新礦資源有限公司
NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1231)

PROFIT WARNING AND BUSINESS UPDATE

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO (Chapter 571, Laws of Hong Kong).

Following the publication of the Previous Announcements, the Group conducted a strategic review of its existing businesses with the assessment results as summarised below and as stated in the main text of this announcement:

PROFIT WARNING RELATING TO POSSIBLE IMPAIRMENT ON THE GROUP'S ASSETS AT THE YANJIAZHUANG MINE

The Board wishes to inform the Shareholders and potential investors that the Company intends to recognise, for reasons and factors as stated in the main text of this announcement, an impairment on the Group's assets at the Yanjiazhuang Mine in the region of approximately RMB500 million for the FY2016. Such impairment, once confirmed, will be reflected in the Group's annual results for the FY2016, which will in turn result in a significant increase in the net loss of the Group as compared to that for the prior year.

BUSINESS UPDATE

As a diversification from its existing businesses, the Group started to pursue the Trading Business. In November 2016, the Group entered into overseas supply agreements for iron ores with the aggregate sale quantity of approximately 150,000 metric tonnes.

In addition, in November 2016, the Group was awarded a contract for car-park operation in a commercial building situated in a prime location on the Hong Kong Island by an independent third party for a term of three years commencing on 1 December 2016. It is expected that the car-park business will generate rental income for the Group based on the occupancy of the relevant car-park.

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

This announcement is made by Newton Resources Ltd (the "**Company**", and together with its subsidiaries, collectively the "**Group**") pursuant to Rule 13.09 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (the "**SFO**", Chapter 571, Laws of Hong Kong).

Reference is made to the Company's interim report (the "**2016 Interim Report**") for the six months ended 30 June 2016 and the Company's announcements dated 7 October 2016 and 1 November 2016 respectively (the "**Previous Announcements**").

Following the publication of the Previous Announcements, the Group conducted a strategic review of its existing businesses, taking into consideration the prevailing business and economic environment, available financial resources and other factors, and that the board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors the assessment results as detailed below:

PROFIT WARNING RELATING TO POSSIBLE IMPAIRMENT ON THE GROUP'S ASSETS AT THE YANJIAZHUANG MINE

Reference is made to the 2016 Interim Report, that the iron concentrate business of the Group has not yet resumed due to local issues and disturbances, and the management of 臨城興業礦產資源有限公司 (Lincheng Xingye Mineral Resources Co., Ltd), which is a 99%-owned subsidiary of the Company (the "**PRC Subsidiary**"), has been exploring the possibility of resuming the trial iron concentrate production at the Yanjiazhuang Mine. In addition, the PRC Subsidiary has been formulating preliminary plan to upgrade the environmental protection measures at the production facilities of crushed stone and railway ballast at the Yanjiazhuang Mine (the "**Upgrade**"). However, as indicated in the 2016 Interim Report and the Previous Announcements, inclement weather that took place in Hebei Province, the People's Republic of China (the "**PRC**") in late July 2016 caused floods and landslides in the region, and resulted in economic losses and disruption, and in turn new demands from the local villagers to the PRC Subsidiary. Such new demands entail additional time for the management of the PRC Subsidiary to negotiate and discuss with the local villagers with a view to settling or satisfying such demands. As such, the originally planned Upgrade as well as the original target to resume the trial production of iron concentrates at the Yanjiazhuang Mine have to be further postponed. To bring forward the matters and to provide incentive for the local villagers to settle the matters in an amicable manner, management of the PRC Subsidiary has preliminary proposal to allow local villagers to participate in the Group's mining operations at the Yanjiazhuang Mine, whereby the local villagers could be awarded based on the PRC Subsidiary's performance attributed to the iron concentrate business (when resumed). Such proposal is however subject to negotiation with the representatives of local villages as well as the local authorities and finalisation and also to the renewal of the mining permit of the Yanjiazhuang Mine.

Having regard to the above postponement in the resumption of iron concentrate trial production and the Upgrade at the Yanjiazhuang Mine and also the possible reduction in profitability of the iron concentrate business in the long run, as well as the persistent oversupply situation leading to a generally falling trend of iron concentrate prices from 2013 to 2016 and market outlook, the Board wishes to inform the Shareholders and potential investors that, based on the management's preliminary assessment, and with regard to preliminary discussion with external valuers, the Company intends to recognise an impairment on the Group's assets at the Yanjiazhuang Mine in the region of approximately RMB500 million for the year ending 31 December 2016 (the "**FY2016**"). Such impairment, once confirmed, will be reflected in the Group's annual results for the FY2016, which will in turn result in a significant increase in the net loss of the Group as compared to that for the prior year. The impairment provision is still subject to finalisation and audit.

The mining permit in respect of the Yanjiazhuang Mine will expire in July 2017. Management of the PRC Subsidiary has started to look into its renewal arrangement. Consultation has been made with PRC legal advisers on the steps and approvals required from the relevant authorities for such renewal. As the Yanjiazhuang Mine has suspended its mining operation for a certain period of time, management of the PRC Subsidiary anticipates that the PRC Subsidiary would encounter complications and difficulties, and need more efforts and time to communicate with the relevant authorities and complete the renewal application process.

If there is any progress on the above matters, the Company will make further announcement in compliance with the Listing Rules and/or the SFO.

BUSINESS UPDATE

As mentioned in the Previous Announcements, the Group has been actively pursuing new business opportunities with potentials (including without limitation investments in mining or resources-related projects) and looking into measures to diversify its businesses. One of the potential businesses considered by the Group is the business of supply and trading of iron ores (the "**Trading Business**").

In such connection, the Board is pleased to announce that in November 2016, the Group entered into overseas supply agreements for iron ores with the aggregate sale quantity of approximately 150,000 metric tonnes. It is planned to expand such Trading Business in order to further the interests of the Company and its Shareholders.

In addition, in November 2016, the Group was awarded a contract for car-park operation in a commercial building situated in a prime location on the Hong Kong Island by an independent third party for a term of three years commencing on 1 December 2016. It is expected that the car-park business will generate rental income for the Group based on the occupancy of the relevant car-park. The Group is also actively looking for additional opportunities in such business segment with a view to gradually bringing a stable income to the Group in the long run.

In view of working capital requirements for development of other businesses of the Group (including the Trading Business), the Group has slowed down the implementation plan and allocation of resources at this stage in respect of the Securities and Treasury Investment Business as well as the Debt Investment and Financing Business as set out in the Previous Announcements. Subject to, among other things, financial resources of the Group and market conditions, the Group would evaluate feasibility to develop the Securities and Treasury Investment Business as well as the Debt Investment and Financing Business.

The Group will continue to explore and consider any business opportunities in relation to, and evaluate and examine the prospects of the existing and potential mining or resources-related projects, the Trading Business, the car-park business, the Securities and Treasury Investment Business as well as the Debt Investment and Financing Business and other businesses.

The information contained in this announcement is only a preliminary assessment by the Board with reference to the information currently available and is not based on any financial figures or information which have been audited or reviewed by the Company's auditors. Further details of the Group's financial results and performance for FY 2016 will be disclosed in the Company's annual results announcement to be published not later than 31 March 2017.

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

By Order of the Board
Newton Resources Ltd
Cheng Kar Shun
Chairman and Non-executive Director

Hong Kong, 30 November 2016

As at the date of this announcement, the executive Directors are Mr. Li Changfa and Mr. Luk Yue Kan; the non-executive Directors are Dr. Cheng Kar Shun, Mr. Hui Hon Chung, Mr. Cheng Chi Ming, Brian and Mr. Wu Wai Leung, Danny; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Lee Kwan Hung and Mr. Shin Yick, Fabian.