
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Newton Resources Ltd, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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CONTINUING CONNECTED TRANSACTION

MASTER PURCHASE AGREEMENT

Financial adviser to the Company



Independent financial adviser to
the Independent Board Committee and the Independent Shareholders



Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed “Definitions” in this circular. A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 14 of this circular. A letter from the IFA containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 25 of this circular.

A notice convening the EGM to be held at Meeting Room S428 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 15 June 2017 at 11:45 a.m. or any adjournment of such meeting is set out on pages 30 to 31 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed on it and return it to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding the EGM (i.e. at or before 11:45 a.m. on Tuesday, 13 June 2017 (Hong Kong time)) or any adjournment of such meeting (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment of such meeting should you so wish and in such event, the proxy form previously submitted shall be deemed to be revoked.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual Cap(s)”	the maximum aggregate annual value of the iron ore which may be purchased by the Group from SCIT pursuant to the Master Purchase Agreement of US\$51 million, US\$67 million and US\$83 million for each of the three years ending 31 December 2017, 2018 and 2019 respectively as referred to in the section headed “The Master Purchase Agreement – Proposed Annual Caps” in the letter from the Board in this circular
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CFR”	an acronym of “cost and freight”, an international trade term requiring the seller of a contract to arrange for the carriage of goods by sea to a port of destination
“Company”	Newton Resources Ltd, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for, among others, considering, and if thought fit, approval by the Independent Shareholders of the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps for each of the three years ending 31 December 2019
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

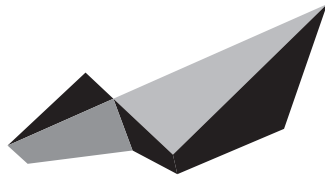
DEFINITIONS

“IFA”	Euto Capital Partners Limited (a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Master Purchase Agreement
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, established to advise the Independent Shareholders in respect of the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps
“Independent Shareholders”	Shareholder(s) other than Shougang Hong Kong, Lord Fortune, Plus All and their respective associates, and all other Shareholders interested in the Master Purchase Agreement
“Independent Third Party(ies)”	third party or parties whose ultimate beneficial owner(s) are independent of the Company and connected persons of the Company
“Latest Practicable Date”	17 May 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Lord Fortune”	Lord Fortune Enterprises Limited, a company incorporated in the British Virgin Islands, being one of the Shareholders which is wholly-owned by Shougang Hong Kong
“Master Purchase Agreement”	the master agreement entered into between the Company (for itself and as trustee for the benefits of its subsidiaries) as purchaser and SCIT as supplier on 25 April 2017 in relation to the purchase of iron ore by the Group from SCIT which shall, subject to approval by Independent Shareholders, become effective on 25 April 2017 and expire on 31 December 2019
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Plus All”	Plus All Holdings Limited, a company incorporated in the Samoa, being one of the Shareholders which is wholly-owned by Shougang Hong Kong
“Purchase Contract”	the written purchase order and/or agreement to be entered into between the relevant member of the Group and SCIT, encapsulating the contract for the sale and purchase of iron ore as the context may require, in such form as the parties to the Master Purchase Agreement shall agree from time to time
“SCIT”	SCIT Trading Limited, a company incorporated in Hong Kong which is indirectly wholly-owned by Shougang Concord
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Shougang Concord”	Shougang Concord International Enterprises Company Limited, a company duly incorporated under the laws of Hong Kong, whose shares are listed on the main board of the Stock Exchange
“Shougang Hong Kong”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong and a substantial shareholder of the Company and the controlling shareholder of Shougang Concord
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“US\$”	the United States dollar, the lawful currency of the United States of America
“Yanjiashuang Mine”	Lincheng Xingye Mineral Resources Co., Ltd Yanjiashuang Mine (臨城興業礦產資源有限公司閆家莊礦), an iron and gabbro-diabase mine located in Yanjiashuang Mining Area, Shiwopu, Haozhuang Town, Lincheng County, Hebei Province, the PRC
“%”	per cent.

LETTER FROM THE BOARD



新礦資源有限公司

NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1231)

Non-executive Directors:

Dr. Cheng Kar Shun (*Chairman*)
Mr. Wu Wai Leung, Danny

Executive Directors:

Mr. Li Changfa
Mr. Luk Yue Kan

Independent non-executive Directors:

Mr. Tsui King Fai
Mr. Lee Kwan Hung
Mr. Shin Yick, Fabian

Registered office:

P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:

Room 1505
15th Floor, New World Tower
16-18 Queen's Road Central
Central, Hong Kong

23 May 2017

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

MASTER PURCHASE AGREEMENT

1. INTRODUCTION

Reference is made to the announcement of the Company dated 25 April 2017 in relation to the Master Purchase Agreement entered into between the Company (for itself and as trustee for the benefit of its subsidiaries) and SCIT, the transactions contemplated under which would constitute continuing connected transactions of the Company.

The purpose of this circular is to provide you with information regarding the resolution to be proposed at the EGM relating to the Master Purchase Agreement and the Annual Caps.

LETTER FROM THE BOARD

2. THE MASTER PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 1 November 2016 in relation to, among others, the Group's plan to explore other business pursuits in the upstream and downstream markets of the steelmaking industry and the construction industry, including the supply and trading of iron ores, other commodities and construction materials, with a view to bringing in new income stream and hence enhancing the Group's performance, and the annual report of the Company for the year ended 31 December 2016 in which it was mentioned that the Group would consider to liaise with the leading enterprises in this industry about the possibility of business cooperation and intended to continue to expand the iron ore trading business to an economically viable scale.

On 25 April 2017, the Company (for itself and as trustee for the benefit of its subsidiaries) as purchaser and SCIT as supplier entered into the Master Purchase Agreement in relation to the purchase and supply of iron ore which shall, subject to approval by the Independent Shareholders, become effective on 25 April 2017 and expire on 31 December 2019.

Further details of the Master Purchase Agreement are set out below.

Date

25 April 2017

Parties

- (1) The Company (for itself and as trustee for the benefit of its subsidiaries); and
- (2) SCIT

Principal terms

Pursuant to the Master Purchase Agreement, the Group may enter into separate Purchase Contracts with SCIT for the purchase of iron ore from SCIT from time to time during the continuance of the Master Purchase Agreement on normal commercial terms and with reference to the pricing method and procedures as explained below. Each Purchase Contract to be entered into pursuant to the Master Purchase Agreement shall specify the quantity, typical quality standard and specifications of the iron ore, the unit selling price and the formula(s) for any adjustment thereof by reference to the quality and specifications (such as the chemical and physical content) of the iron ore delivered, delivery period and other terms on which the iron ore is to be supplied as agreed among the parties to the Purchase Contracts based on the principal provisions set out in the Master Purchase Agreement and on normal commercial terms.

LETTER FROM THE BOARD

Under the Master Purchase Agreement, the Group shall not be restricted from purchasing any iron ore from any third party supplier, and SCIT shall not be restricted from selling any iron ore to any third party customer.

SCIT shall ensure that all iron ore supplied to the Group will meet the quantity, quality standard and specifications of the iron ore, delivery period and such other requirements as may be prescribed in the Purchase Contracts.

The Company shall procure that the relevant member of the Group will make payment of the relevant purchase price to SCIT within the period and manner laid down in the Purchase Contracts.

Pricing method and procedures

The transactions under the Master Purchase Agreement shall be on normal commercial terms and the prices payable by the Group for the iron ore will be agreed between SCIT and the relevant member of the Group from time to time on an arm's length basis by reference to the prevailing comparable market prices of the iron ore at the relevant time, which shall be determined by reference to:

- (i) the comparable market price shown for the iron ore in the applicable Platts Iron Ore Index in SBB Steel Markets Daily (or such other index that is commonly used in the iron ore industry and recognised to have authoritative or reference value) (the “**Reference Index Price**”); or
- (ii) in the event that no Reference Index Price can be taken as a reference, any cost quotation to be obtained by the Group from its Independent Third Parties supplier for similar iron ore with similar quantity, typical quality standard and specifications.

The Platts Iron Ore Index is recognised as a benchmark assessment of the spot price of physical iron ore. It is commonly used as a primary physical market pricing reference for the determination of the price of seaborne iron ore delivered into the PRC. The Platts Iron Ore Index is published on a daily basis and therefore the prices payable by the Group under the Master Purchase Agreement are expected to be highly transparent in the open market.

The Group did not purchase any iron ore from SCIT in the past. All iron ores of the Group were previously purchased from Independent Third Parties suppliers. For all such iron ore purchases with Independent Third Parties suppliers, the Platts Iron Ore Index had been used to determine the iron ore price payable by the Group to such Independent Third Parties suppliers. Accordingly, the pricing method set out in point (i) above is consistent with that of previous dealings with the Independent Third Parties suppliers of the Group.

LETTER FROM THE BOARD

In order to ensure that the pricing method in the Master Purchase Agreement is adhered to and that the purchase to be entered into by the Group under each Purchase Contract will be on normal commercial terms, the Group will adopt the following measures:

- (1) the Group will check whether the Reference Index Price has been adopted in the formula for determining the unit selling prices, and obtain other information of the transaction price(s) of iron ore of similar quantity, typical quality standard and specifications on industry website(s) for comparison with those offered by SCIT; and
- (2) where the Reference Index Price is not available, the Group shall compare the prices offered by SCIT with the unit selling prices payable by the Group to its Independent Third Parties suppliers in its recent purchases of iron ore of similar quantity, typical quality standard and specifications or (where such information is not available) one or (where practicable) more cost quotations to be obtained by the Group from its Independent Third Parties suppliers in respect of iron ore of similar quantity, typical quality standard and specifications.

In addition to those set out above, the Group will also adopt the following measures:

- (i) dedicated personnel of the Group will be responsible for regular monitoring of the continuing connected transactions to ensure that the Annual Caps will not be exceeded;
- (ii) internal review will be conducted by the Group to assess, on a periodic basis, whether the purchases of iron ore have been made in accordance with the terms of the Master Purchase Agreement;
- (iii) the Company will engage its auditors to conduct an annual review of the continuing connected transactions conducted pursuant to the Master Purchase Agreement; and
- (iv) the independent non-executive Directors will review the continuing connected transactions entered into pursuant to the Master Purchase Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 December 2017, 2018 and 2019 whether such continuing connected transactions have been entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in accordance with the Master Purchase Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Board considers that the above internal control measures can ensure that the transactions under the Master Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

LETTER FROM THE BOARD

Proposed Annual Caps

The Group proposes that the below Annual Caps be set for the continuing connected transactions contemplated under the Master Purchase Agreement in respect of the years ending 31 December 2017, 2018 and 2019:

	2017 <i>US\$' million</i>	2018 <i>US\$' million</i>	2019 <i>US\$' million</i>
Proposed Annual Caps	<u>51</u>	<u>67</u>	<u>83</u>

In 2016, the Group sold approximately 0.14 million tonnes of iron ore and recognised revenue of approximately RMB79.6 million. In 2017 (up to the Latest Practicable Date), in view of the growing demand for iron ore supplied by the Group which was mainly attributable to initial acceptance of iron ore supplied by the Group by traders and other market players and the Group's efforts to extend customer reach, the Group had entered into contracts with Independent Third Parties suppliers to purchase approximately 0.64 million tonnes of iron ore. As further explained in the paragraphs headed "Reasons for the continuing connected transactions" below, the Board intends to further expand the Group's trading business. To accommodate such business expansion, the Group intends to purchase iron ore from SCIT in 2017 and the years to come (subject to approval by Independent Shareholders at the EGM), in addition to those purchases of iron ore from Independent Third Parties suppliers.

Iron ore price had experienced great volatility in the past, with the Platts Iron Ore Index (62% Fe fines) fluctuated in a range between approximately US\$49 per tonne and US\$92 per tonne during the past 12-month period from 1 April 2016 to 31 March 2017. In view of such volatility, the highest index amount for the past 12-month period of US\$92 per tonne is applied in determining the Annual Cap for the year ending 31 December 2017.

As for the anticipated iron ore purchase price in the year ending 31 December 2018, it is estimated by the Board taking into account iron ore price forecasts recently made by two international investment banks. In the respective forecasts, one international investment bank anticipated that the price of iron ore spot China CFR (62% Fe) would be US\$55 per tonne, while the other international investment bank expected that the iron ore spot would be US\$48 per tonne in the year ending 31 December 2018. The highest iron ore price forecast of US\$55 per tonne is adopted in determining the Annual Cap for the year ending 31 December 2018. As for the anticipated iron ore purchase price in the year ending 31 December 2019, no estimate has been provided by the two international investment banks; however, one of them predicted that the long term price of iron ore spot China CFR (62% Fe) would be US\$62 per tonne. Accordingly, the iron ore price of US\$62 per tonne is adopted in formulating the Annual Cap for the year ending 31 December 2019.

LETTER FROM THE BOARD

For the years ending 31 December 2017, 2018 and 2019, the Group is expected to purchase not more than 0.55 million tonnes, 1.21 million tonnes and 1.33 million tonnes of iron ore from SCIT respectively, each representing not more than 60% of the annual volume of iron ore expected to be purchased by the Group from all its suppliers in the respective financial year.

For the year ending 31 December 2017, subject to approval by the Independent Shareholders at the EGM, it is expected that the Group will purchase from SCIT not more than 0.55 million tonnes of iron ore in the second half of 2017, which is estimated with reference to the contracted quantity of iron ore purchase in 2017 (up to the Latest Practicable Date) amounting to approximately 0.64 million tonnes.

The annual quantity of iron ore to be purchased from SCIT is expected to grow in both of the years ending 31 December 2018 and 2019 due to the anticipated continuous expansion of the Group's trading business. On this basis, the annual quantity of iron ore to be purchased from SCIT is expected not to exceed 1.21 million tonnes in the year ending 31 December 2018, which represents a double of the expected maximum purchase quantity from SCIT in 2017 of 0.55 million tonnes (on an annualised basis) plus a 10% growth. Likewise, the expected maximum annual quantity of iron ore to be purchased from SCIT of 1.33 million tonnes for the year ending 31 December 2019 represents a 10% growth from that of the previous year.

On the aforesaid bases together with the rounding up of the dollar amount to the nearest million, the Board expects that the aggregate purchase prices payable by the Group to SCIT for the purchase of iron ore under the Master Purchase Agreement would not exceed US\$51 million, US\$67 million and US\$83 million for each of the three years ending 31 December 2017, 2018 and 2019 respectively.

Duration

Subject to approval of the Master Purchase Agreement and the transactions contemplated thereunder, including the Annual Caps, by the Independent Shareholders, the Master Purchase Agreement shall become effective on 25 April 2017 and expire on 31 December 2019. If the approval by the Independent Shareholders cannot be obtained on or before 31 August 2017 (or such other date as the parties to the Master Purchase Agreement may agree in writing), the Master Purchase Agreement shall forthwith determine and no party shall be entitled to any rights or benefits or be under any obligations under or in respect of the Master Purchase Agreement.

LETTER FROM THE BOARD

3. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As explained in the annual report of the Company for the year ended 31 December 2016, although the Group was pursuing its business promotion for highway crushed stone and railway ballast progressively, the Group's business remained staggering in 2016 since the production and operations at the Yanjiazhuang Mine were suspended again due to the unforeseen requirement for an environmental protection upgrade from the government authorities and the floods and damages caused by heavy rains in the region which had further hampered the business development in the area. As such, the Group's development strategy has been to continuously explore and expand its business portfolio. In addition to the operations at the Yanjiazhuang Mine, the Group has been actively pursuing other business and investment opportunities so as to achieve the objectives of carrying out sustainable development and diversifying its business and revenue source, thereby enhancing its overall performance. In particular, as set out in the Company's announcement dated 1 November 2016, the Group has been looking into the possibility and taking the appropriate steps to expand its iron concentrate business to the downstream trading business of iron ore and steel products.

In the second half of 2016, the Group started its trading business through a newly formed wholly-owned subsidiary, primarily involving the supply and sales of iron ore at this stage. During the year ended 31 December 2016, the Group sold approximately 0.14 million tonnes of iron ore and recognised revenue of approximately RMB79.6 million, which was the major contributor to the significant increase in the overall revenue of the Group for the year as compared with that for the preceding financial year. In view of this, the management of the Group targets to expand the trading business in an orderly manner and has been liaising with leading enterprises in the iron ore industry about the possibility of long-term business cooperation, so as to pave way for the Group's long-term development.

By entering into the Master Purchase Agreement, the Group may purchase iron ore from SCIT to satisfy the Group's growing demand for iron ore as a result of the expansion in its iron ore business, thereby facilitating the future growth and the long-term development of the Group.

The terms and conditions of the Master Purchase Agreement were negotiated between the parties to it on an arm's length basis. The Board is of the view that the terms and conditions (including the pricing method and procedures) of the Master Purchase Agreement are on normal commercial terms and are fair and reasonable and the continuing connected transactions contemplated under the Master Purchase Agreement will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Board is also of the view that the proposed Annual Caps for the continuing connected transactions under the Master Purchase Agreement for each of the three years ending 31 December 2017, 2018 and 2019 respectively are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors has or is deemed to have a material interest in the Master Purchase Agreement and the transactions contemplated thereunder, including the Annual Caps, and is required to abstain from voting on the relevant resolution at the board meeting.

4. IMPLICATIONS UNDER THE LISTING RULES

The Group is principally engaged in the operation of an iron and gabbro-dabase mine in the PRC and trading of iron ore. SCIT is principally engaged in the trading of iron ore, steel and related products.

As at the Latest Practicable Date, SCIT was an indirect wholly-owned subsidiary of Shougang Concord, which was controlled as to approximately 47.78% by Shougang Hong Kong, a substantial shareholder of the Company holding an aggregate of approximately 27.46% of the total number of Shares in issue through its subsidiaries, Lord Fortune and Plus All. As such, SCIT was an associate of Shougang Hong Kong and a connected person of the Company under the Listing Rules, and the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Annual Caps for each of the three years ending 31 December 2019 are expected to represent more than 5% of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million, the transactions contemplated under the Master Purchase Agreement and the Annual Caps are subject to reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In view of the foregoing, the Company will seek to obtain the approval of the Independent Shareholders on the continuing connected transactions under the Master Purchase Agreement and the Annual Caps at the EGM. In accordance with the Listing Rules, the voting at the EGM will be taken by poll. Shougang Hong Kong, Lord Fortune, Plus All and their respective associates, and any Shareholders who are materially interested in the continuing connected transactions under the Master Purchase Agreement are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the continuing connected transactions under the Master Purchase Agreement and the Annual Caps under the Listing Rules.

LETTER FROM THE BOARD

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to advise the Independent Shareholders as to whether the terms of the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps are fair and reasonable, whether the continuing connected transactions contemplated under the Master Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendations of the IFA. Euto Capital Partners Limited has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

5. EGM

The Company will convene the EGM at Meeting Room S428 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong at 11:45 a.m. on Thursday, 15 June 2017 to consider and, if thought fit, approve the Master Purchase Agreement and the Annual Caps. A notice of the EGM is set out on pages 30 to 31 of this circular.

Pursuant to Rule 13.39 of the Listing Rules, the resolution to be proposed at the EGM will be taken by poll, the results of which will be announced after the EGM.

Shougang Hong Kong, Lord Fortune, Plus All and their respective associates, and any Shareholders who are materially interested in the continuing connected transactions contemplated under the Master Purchase Agreement are required to abstain from voting on the resolution proposed to be passed at the EGM for approving the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, Shougang Hong Kong, Lord Fortune, Plus All and their respective associates held an aggregate of 1,098,570,000 Shares, representing approximately 27.46% of the total number of Shares in issue as at the Latest Practicable Date.

A form of proxy for use at the EGM is also enclosed. If you are unable to attend the EGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and, in any event no later than 48 hours before the time for the EGM (i.e. at or before 11:45 a.m. on Tuesday, 13 June 2017 (Hong Kong time)) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment of such meeting should you so wish and in such event, the proxy form previously submitted shall be deemed to be revoked.

LETTER FROM THE BOARD

6. RECOMMENDATION

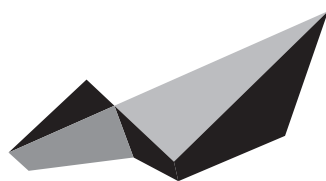
The Board considers that the continuing connected transactions under the Master Purchase Agreement and the Annual Caps are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolution in the terms as set out in the notice of the EGM.

7. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee set out in page 14 of this circular which contains its advice to the Independent Shareholders regarding the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps, the letter from the IFA set out on pages 15 to 25 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders regarding the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps and the principal factors and reasons taken into consideration in arriving at its advice, and the additional information set out in the Appendix to this circular.

Yours faithfully,
By order of the Board
Newton Resources Ltd
Wu Wai Leung, Danny
Non-executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



新礦資源有限公司
NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1231)

23 May 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

MASTER PURCHASE AGREEMENT

We refer to the circular issued by the Company to the Shareholders and dated 23 May 2017 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions for the Company and are subject to the approval of the Independent Shareholders. We have been appointed by the Board to consider the terms of the Master Purchase Agreement and the Annual Caps and to advise the Independent Shareholders in connection with the continuing connected transactions as contemplated under the Master Purchase Agreement as to whether, in our opinion, the terms of the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps are fair and reasonable, whether the continuing connected transactions contemplated under the Master Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendations of the IFA. Euto Capital Partners Limited has been appointed as the IFA to advise us and the Independent Shareholders in this respect.

We wish to draw your attention to the letter from the Board and the letter from the IFA as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, the IFA as set out in its letter of advice, we consider that the terms of the continuing connected transactions contemplated under the Master Purchase Agreement and the Annual Caps are fair and reasonable. We also consider that the continuing connected transactions contemplated under the Master Purchase Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the terms and the entering into of the Master Purchase Agreement, the continuing connected transactions as contemplated under the Master Purchase Agreement and the Annual Caps at the EGM.

Yours faithfully,
For and on behalf of

Independent Board Committee

Lee Kwan Hung

Independent non-executive Directors

Tsui King Fai

Shin Yick, Fabian

LETTER FROM THE IFA

The following is the full text of the letter of advice to the Independent Board Committee and Independent Shareholders from the IFA dated 23 May 2017 prepared for incorporation in this circular.



23 May 2017

*To the Independent Board Committee and
the Independent Shareholders of Newton Resources Limited*

Dear Sirs and Madams,

CONTINUING CONNECTED TRANSACTION

MASTER PURCHASE AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Master Purchase Agreement (the “**Continuing Connected Transactions**”), details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 23 May 2017 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

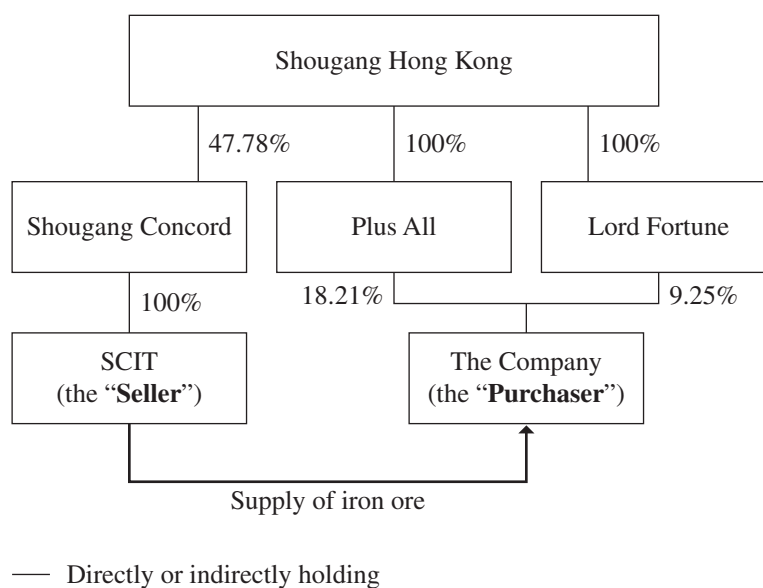
On 25 April 2017, the Company (for itself and as trustee for the benefit of its subsidiaries) as purchaser and SCIT as supplier entered into the Master Purchase Agreement in relation to the purchase and supply of iron ore which shall, subject to approval by the Independent Shareholders, become effective on 25 April 2017 and expire on 31 December 2019.

Pursuant to the Master Purchase Agreement, the Group may enter into separate Purchase Contracts with SCIT for the purchase of iron ore from SCIT from time to time during the continuance of the Master Purchase Agreement, with reference to the pricing method and procedures as explained in the paragraphs headed “Principal factors and reasons considered” below.

As at the Latest Practicable Date, SCIT is an indirect wholly-owned subsidiary of Shougang Concord, which is controlled as to approximately 47.78% by Shougang Hong Kong, a substantial shareholder of the Company holding an aggregate of approximately 27.46% of the total number of Shares in issue through its subsidiaries, Lord Fortune and Plus All. As such, SCIT is an associate of Shougang Hong Kong and a connected person of the Company under the Listing Rules, and the transactions contemplated under the Master Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE IFA

The following diagram illustrates the corporate structure of the Company, Shougang Hong Kong, Shougang Concord and SCIT:



As the Annual Caps for each of the three years ending 31 December 2019 are expected to represent more than 5% of the applicable percentage ratios under the Listing Rules and are expected to exceed HK\$10 million, the transactions contemplated under the Master Purchase Agreement and the Annual Caps are subject to reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising Mr. Tsui King Fai, Mr. Lee Kwan Hung, and Mr. Shin Yick, Fabian, all being the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Master Purchase Agreement are fair and reasonable, whether the Continuing Connected Transactions are on normal commercial terms, and are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account of our recommendations.

OUR INDEPENDENCE

We, Euto Capital Partners Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. Mr. Manfred Shiu is the person signing off the opinion letter from Euto Capital contained in the Circular. Mr. Shiu has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under SFO since 2009 and has participated in and completed various independent financial advisory transactions in Hong Kong. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or its substantial shareholders, Directors or chief executive, or any of their respective associates or any party to the Master Purchase Agreement or the Continuing Connected Transactions. We are independent under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the Continuing Connected Transactions.

LETTER FROM THE IFA

Our role as the Independent Financial Adviser is to give our independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; (ii) whether the Proposed Annual Caps for the supply of iron ore and the pricing method under the Master Purchase Agreement are fair and reasonable; (iii) whether the Master Purchase Agreement and the transactions contemplated thereunder will be conducted on normal commercial terms in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and (iv) how the Independent Shareholders should vote on the relevant resolution(s) at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true up to the Latest Practicable Date.

The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular are accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs of the Company, its subsidiaries or associates, nor have we carried out any independent verification of the information provided.

Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Continuing Connected Transactions and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM THE IFA

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation in relation to the Continuing Connected Transactions, we have considered the following principal factors and reasons:

1. Background information of the Group and SCIT

The Group

As stated in the Letter, the Group is principally engaged in the operation of an iron and gabbro-diabase mine in the PRC and trading of iron ore.

Below is a summary of the Group's revenue and the results by operating segment for the year ended 31 December 2016.

	Segment Revenue <i>RMB'000</i>
Trading Business	79,641
Gabbro-Diabase and Stone	4,753
Car-Park Business	190
Iron Concentrates	—
	<hr/>
	84,584
	<hr/> <hr/>

Although the trading business commenced in the second half of 2016, as seen from above, trading of iron ore contributed a significant portion (approximately 94.2%) of the total revenue for the year ended 31 December 2016.

During our discussion with the management of the Company, we were advised that the relatively impressive performance of the Group's trading business led the Group to consider expanding the trading business in an orderly manner and has been liaising with leading enterprises in the iron ore industry about the possibility of long-term business cooperation, so as to pave way for the Group's long-term development.

SCIT

SCIT, being the supplier of iron ores to the Company under the Master Purchase Agreement, is principally engaged in the trading of iron ore, steel and related products. Its holding company, Shougang Concord, is a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 697) and is principally engaged in trading of iron ore, steel and related products, with revenue and net asset value amounting to approximately HK\$1,036 million and approximately HK\$4,705 million respectively for the year ended 31 December 2016.

LETTER FROM THE IFA

2. Reasons for and benefits of the Continuing Connected Transactions

Reasons

On the rationale for entering into the Master Purchase agreement, the management of the Company advised us that this was from the result of a continuous assessment of the Group's operating segments. We were further advised that, although the Group was pursuing its business promotion for highway crushed stone and railway ballast progressively, the Group's business remained staggering in 2016 since the production and operations at the Yanjiazhuang Mine were suspended again due to the unforeseen requirement for an environmental protection upgrade from the government authorities and the floods and damages caused by heavy rains in the region which had further hampered the business development in the area.

On the contrary, the newly established iron ore trading business presented a relatively better result. During the year ended 31 December 2016, the Group sold approximately 0.14 million tonnes of iron ore and recognised revenue of approximately RMB79.6 million. During the period from 1 January 2017 up to the Latest Practicable Date, in view of the growing demand for iron ore supplied by the Group which was mainly attributable to initial acceptance of iron ore supplied by the Group by traders and other market players and the Group's efforts to extend customer reach, the Group had further entered into agreements for supply of approximately 0.64 million tonnes of iron ore which had illustrated a substantial increase of business volume in this segment.

Our View

In light of the continuous challenges of the mining operation and for the production of highway crushed stone and railway ballast, we concur with the Company that the iron ore trading is an alternative business operation which provides a profitable opportunity without substantial capital investment and commitment.

We concur with the Board's view that SCIT is a reputable iron ore supplier as its holding company, Shougang Concord, is a company whose shares are listed on the main board of the Stock Exchange (Stock Code: 697) and is principally engaged in trading of iron ore, steel and related products, with revenue and net asset value amounting to approximately HK\$1,036 million and HK\$4,705 million respectively for the year ended 31 December 2016.

By entering into the Master Purchase Agreement with such business partner, the Group will be able to secure stable supply from a reputable supplier to satisfy the Group's growing demand for iron ore as a result of the expansion in its iron ore business, thereby facilitating the future growth and the long-term development of the Group.

LETTER FROM THE IFA

3. Principal terms of the Master Purchase Agreement

Items purchased

Pursuant to the Master Purchase Agreement, the Group may enter into separate Purchase Contracts with SCIT for the purchase of iron ore from SCIT from time to time during the continuance of the Master Purchase Agreement on normal commercial terms and with reference to the pricing method and procedures as explained below.

Purchase Contract to be entered into with further particulars

Each Purchase Contract to be entered into pursuant to the Master Purchase Agreement shall specify the quantity, typical quality standard and specifications of the iron ore, the unit selling price and the formula(s) for any adjustment thereof by reference to the quality and specifications (such as the chemical and physical content) of the iron ore delivered, delivery period and other terms on which the iron ore is to be supplied as agreed among the parties to the Purchase Contracts based on the principal provisions set out in the Master Purchase Agreement and on normal commercial terms.

Pricing

The transactions under the Master Purchase Agreement shall be on normal commercial terms and the prices payable by the Group for the iron ore will be agreed between SCIT and the relevant member of the Group from time to time on an arm's length basis by reference to the prevailing comparable market prices of the iron ore at the relevant time, which shall be determined by reference to:

- (i) the comparable market price shown for the iron ore in the applicable Platts Iron Ore Index in SBB Steel Markets Daily (or such other index that is commonly used in the iron ore industry and recognised to have authoritative or reference value) (the "**Reference Index Price**"); or
- (ii) in the event that no Reference Index Price can be taken as a reference, any cost quotation to be obtained by the Group from its Independent Third Parties suppliers for similar iron ore with similar quantity, typical quality standard and specifications.

We concur with the Board that the Platts Iron Ore Index (with further details set out in its official website of www.platts.com) is recognised as a benchmark assessment of the spot price of physical iron ore. It is commonly used as a primary physical market pricing reference for the determination of the price of seaborne iron ore delivered into the PRC. The Platts Iron Ore Index is published on a daily basis and therefore the prices payable by the Group under the Master Purchase Agreement are expected to be highly transparent in the open market.

LETTER FROM THE IFA

The Group has adopted the Platts Iron Ore Index as the pricing reference since its iron ore trading in 2016. We have reviewed five invoices for the transactions with Independent Third Parties suppliers and noted the unit price of the iron ore will make reference to the then Platts Iron Ore Index.

In light of the above, we are of the view that the terms and conditions of the Master Purchase Agreement are on normal commercial terms and fair and reasonable.

4. Pricing method and the procedures

We were advised by the management of the Company that, in order to ensure that the pricing method in the Master Purchase Agreement is adhered to and that the purchase to be entered into by the Group under each Purchase Contract will be on normal commercial terms, the Group will adopt the following procedures:

- (1) the Group will check whether the Reference Index Price has been adopted in the formula for determining the unit selling prices, and obtain other information of the transaction price(s) of iron ore of similar quantity, typical quality standard and specifications on industry website(s) for comparison with those offered by SCIT; and
- (2) where the Reference Index Price is not available, the Group shall compare the prices offered by SCIT with the unit selling prices payable by the Group to its Independent Third Parties suppliers in its recent purchases of iron ore of similar quantity, typical quality standard and specifications or (where such information is not available) one or (where practicable) more cost quotations to be obtained by the Group from its Independent Third Parties suppliers in respect of iron ore of similar quantity, typical quality standard and specifications.

In addition to those set out above, the Group will also adopt the following procedures:

- (i) dedicated personnel of the Group will be responsible for regular monitoring of the Continuing Connected Transactions to ensure that the Annual Caps will not be exceeded;
- (ii) internal review will be conducted by the Group to assess, on a periodic basis, whether the purchases of iron ore have been made in accordance with the terms of the Master Purchase Agreement;
- (iii) the Company will engage its auditors to conduct an annual review of the Continuing Connected Transactions conducted pursuant to the Master Purchase Agreement; and

LETTER FROM THE IFA

- (iv) the independent non-executive Directors will review the Continuing Connected Transactions entered into pursuant to the Master Purchase Agreement on an annual basis and confirm in the annual reports of the Company for the years ending 31 December 2017, 2018 and 2019 whether such Continuing Connected Transactions have been entered into in the ordinary and usual course of business of the Group, and on normal commercial terms or better, and in accordance with the Master Purchase Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In light of the above, we are of the view that the Company has a sound risk management system to safeguard the interest of the Independent Shareholders. We further concur with the Directors that the above internal control measures can ensure that the transactions under the Master Purchase Agreement will be conducted in the ordinary and usual course of business of the Company on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

5. Proposed Annual Caps

As stated in the Letter, the Group proposes that the below Annual Caps be set for the Continuing Connected Transactions in respect of the years ending 31 December 2017, 2018 and 2019.

	For the year ending 31 December		
	2017	2018	2019
	<i>US\$' million</i>	<i>US\$' million</i>	<i>US\$' million</i>
Proposed Annual Caps	<u>51</u>	<u>67</u>	<u>83</u>

The management of the Company advised us that the calculation of the Proposed Annual Caps is based on (i) the expected iron ore purchase price and (ii) the expected maximum annual purchase quantity of iron ore (the “**Expected Purchase Quantity**”) of the Company from SCIT as below:

	Expected Iron Ore Purchase Price	Expected Purchase Quantity*	Proposed Annual Caps
	<i>(US\$ per tonne)</i>	<i>(million tonne)</i>	<i>(US\$ million)</i>
	(A)	(B)	(A)x(B)
2017	92	0.55	50.60
2018	55	1.21	66.55
2019	62	1.33	82.46

* Each of the Expected Purchase Quantity represents not more than 60% of the annual volume of iron ore expected to be purchased by the Group from all its suppliers in the respective financial year.

LETTER FROM THE IFA

Proposed Annual Cap of 2017

(i) *Expected Iron Ore Purchase Price of US\$92 per tonne*

As advised by the management of the Company, Iron ore price had experienced great volatility in the past, with the Platts Iron Ore Index (62% Fe fines) fluctuated in a range between approximately US\$49 per tonne and US\$92 per tonne during the past 12-month period from 1 April 2016 to 31 March 2017. In view of such volatility, the highest index amount for the past 12-month period of US\$92 per tonne is applied in determining the Annual Cap for the year ending 31 December 2017.

(ii) *Expected Purchase Quantity of 0.55 million tonnes*

As advised by the management of the Company, for the year ending 31 December 2017, subject to approval by the Independent Shareholders at the EGM, the management of the Company expected that the Group will purchase from SCIT of not more than 0.55 million tonnes of iron ore in the second half of 2017, which is estimated with reference to the contracted quantity of iron ore purchase in 2017 (amounting to approximately 0.64 million tonnes) so far.

(iii) *Our View*

We have reviewed the Platts Iron Ore Index, a benchmark assessment of the spot price of physical iron ore, the highest rolling monthly index price for the abovementioned period is US\$92 per tonne, which conforms with the expected iron ore purchase price in 2017. We also concurred with the management to use the quantity of iron ore purchased in 2017 so far as the basis as the yearly purchase amount.

Proposed Annual Cap of 2018

(i) *Expected Iron Ore Purchase Price of US\$55 per tonne*

As advised by the management of the Company, as per the iron ore price forecasts recently made by two international investment banks, one international investment bank anticipated that the price of iron ore spot China CFR (62% Fe) would be US\$55 per tonne, while the other international investment bank expected that the iron ore spot would be US\$48 per tonne in the year ending 31 December 2018. The highest iron ore price forecast of US\$55 per tonne was then adopted by the Company in determining the Annual Cap for the year ending 31 December 2018.

(ii) *Expected Purchase Quantity of 1.21 million tonnes*

As advised by the management of the Company, the annual quantity of iron ore to be purchased from SCIT is expected not to exceed 1.21 million tonnes in the year ending 31 December 2018, which represents a double of the expected maximum purchase quantity from SCIT in 2017 of 0.55 million tonnes (as an annualising effect) plus a 10% growth.

LETTER FROM THE IFA

(iii) Our View

We have reviewed two iron ore price forecasts recently made by two investment banks and they anticipated that the iron ore spot and the price of iron ore spot China CFR (62% Fe) would be US\$48 per tonne and US\$55 per tonne respectively for the year ending 31 December 2018.

Considering that the Company had been able to achieve substantial increase in trading volume even though the trading business had only been developed for less than 1 year after its commencement, we also concurred with the management that the 10% growth based on the growth of the iron ores purchased in 2017 is fair and reasonable.

Proposed Annual Cap of 2019

(i) Expected Iron Ore Purchase Price of US\$62 per tonne

As advised by the management of the Company, one international investment bank predicted that the long term price of iron ore spot China CFR (62% Fe) would be US\$62 per tonne. Accordingly, the iron ore price of US\$62 per tonne is adopted in formulating the Annual Cap for the year ending 31 December 2019.

(ii) Expected Purchase Quantity of 1.33 million tonnes

As advised by the management of the Company, the expected maximum annual quantity of iron ore to be purchased from SCIT of 1.33 million tonnes for the year ending 31 December 2019 represents a 10% growth from that of the previous year.

(iii) Our View

We have reviewed an iron ore price forecast made by an international investment bank, it anticipated that the long term price of iron ore spot China CFR (62% Fe) would be US\$62 per tonne and it conforms with the adopted iron ore price of US\$62 per tonne for the proposed Annual Cap of 2019.

We also concurred with the management that the 10% growth based on expected volume of iron ores purchased in 2018 is fair and reasonable.

LETTER FROM THE IFA

RECOMMENDATION

Taking into account the factors and reasons as mentioned under the section headed “Principal factors and reasons considered” above in this letter, we are of the view that:

- (i) the terms of the Continuing Connected Transactions and the proposed Annual Caps are fair and reasonable;
- (ii) the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and
- (iii) the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the terms and the entering into of the Master Purchase Agreement, the Continuing Connected Transactions and the proposed Annual Caps.

Yours faithfully,
For and on behalf of
Euto Capital Partners Limited
Manfred Shiu
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular or this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, none of the Directors and the chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register maintained by the Company referred to in section 352 of the SFO pursuant thereto; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as adopted by the Company.

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, Dr. Cheng Kar Shun was a director of Cheng Yu Tung Family (Holdings) Limited (“**CYTF Holdings**”), Cheng Yu Tung Family (Holdings II) Limited (“**CYTF Holdings II**”), Chow Tai Fook Capital Limited (“**CTF Capital**”), Chow Tai Fook (Holding) Limited (“**CTF Holding**”), Chow Tai Fook Enterprises Limited (“**CTF Enterprises**”), New World Development Company Limited (“**NWD**”) and NWS Holdings Limited (“**NWS**”). As disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, as at the Latest Practicable Date:

- (1) CYTF Holdings and CYTF Holdings II had direct interests of approximately 48.98% and approximately 46.65% respectively in CTF Capital;
- (2) CTF Capital held an approximately 81.03% direct interest in CTF Holding;
- (3) CTF Holding held the entire issued capital of CTF Enterprises;
- (4) CTF Enterprises had an approximately 44.20% direct interest in NWD;
- (5) NWD had an approximately 61.71% direct interest in NWS;
- (6) NWS held a 100% direct interest in NWS Resources Limited (“**NWS Resources**”);

- (7) NWS Resources held the entire issued capital of NWS Mining Limited (“**NWS Mining**”);
- (8) NWS Mining held the entire issued capital of Modern Global Holdings Limited (“**Modern Global**”);
- (9) Modern Global owned the entire issued capital of Perfect Move Limited (“**Perfect Move**”); and
- (10) Faithful Boom Investments Limited (“**Faithful Boom**”), a wholly-owned subsidiary of Perfect Move, beneficially owned 620,000,000 Shares, representing approximately 15.50% of the issued Shares.

As such, by virtue of the SFO, CYTF Holdings, CYTF Holdings II, CTF Capital, CTF Holding, CTF Enterprises, NWD and NWS were all deemed to have interests in the Shares in which Faithful Boom was interested, which had been disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, so far as was known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ COMPETING INTERESTS

As at the Latest Practicable Date, the following Director was considered to have interests in businesses which competed or would be likely to compete, either directly or indirectly, with the Group’s business:

Name	Entity	Description of business which competed or would be likely to compete with the Group’s business	Nature of interest of the Director in the entity
Dr. Cheng Kar Shun	NWS and its subsidiaries	Car-park management	Director and shareholder
	FSE Holdings Limited and its subsidiaries	Car-park management	Director and shareholder

As all members of the Board (other than the above Director) were independent of the above entities and their respective boards of directors and the above Director had no control of the Board, the Board was of the view that Group was and would be capable of carrying on its car-park businesses independently of, and at arm’s length from the businesses of the above entities. As at the Latest Practicable Date, the Board had no plan or intention for any merger or acquisition involving the car-park businesses of the Group and any of the above entities.

Save as disclosed above, as at the Latest Practicable date, no Director had any interest in any business which competed or would be likely to compete, either directly or indirectly, with the Group's business.

4. DIRECTORS' AND EXPERT'S INTERESTS IN ASSETS

None of the Directors or the expert (as named in this circular) had any interest, direct or indirect, in any asset which had, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Group or which were, as at the Latest Practicable Date, proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group, excluding service contracts expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP

Save for a tenancy agreement (the "**Tenancy Agreement**") entered into between New World Tower Company Limited ("**NWT**") as landlord and the Company as tenant for the lease of office premise for a monthly charge, and a service contract (the "**IT Service Contract**") between CiF Solutions Limited ("**CiF**") as service provider and the Company for the provision of information technology support service to the Company for a monthly service fee, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, NWT was a wholly-owned subsidiary of NWD and CiF was a wholly-owned subsidiary of NWS, both of which were substantial shareholders of the Company and Dr. Cheng Kar Shun was considered to be interested in the Tenancy Agreement and the IT Service Contract as he was a director of each of NWD and NWS.

7. EXPERT QUALIFICATION AND CONSENT

The qualification of the expert who has been named in this circular and has given opinions or advice which are contained herein is set out below:

Name	Qualification
Euto Capital Partners Limited	A licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its statement, its letter and references to its name in the form and context in which they are included.

As at the Latest Practicable Date, the above expert did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. MISCELLANEOUS

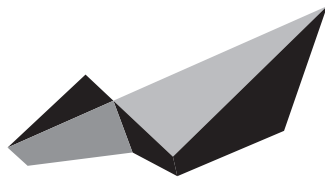
- (a) All references to times and dates in this circular refer to Hong Kong times and dates.
- (b) The English text of this circular and the accompanying proxy form shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Company at Room 1505, 15th Floor, New World Tower, 16-18 Queen's Road Central, Central, Hong Kong during normal business hours from 9:30 a.m. to 5:30 p.m. on any business day from the date of this circular up to and including the date of the EGM:

- (a) the Master Purchase Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the IFA, the text of which is set out in this circular; and
- (d) the written consent from the expert referred to in the paragraph headed "7. Expert Qualification and Consent" in this Appendix.

NOTICE OF EGM



新礦資源有限公司

NEWTON RESOURCES LTD

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1231)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Newton Resources Ltd (the “**Company**”; together with its subsidiaries, the “**Group**”) will be held at Meeting Room S428 (Harbour Road Entrance), Hong Kong Convention and Exhibition Centre, 1 Expo Drive, Wanchai, Hong Kong on Thursday, 15 June 2017 at 11:45 a.m. for the following purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the master agreement (“**Master Purchase Agreement**”) entered into between the Company (for itself and as trustee for the benefits of its subsidiaries) as purchaser and SCIT Trading Limited (“**SCIT**”) as supplier on 25 April 2017 in relation to the purchase of iron ore by the Group from SCIT (a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purpose), the transactions contemplated thereunder and the expected maximum aggregate annual value of the iron ore which may be purchased by the Group from SCIT pursuant to the Master Purchase Agreement of US\$51 million, US\$67 million and US\$83 million for each of the three years ending 31 December 2017, 2018 and 2019 respectively be and are hereby approved, and the entering into of the Master Purchase Agreement by a director of the Company (“**Director**”) for and on behalf of the Company on 25 April 2017 be and is hereby approved, confirmed and ratified; and
- (b) any Director or any other person authorised by the Directors be and is hereby authorised to do and execute all such acts, matters, deeds, documents and things as he/she may in his/her absolute discretion consider necessary or desirable for or in connection with the implementation of the Master Purchase Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Master Purchase Agreement which is in his/her opinion not of a material nature and to effect or implement any other matters referred to in this resolution.”

By order of the Board
Newton Resources Ltd
Wu Wai Leung, Danny
Non-executive Director

Hong Kong, 23 May 2017

NOTICE OF EGM

Registered office:

P.O. Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business in Hong Kong:

Room 1505
15th Floor, New World Tower
16-18 Queen's Road Central
Central, Hong Kong

Notes:

1. The resolution to be proposed at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the articles of association of the Company and the poll voting results will be published on the websites of the Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to attend and vote instead of him/her/it. A member of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the meeting or any adjournment thereof. A proxy (who must be an individual) need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent(s) as such member of the Company could exercise.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (i.e. at or before 11:45 a.m. on Tuesday, 13 June 2017 (Hong Kong time)) or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Friday, 9 June 2017 to Thursday, 15 June 2017, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the meeting, all transfers of shares of the Company accompanied by the relevant properly completed transfer forms and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 8 June 2017.
5. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 9:00 a.m. on the date of the meeting, the meeting will be postponed or adjourned. The Company will post an announcement on the websites of the Hong Kong Exchanges and Clearing Limited and the Company to notify shareholders of the date, time and place of the rescheduled meeting.

The meeting will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather condition bearing in mind their own situation.