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

PROFIT WARNING

This announcement is made by Newton Resources Ltd (the “**Company**”, and together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 13.09(2)(a) 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 (Chapter 571, Laws of Hong Kong).

Based on the preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2022 (the “**Current Period**”) and other information available to the Group, the board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Group is expected to record a net loss for the year of approximately US\$2.2 million for the Current Period, as compared to the net loss of approximately US\$1.8 million recorded for the year ended 31 December 2021 (the “**Corresponding Prior Period**”).

The expected increase in the net loss of the Group for the Current Period as compared to the Corresponding Prior Period is mainly due to the decrease in the Group’s revenue and gross profit caused by the headwinds in the property sector and the reduced steel demand in China in 2022 and the difficult business environment faced by the Group during the Current Period as affected by, among others, the coronavirus-2019 outbreaks and lockdown in major cities in China and the highly volatile and fluctuating iron ore market prices.

Attributed to the weak demand for high-grade iron ores from the Chinese steel mills as they continued to experience poor steel profitability in 2022, the Group is expected to record a significant drop in the revenue and gross profit derived from the sales of iron ores for the Current Period. In addition, volatility reigned in the iron ore market in 2022 with prices rallying and falling and the Group was exposed to the unanticipated sudden upsurge of iron ore market indices during the Current Period, especially towards the end of 2022, resulting in an increase in the purchase prices of iron ores, the costs of which largely could not be passed onto the Group’s customers under the provisional pricing arrangement. The Group therefore experienced a business loss in the second half of 2022 resulting in the expected significant drop in the Group’s gross profit for the Current Period. Subsequent to the Current Period, the trend of the seaborne iron ore market prices continued to rise and is expected to further squeeze the Group’s profit margin earned from the sales of iron ores that were sold and provisionally priced

during the Current Period, which is expected to negatively impact the Group's performance in the upcoming financial year.

The information contained in this announcement is only based on the preliminary assessment and estimates made by the Board with reference to the unaudited financial information of the Group for the Current Period and other information currently available to the Group and is not based on any information or figures which have been audited or reviewed by the Company's auditors and the audit committee of the Company and may be subject to possible adjustments. The Group's annual results for the Current Period may differ from the information contained in this announcement. Further details of the Group's financial results and performance for the Current Period will be disclosed in the Company's annual results announcement for the Current Period to be published in March 2023 in compliance with the Listing Rules.

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

By Order of the Board
Newton Resources Ltd
Chong Tin Lung, Benny
Chairman and Executive Director

Hong Kong, 15 March 2023

As at the date of this announcement, the executive Directors are Mr. Chong Tin Lung, Benny, and Mr. Luk Yue Kan; and the independent non-executive Directors are Mr. Tsui King Fai, Mr. Lee Kwan Hung, Eddie and Mr. Shin Yick, Fabian.