TM

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 (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors of the Company that, based on the information currently available to the Company and preliminary review of the unaudited consolidated management accounts of the Group, it is expected to record a substantial loss (the "**Substantial Loss**") for the six months ended 30 September 2016 which may be higher than the loss for the corresponding period in 2015.

The Substantial Loss was mainly attributable to (i) the non-cash impairment loss on goodwill of approximately HK$38.6 million arising from Jewelries and Watches Business due to economic downturn in the sales and distribution market in Hong Kong and China and the sluggish consumption in the regions resulting in the decrease in revenue and gross profit of the Group; (ii) the non-cash impairment loss on goodwill of approximately HK$49.3 million arising from Digital Technology Business due to the intense competition among the industry, change in customers' needs and rapid development in information technology resulting in decrease in estimated future profitability; (iii) the impairment loss on trade receivables of approximately HK$29.4 million mainly due to certain customers with prolonged delay in repayment casting doubts on their abilities to make repayments; and (iv) the non-cash impairment loss on interest in an associate of approximately HK$1.5 million.

All of the above are subject to the review of the Board and the audit committee of the Company together with the discussion with the Company's valuers.

As the Company is still in the process of finalising the interim results of the Group for the six months ended 30 September 2016, the information contained in this profit warning announcement is only based on the Company's preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 September 2016, which have not been reviewed or audited by the Company's auditor or the audit committee of the Company. Further details of the Group's financial information for the six months ended 30 September 2016 will be disclosed in the unaudited interim results announcement, which are expected to be published in late November 2016.

The information contained in this announcement is only based on information currently available and the preliminary review by the Board. 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 Executive Director

Hong Kong, 23 November 2016

As at the date of this announcement, the executive Directors are Mr. Wong Wai Sing, Mr. Chum Hon Sing, Mr. Chan Kin Lung, Mr. Lee Chi Shing, Caesar, Ms. Yick Mi Ching, Dawnibilly 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.