

# NOVARISE RENEWABLE RESOURCES INTERNATIONAL LTD

## Australian Securities Exchange Announcement

09 November 2015

The Manager  
Companies Announcements Officer  
Australian Securities Exchange Limited  
PO Box H224  
Australia Square  
Sydney NSW 1215

### ASX Announcement – SCR Funding & Implementation Agreement

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Following its relevant announcement dated 15 September 2015 (**September 2015 Announcement**), Novarise Renewable Resources International Ltd (**Novarise or Company**) is pleased to announce that it has entered into an implementation and funding agreement (**Agreement**) with its controlling shareholders, Great Rises International Investment Ltd, Great Rises New Resources Technology Co., Ltd and Great Rises International Group Investment Ltd (together, **GRII**) in relation to the proposed privatisation of Novarise (**Capital Reduction**).

#### **Background**

On 15 September 2015, Novarise received a preliminary, incomplete and non-binding proposal from GRII to privatise Novarise by way of a selective reduction of capital involving the cancellation of all shares in Novarise other than those held as at the relevant record date by GRII and its associates (**Exiting Shareholders**).

It was also proposed by GRII that Novarise will be delisted from ASX if the Capital Reduction is implemented successfully.

#### Consideration

Consistent with the September 2015 Announcement, the Exiting Shareholders will receive \$0.16 cash per share for the cancellation of their shares in Novarise. As at the date of the Agreement, the Exiting Shareholders hold in aggregate 100,520,952 shares in Novarise, which equates to approximately 24.22% of the total number of Novarise shares. If the Capital Reduction is implemented, the total consideration payable by Novarise to Exiting Shareholders will be \$16,083,353 (**SCR Consideration**).

The amount of the SCR Consideration which is expected to constitute a return of capital and a dividend respectively is subject to further analysis and will be advised in due course.

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## Conditions

Pursuant to the Agreement, Novarise agrees to implement the Capital Reduction, through funding from GRII in relation to the SCR Consideration as well as the costs and expenses of Novarise in implementing the Capital Reduction. The implementation of the Capital Reduction is subject to the following conditions being satisfied (or waived by Novarise):

- the necessary approvals by special resolution of Novarise's shareholders to the Capital Reduction including a separate approval by special resolution of Exiting Shareholders in general meeting (**Special Meeting**) are obtained;
- GRII provides funds for the implementation of the Capital Reduction to Novarise in the manner prescribed in the Agreement (refer to the 'Funding' section below for further details);
- requisite approvals from ASIC and ASX are obtained; and
- the independent expert concludes in the Independent Expert's Report that the Capital Reduction is fair and reasonable to Exiting Shareholders and, if applicable, Novarise shareholders as a whole.

## Funding

In accordance with the September 2015 Announcement, GRII is required, under the Agreement, to fund Novarise for the payment of consideration to Exiting Shareholders as well as Novarise's costs and expenses in the implementation of the Capital Reduction.

The Company is advised that GRII is in advanced stages of finalising funding from an international bank to fund the Capital Reduction.

In addition, GRII will also provide in a timely manner to Novarise the costs which Novarise will incur with respect to its advisers and other service providers in respect of the Capital Reduction (**SCR Expenses Funds**).

The SCR Consideration and the SCR Expenses Funds to be provided to Novarise by GRII (**Funds**) will bear no interest and will not be repayable in part or in whole unless and until the Capital Reduction is implemented in full in accordance with its terms or the Agreement is terminated.

The timetable for the provision of Funds under the Agreement is as follows:

- GRII will provide \$250,000 to Novarise in clear funds on or before the date that is 5 business days after the date of the Agreement

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- GRII will provide 10% of the SCR Consideration (excluding the \$250,000 referred to above) to Novarise in clear funds on or before the date that is 30 days after the date of the Agreement
- GRII will provide the remaining 90% of the SCR Consideration (excluding the \$250,000 referred to above) to Novarise in clear funds on or before the date that is 10 business days before the date on which the meetings of Novarise shareholders are scheduled to be held as specified in the relevant notices of meetings.

### Termination

Either party may terminate the Agreement if:

- a condition is not satisfied or waived by the relevant date for its satisfaction under the Agreement; or
- the Capital Reduction has not been implemented on or before 30 April 2016.

Novarise may terminate the Agreement if:

- GRII materially breaches certain specific representations or warranties contained in the Agreement and fails to remedy that breach within prescribed timeframes;
- the Funds are not provided by GRII in the manner prescribed in the Agreement (as referred to above); or
- GRII recall or demand the Funds once they are provided to Novarise.

Further, if the Capital Reduction is not approved by the necessary majority of shareholder votes at either of the general meeting or the Special Meeting, the Agreement will terminate automatically.

### Notices of meetings

Novarise will prepare notices of meeting documentation for the purpose of calling and arranging to hold shareholder meetings at which shareholders will be asked to consider and, if thought fit, approve the Capital Reduction.

Details of the two necessary special resolutions (to be passed at two separate general meetings, the second commencing immediately after the conclusion or adjournment of the first) will be set out in the notice of meetings documentation to be sent to shareholders. The report of the independent expert (to be appointed shortly) will be included in the documentation.

It is currently proposed that the notices of meeting and independent expert's report will be despatched to shareholders in around the third week of January 2016 to the second week of February 2016, with the shareholder meetings proposed to be held in around mid February 2016 to mid March 2016.

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Novarise is in the process of finalising the appointment of the Independent Expert and Tax Advisor in relation to the Capital Reduction.

Novarise will continue to update shareholders of any material developments on the Capital Reduction.

### Continue suspension and Appendix 4E (FY2014), Appendix 4D (FY2015) and continued financial support

Following its announcement dated 13 October, the Company continues to work with its auditor on finalising and releasing the relevant Appendix 4E for the financial ending 31 December 2014 and Appendix 4D in respect of the six months financial information to June 2015. The Company will update the market and release the Appendix 4E and Appendix 4D.

The Company is also advised that its majority shareholder and its CEO, Mr Qingyue Su, has reassured and reiterated his ongoing financial support to the Company so as to ensure that the Company continues to trade in accordance with the normal course of its business.

Dated: 09 November 2015

Signed: 

Name: Winnie Chen  
For and on behalf of Novarise