 *HK$'000*	2011 *HK$'000*
Exchange gain (losses)	**1,723**	(2,374)
Loss on disposal of property, plant and equipment	**(11)**	–
Impairment loss recognised on trade and other receivables	**(3,653)**	(71)
Others	**–**	128
	(1,941)	(2,317)

6. INCOME TAX (CREDIT) EXPENSE

	2012 *HK$'000*	2011 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**204**	–
PRC Enterprise Income Tax ("PRC EIT")	**1,373**	1,807
	1,577	1,807
Overprovision in prior year:		
PRC EIT	**(125)**	–
Deferred taxation	**(3,339)**	–
	(1,887)	1,807

(i) Hong Kong

HK Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

In March 2011, the Hong Kong Inland Revenue Department (the "HKIRD") issued to a wholly owned subsidiary incorporated in Macau a profits tax assessment of HK$5,600,000 relating to the year of assessment 2004/2005, that is, for the financial year ended 31 March 2005. The Group lodged an objection with the HKIRD against the assessment in June 2011.

In December 2011, the HKIRD issued to that wholly owned subsidiary a profits tax assessment of HK$5,250,000 relating to the year of assessment 2005/06, that is for the year ended 31 March 2006. The Group lodged an objection with the HKIRD against the assessment in January 2012.

In the opinion of the directors of the Company, the subsidiary involved did not carry on any business in Hong Kong for the years of assessment 2004/2005 and 2005/2006. As such, the directors believe that no profits tax should be payable by the said subsidiary for those years of assessment and hence no provision for Hong Kong Profits Tax in respect of the assessments are considered necessary.

(ii) PRC EIT

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the general EIT rate of the PRC entities is 25% from 1 January 2008 onwards.

Pursuant to the relevant laws and regulations in the PRC, Huizhou Junyang Plastic Co., Ltd. ("Huizhou Junyang") was entitled to exemption from the PRC EIT from its first two profit-making years of operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first profit making year of Huizhou Junyang is started from the fiscal year ended 31 December 2007. Accordingly, Huizhou Junyang was entitled to a relief from PRC EIT by a 50% reduction from the fiscal year 2009 to 2011 with effective tax rate of 12.5%. Starting from fiscal year 2012, the PRC EIT rate was 25%.

(iii) Macau

As stated in the Decree Law No. 58/59/M, Chapter 2, Article 12, dated 18 October 1999 of Macau, Two-Two- Free Limited-Macao Commercial Offshore ("Two-Two-Free") is exempted from Macao Complementary Tax.

7. (LOSS) PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging (crediting):		
Auditors' remuneration	**2,000**	1,705
Directors' remuneration	**4,620**	965
Other staff costs	**14,481**	9,489
Retirement benefit scheme contributions	**686**	552
Total staff costs	**19,787**	11,006
Cost of inventories	**230,362**	315,341
Depreciation of property, plant and equipment	**10,861**	9,218
Amortisation of other intangible assets (include in cost of sales)	**20,142**	–
Amortisation of prepaid lease payments	**251**	201
Legal and professional fee for acquisition (included in other expenses)	**3,963**	–

8. DIVIDENDS

No dividend was proposed during the year ended 31 March 2012, nor has any dividend been proposed since the end of the reporting period (2011: HK$0.03 per share, amounting to approximately HK$200,000,000 in aggregate was declared and paid after the end of the reporting period).

The dividend recognised as distribution amounted to HK$140,000,000 during the year ended 31 March 2011, was declared by Two-Two-Free on 30 June 2010 prior to the completion of the group reorganization carried out for the listing of the Company's share on the Stock Exchange (the "Group Reorganisation"). The shareholders are directors of Two-Two-Free and the dividend distribution was settled through the balances with the directors of Two-Two-Free.

9. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company for the year are based on the following data:

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to owners of the Company	**(33,541)**	54,925
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**666,666,000**	540,857,781

During the year ended 31 March 2011, the weighted average number of ordinary shares for the purpose of calculation of basic earnings per share assumed the capitalisation issue as disclosed in Appendix VI of the Prospectus occurred on 1 April 2010 and also the Group Reorganisation was assumed to be effective on 1 April 2010.

No diluted earnings per share is presented for both years as there were no potential ordinary shares in issue.

10. OTHER INTANGIBLE ASSETS

Represents sales contract and customer network acquired as part of business combination in current year.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**55,661**	52,545
Less: impairment loss recognised	**(3,653)**	–
	52,008	52,545
Bills receivables	**19,385**	18,069
Prepayments to supplier	**23,784**	947
Other receivables	**5,016**	5,186
	100,193	76,747

The Group generally allows an average credit period of 30 to 90 days to its trade customers. The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) and bills receivables based on the invoice date at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables:		
0–30 days	**50,592**	31,844
31–60 days	**18,133**	5,108
61–90 days	**1,560**	8,920
Over 90 days	**1,108**	24,742
	71,393	70,614

12. TRADE AND OTHER PAYABLES AND ACCRUALS

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**20,660**	17,773
Accruals	**3,113**	1,054
Other tax payables	**941**	605
Others	**3,558**	5,046
	28,272	24,478

The aged analysis of the Group's trade payable based on the invoice date at the end of the reporting period is as follows:

	2012	2011
	HK$'000	*HK$'000*
0–30 days	**17,205**	13,070
31–60 days	**3,316**	3,261
61–90 days	**130**	99
Over 90 days	**9**	1,343
	20,660	17,773

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group has been engaged in the Hygienic Disposables Business, MTBE Business and Household Consumables Business.

For the year under review, the Group recorded a net loss attributable to the owners of the Company of approximately HK$33.5 million (2011: net profit attributable to owner of the Company of approximately HK$54.9 million).

Revenue

The Group's revenue decreased by HK$167.2 million or 39.2% from HK$426.3 million for the year ended 31 March 2011 to HK$259.1 million for the corresponding period in 2012.

The following table sets forth a breakdown of the Group's revenue by geographical locations and segments and as a percentage of the Group's total revenue for the year ended 31 March 2012, with comparative figures for the corresponding period in 2011.

	2012	**2012**	2011	2011
	HK$'000	***%***	*HK$'000*	*%*
By Segment:				
– Hygienic Disposables Business	**245,027**	**94.6**	426,272	100.0
– MTBE Business	**807**	**0.3**	–	–
– Household Consumables Business	**13,260**	**5.1**	–	–
Total	**259,094**	**100.0**	426,272	100.0
By geographical locations:				
United Kingdom	**151,778**	**58.6**	146,326	34.3
Norway	**79,998**	**30.9**	100,047	23.5
United States of America	**16,808**	**6.5**	167,374	39.3
Ireland	**4,287**	**1.7**	–	–
France	**3,381**	**1.3**	–	–
Sweden	**889**	**0.3**	1,805	0.4
PRC	**807**	**0.3**	–	–
Germany	**781**	**0.3**	3,918	0.9
Others	**365**	**0.1**	6,802	1.6
	259,094	**100.0**	426,272	100.0

The Group's revenue on the Hygienic Disposables Business decreased by HK$181.3 million or 42.5% from HK$426.3 million for the year ended 31 March 2011 to HK$245.0 million for the corresponding period in 2012 mainly due to the downturn of the economic condition of the US and European market which is the major market of these products. Revenue for MTBE Business and Household Consumables Business was generated from business newly acquired by the Group during the year and no comparison was available.

Cost of sales

Cost of sales decreased by 20.6% from HK$315.3 million for the year ended 31 March 2011 to HK$250.5 million for the corresponding period in 2012. The decrease was mainly due to the drop in revenue and partially offset by the increase of the amortisation of other intangible assets of HK$20,142,000.

Gross profit and gross profit margin

Gross profit decreased by HK$102.3 million or 92,3%, from HK$110.9 million for the year ended 31 March 2011 to HK$8.6 million for the corresponding period in 2012. The Group's gross profit margin on the Hygienic Disposables Business decreased from 26.0% for the year ended 31 March 2011 to 10.7% for the corresponding period in 2012, primarily as a result of the increase in cost of the primary and auxiliary material which cannot fully transferred to our customer due to the unfavourable market condition. In addition, the unstable supply of power, where the factory is located caused periodic interruptions to the production line which resulted in higher re-start cost and wastage of materials. Due to the amortisation of other intangible assets of HK$19,975,000 the MTBE Business record a gross losses for the year. Due to the acquisition of the Household Consumables Business comes in close to the financial year end, the contribution from these two business segment was not too significant to the Group.

The following table sets forth the Group's gross profit (losses) and the gross profit (losses) margin by business segment for the year ended 31 March 2012, with comparative figures for the corresponding period in 2011.

	Year ended 31 March			
	2012	**2012**	2011	2011
By segment:	***HK$'000***	***%***	*HK$'000*	*%*
– Hygienic Disposables Business	**26,137**	**10.7**	110,931	26.0
– MTBE Business	**(19,167)**	**(2,375.1)**	–	–
– Household Consumables Business	**1,620**	**12.2**	–	–
	8,590	**3.3**	110,931	26.0

The gross profit derived from Hygienic Disposables Business decreased by HK$84.8 million or 76.4%, from HK$110.9 million for the year ended 31 March 2011 to HK$26.1 million for the corresponding period in 2012. The MTBE Business and Household Consumables Business was newly acquired during the year and no comparative information was available.

Other income

Other income mainly consists of service income and interest income. Other income increased by HK$1.5 million or 125.1%, from HK$1.2 million for the year ended 31 March 2011, to HK$2.6 million for the corresponding period in 2012 mainly due to the increase in service income and interest income.

Other gains and losses

Other gains and losses mainly consists of net exchange gain (losses) and impairment of trade and other receivables. For the year ended 31 March 2012, the other gains and losses comprises an impairment loss on trade and other receivable of HK$3.7 million and a net exchange gain of HK$1.7 million while for the corresponding year in 2011, the other gains and losses mainly consists of a net exchange losses of HK$2.4 million.

Selling and distribution expenses

Selling and distribution expenses mainly consist of transportation expenses, custom and inspection fee and commission paid to sales agents who may from time to time introduce new order to our Group. The selling and distribution expenses decreased by HK$2.0 million or 17.6%, from HK$11.3 million for the year ended 31 March 2011 to HK$9.3 million for the corresponding period in 2012 and this was mainly due to the decrease in commission paid and freight charges.

Administrative expenses

Administrative expenses mainly consists of salaries (including directors), staff welfare expenses, amortization of prepaid lease payment, depreciation of properties, plants and equipment in relation to the administrative functions, and amortisation of other intangible assets. The administrative expenses increased by HK$14.3 million or 76.9% from HK$18.7 million for the year ended 31 March 2011 to HK$33.0 million for the corresponding period in 2012 mainly due to the increase in salaries for director and senior management, increase in legal and professional fee for the acquisition and amortisation of other intangible assets.

Other expenses

Other expenses represents legal and professional fee paid to professional parties relating to the acquisition of MTBE Business and Household Consumables Business while no such expenses was record for the year ended 31 March 2011.

(Loss) profit before taxation

The Group recorded losses before taxation of HK$37.0 million during the year ended 31 March 2012 (as compared to profit before taxation of HK$56.7 million during the year ended 31 March 2011) the losses in 2012 were mainly due to the substantial decrease in gross profit of HK$102.3 million, increase in administrative expenses of HK$14.3 million, increase in other expenses of HK$3.9 million, which was partially offset by the increase in other income of HK$1.5 million and the decrease in selling and distribution expenses of HK$2.0 million decrease in other gain and losses of HK$0.4 million and listing expenses of HK$23.1 million.

Income tax (credit) expenses

The Group recorded a tax credit of HK$1.9 million during the year ended 31 March 2012 (as compare to the tax expenses of HK$1.8 million during the year ended 31 March 2011).

Total comprehensive (expenses) income for the year attributable to owners of the Company

Total comprehensive (expenses) income for the year attributable to owners of the Company decreased by HK$85.7 million or 149.8% from profit of HK$57.2 million for the year ended 31 March 2011 to loss of HK$28.5 million for the corresponding period in 2012.

Final dividend

No dividend was proposed during the year ended 31 March 2012, nor has any dividend been proposed since the end of the reporting period (2011: HK$0.03 per share, amounting to approximately HK$200,000,000 in aggregate was declared and paid after the end of the reporting period).

The dividend recognised as distribution amounted to HK$140,000,000 during the year ended 31 March 2011, was declared by Two-Two-Free on 30 June 2010 prior to the completion of the group reorganization carried out for the listing of the Company's share on the Stock Exchange (the "Group Reorganisation"). The shareholders are directors of Two-Two-Free and the dividend distribution was settled through the balances with the directors of Two-Two-Free.

FINANCIAL REVIEW

Liquidity and financial resources

The Group's principal source of working capital was cash generated from the sales of its products. The Group's current ratio as at 31 March 2012 was 10.6 (as at 31 March 2011: 15.5). As at 31 March 2012 and 31 March 2011, the gearing ratio, which is calculated with total borrowings over shareholder's equity, was zero.

Currency and interest rate exposure

Certain sales transactions of the Group are denominated in foreign currencies, which exposes the Group to foreign currency risks. The Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises. Certain monetary financial assets are denominated in foreign currencies as at 31 March 2012. The exposure in exchange rate risks mainly arose from fluctuations of USD, HKD, GBP and Macau Pataca ("MOP"). The Group's currency risk exposure in relation to the monetary financial assets is expected to be minimal as USD and MOP are pegged with HKD.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation on interest rates arising from the Group's bank balances and pledged bank deposit. The Group's exposure to interest rate risks on bank balances and pledged bank deposit is expected to be minimal.

CHARGE ON ASSETS

A bank deposit of HK$62.3 million (2011: HK$59.5 million) has been pledged as security for certain banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at 31 March 2012, the Group did not have any material contingent liabilities.

COMMITMENTS

As at 31 March 2012, the Group did not have any material commitments.

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2012, the Company had the following acquisition of subsidiaries:

On 15 November 2011, the Group through its subsidiary Greenstar Enviro-Tech Investments Company Limited ("Greenstar") entered into a conditional sale and purchase agreements with Mr. Woo Man Wai, David for the acquisition of the entire equity interest in Sino-Singapore (Offshore) Chemical Resources Trading Company Limited for a cash consideration of HK$ 25 million. The acquisition was completed on 6 December 2011.

On 20 January 2012, the Group through its subsidiary Greenstar entered into a sale and purchase agreements with Mr. James Macrae and Mrs. P Macrae for the acquisition of the entire equity interest in S&J Distribution Limited for a total cash consideration of approximately HK$ 23,486,000 and the acquisition was completed on 20 January 2012.

PROPOSED ACQUISITION

On 6 March 2012, the Group through its subsidiary Greenstar entered into agreement with Core Winner Holdings Limited to jointly invest in 北京思科微創醫療科技有限公司 (Beijing Think Micro-Medical Technology Limited), a company established in the PRC for not more than HK$ 12,000,000. The completion of the acquisition will be subject to the obtaining all the necessary approval from the relevant government authority in the PRC.

HUMAN RESOURCES

The number of employees of the Group as at 31 March 2012 was approximately 145, whom receive competitive remuneration packages that are constantly monitored in relation to the market, with incentives such as discretionary bonuses based on individual performance. The Group provides a comprehensive benefits package and career development opportunities, including medical benefits and both internal and external training appropriate to each individual's requirements.

PROSPECTS

Hygienic Disposables Business

The Group continues to provide quality service and product to our customers in order to achieve the Group's vision to become a leading manufacturing of household and clinical hygienic disposables in European countries and US. Despite of the unfavourable economic condition in the European countries and US, the Group has confidence to achieve steady income stream from our existing customer in the coming years.

MTBE Business

The acquisition of the MTBE Business during the year provides an opportunity for the Group to enter into the petro-chemical market in the PRC, the acquisition of the MTBE Business not only brings in stable income to the Group, but also, a chance to diversify the Group's business area with rooms to growth.

Household Consumable Business

The acquisition of the Household Consumable Business acts as a stepping stone for the Group to expand into other European countries for both the Household Consumable Business and the Hygienic Disposables Business as customers in these two business are inter-related. Acquisition of this Business provides steady growths in terms of revenue and profit to the Group.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the Code on Corporate Governance Practices (the "Corporate Governance Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. During the year ended 31 March 2012, the Company has continued to apply and meet the code provisions (the"Current A.6.6") of the Corporate Governance Code, except for the deviation set out as below:

Code provision A.6.6 of the Corporate Govermance Code (the "Current A.6.6")

The Current A.6.6 which came in force on 1 April 2012 stipulates, among others, that each director should disclose to the issuer the time involved in offices held in other public companies or organisations and other significant commitments.

The code provision A.5.6 under the previous Corporate Governance Code applied before 1 April 2012, (the "Previous Provision") also had similar requirements.

During the year ended 31 March 2012, since the majority of the Company's businesses and operational matters had been sufficiently attended to by Mr. Chum Tung Hang, Mr. Chum Hon Sing and Ms. Lei Sao Cheung (the executive directors who worked full time for the Company), the Company had not obtained from any of the directors any record of time spent in the Company and other public companies, organisations and other significant commitments by the directors. This constitutes as a deviation of the Current A.6.6 and the Previous Provision. However, each director had performed and discharged his/her duty as director of the Company when required.

As a action plan to address the aforesaid deviation, the Company will require all directors to disclose their time spent for all directorships and offices held with the Company, other public companies or organisations and other significant commitments on a quarterly basis in order to comply with the Current A6.6.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by its directors. The Company confirms that, having made specific enquiry of all the directors of the Company, the directors have complied with the required standards as set out in the Model Code during the year ended 31 March 2012.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2012, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinances, Cap 571 of The Laws of Hong Kong ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules were as follows:

Name of director	**Nature of interest**	**total number of shares held** *(note)*	**Approximate percentage of interest in the Company**
Mr. Wong Wai Sing	Beneficial owner	409,999,590	61.5%
Mr. Chum Hon Sing	Beneficial owner	409,999,590	61.5%

Note: These 409,999,590 shares are held by Twin Star Global Limited, a company beneficially owned by Mr. Wong Wai Sing and Mr. Chum Hon Sing as to 50% and 50% respectively.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURE

Save as otherwise disclosed, at no time during the year and up to the date of this announcement were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or any of their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2012, the following persons (not being a director or the chief executive of our Company) have interests or short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Nature of interest	total number of shares held	Approximate percentage of interest in the Company
Twin Star Global Limited *(Note 1)*	Beneficial owner	409,999,590	61.5%
Speeder Link International Ltd *(Note 2)*	Security Interest	476,666,000	71.5%
Liu Fenzhen *(Note 3)*	Interest in Controlled Corporation	476,666,000	71.5%

Note:

1. The Company was ultimately beneficially owned as to 50% by Mr. Wong Wai Sing and 50% by Mr. Chum Hon Sing.

2. A total of 476,666,000 shares (which beneficially owned by Twin Star Global Limited, Imperishable Land Limited, Smooth Auspicious International Limited and Wise Attempt Limited as to 409,999,590 shares, 19,999,918 shares, 26,666,574 shares and 19,999,918 shares respectively) are deemed to be interested by Speeder Link International Limited as person having a security interest in the shares.

3. These 476,666,000 shares are held by Speeder Link International Limited, a company which is 100% controlled by Liu Fenzhen. By virtue of the SFO, Liu Fenzhen is deemed to be interested in all shares held by Speeder Link International Limited.

Save as disclosed herein, the Company has not been notified of any other person (other than the directors or chief executive of the Company) who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 March 2012.

SHARE OPTION SCHEME

The Company's share option scheme was adopted pursuant to a resolution passed on 17 December 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees, executive and officers (including executive and non-executive directors) of the Company and any of its subsidiaries and advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the Board may grant options to eligible employees, including the directors of the Company and any of its subsidiaries, to subscribe for shares in the Company.

Without prior approval from the Company's shareholders, (i) the total number of shares to be issued under the options of the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue; (ii) the number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then in issue.

Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the Directors and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

During the period from 17 December 2010 to the date of this announcement, no options were granted under the Share Option Scheme.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the year ended 31 March 2012.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENT

The audit committee of the Company (the "Audit Committee") was established on 17 December 2010 with written terms of reference in compliance with the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the Company's financial reporting process and internal control systems.

The Audit Committee comprises three independent non-executive directors, being Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan. The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 March 2012 and considered that the Company had complied with all applicable accounting standards and requirements and made adequate disclosures.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2012 as set out in the Preliminary Announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REMUNERATION COMMITTEE

The Company established a remuneration committee (the "Remuneration Committee") on 17 December 2010, whose primary duties are to evaluate and make recommendations to the Board regarding the compensation of the directors of the Company. In addition, the Remuneration Committee conducts reviews of the performance and determines the compensation structure of the senior management of the Group. The current members of the Remuneration Committee are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.

NOMINATION COMMITTEE

The Company established a nomination committee (the "Nomination Committee") on 17 December 2010 to make recommendations to the Board regarding candidates to fill vacancies on the Board. The current members of the Nomination Committee are Mr. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is available for viewing on the websites of the Stock Exchange at www.hkex.com.hk and of the Company at www.newtreegroupholdings.com.

ANNUAL GENERAL MEETING

The annual general meeting of the Company for the year 2012 is scheduled to be held on 28, August 2012. A notice convening the annual general meeting will be issued and disseminated to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 24 August 2012 to 28 August 2012, both days inclusive for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 23 August 2012.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors are as follows:

– Mr. Tsang Ho Ka, Eugene and Ms. Sung Ting Yee were appointed as the executive directors of the Company effective from 24 April 2012;

– Ms. Yick Mi Ching, Dawnibilly was appointed as the executive director of the Company effective from 1 June 2012;

– Mr. Kwok Kam Tim ("Mr Kwok"), Mr. Kinley Lincoln James Lloyd ("Mr. Kinley") and Dr. Hui Chik Kwan ("Dr. Hui") were appointed as the independent non-executive directors of the Company effective from 24 April 2012;

– Mr. Chum Tung Hang ("Mr. Chum") and Ms. Lei Sao Cheng has resigned as the executive directors of the Company effective from 15 May 2012;

– Mr. Lee Thomas Tuan Tong ("Mr. Lee"), Mr. Chow Tsu Yin ("Mr. Chow") and Mr. Chan Bing Chung ("Mr. Chan") has resigned as independent non-executive directors of the Company effective from 15 May 2012;

– Mr. Kwok, Mr. Kinley and Dr. Hui were appointed as the members of the audit committee of the Company (the "Audit Committee"), the remuneration committee of the Company (the" Remuneration Committee") and the nomination committee of the Company (the"Nomination Committee) respectively effective from 15 May 2012;

– Mr. Chan (chairman of Audit Committee), Mr. Chow and Mr. Lee have relinquished their positions as the chairman and members of the Audit Committee with effect from 15 May 2012 and Mr. Kwok was appointed as the chairman of the Audit Committee with effect from 15 May 2012;

– Mr. Chow (chairman of the Remuneration Committee), Mr. Lee, Mr. Chan and Mr. Chum has relinquished their positions as the chairman and members of the Remuneration Committee with effect from 15 May 2012 and Mr. Kwok was appointed as the chairman of the Remuneration Committee with effect from 15 May 2012; and

– Mr. Lee (chairman of the Nomination Committee), Mr. Chow and Mr. Chan has relinquished their positions as the members of the Nomination Committee with effect from 15 May 2012 and Mr. Kwok was appointed as the chairman of the Nomination Committee with effect from 15 May 2012.

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

Hong Kong, 28 June 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. Kwok Kam Tim, Mr. Kinley Lincoln James Lloyd and Dr. Hui Chik Kwan.