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)

PROFIT WARNING

This announcement is made by Newtree Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571). The board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a substantial loss for the year ended 31 March 2016 (the "**Substantial Loss**") which may be higher than the loss for the previous year.

Based on the information currently available to the Group and preliminary review of the unaudited consolidated financial information of the Group for the year ended 31 March 2016, the Substantial Loss is primarily attributable to (i) the non-cash impairment losses on goodwill and other intangible assets of approximately HK$81.0 million which are subject to the review of the Board and the audit committee of the Company together with the discussion with the Company's auditor and valuers; (ii) the impairment losses on trade receivables and prepayment with prolonged delay in repayment which casts doubts on their recoverability of approximately HK$91.5 million; (iii) the fair value loss on contingent consideration receivables and loss arising from the payment of earn-out consideration in aggregate of approximately HK$52.8 million as a result of the fulfillment of the profit guarantee in relation to prior year acquisitions; and (iv) impairment losses on interest in an associate and available-for-sale financial assets of approximately HK$6.2 million.

As the Company is still in the process of finalising the annual results for the year ended 31 March 2016, the information contained in this announcement is only based on the information currently available and the preliminary assessment made by the Board and management of the Group, and is not based on any figures or information audited or reviewed by the auditor or the audit committee of the Company. Further details of the Group's performance will be disclosed in its annual results for the financial year ended 31 March 2016 which are expected to be published in late June 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 June 2016

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