

NOVARISE RENEWABLE RESOURCES INTERNATIONAL LTD

Australian Securities Exchange Announcement

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

15 August 2017

ASX Announcement – Update of funding for Selective Capital Reduction (CR)

Background

On 9 November 2015, Novarise Renewable Resources International Ltd (the Company) announced 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 (SCR or Capital Reduction).

Pursuant to the Agreement, Novarise was to be privatised 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).

In accordance with the Agreement and subject to the requisite approvals, the Exiting Shareholders will receive \$0.16 cash per share for the cancellation of their shares in Novarise. It was also proposed by GRII that Novarise will be delisted from ASX if the Capital Reduction is implemented successfully.

Other salient terms and conditions of the Agreement were released by the Company on 9 November 2015 via its ASX Announcement.

GRII's Capital Reduction Loan

The Company advised the market on 6 July 2016 (July 2016 Announcement) that GRII, through its controlling shareholder has provided an indicative Terms Sheet (Term Sheet) from an international Hong Kong Bank (HK Bank) to fund the SCR (Loan).

Since the July 2016 Announcement, the board has endeavoured to work with GRII in order to assist, where it can, the final approval of the Loan based on the Term Sheet to be granted to

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GRII to fund the SCR. The board proactively engaged with Mr Qingyue Su on the progress of the Loan from the HK Bank

The Company has, on the 5th October 2016, 9th February, 19 April 2017 and 10 July 2017, made announcements on the progress of the Loan and the update of the Capital Reduction.

GRII's Update on the Loan

Following the 19 April announcement, the Company was also advised by Mr Qingyue Su that:-

- In addition to the Loan from HK Bank, GRII is also in advanced discussion with a bank in China (Chinese Bank) to secure additional funding (Additional Loan);
- the Additional Loan and the Loan would provide sufficient funding to complete the SCR;
- GRII's negotiations to secure the Loan and Additional Loan involved complex restructuring and lending arrangements which have taken longer time than what GRII and Mr Qingyue Su have anticipated; and
- GRII anticipates that it will secure binding funding arrangements for both the Loan and Additional Loan by the second week of August.

The board has also been advised by Mr Qingyue Su on 9 August 2017 that:

- GRII has secured funding of Additional Loan from the Chinese Bank, which together with the Loan from HK Bank to complete the SCR;
- GRII is in discussion with HK Bank to secure the binding and definitive lending arrangement for the Loan and it anticipates approval to be obtained by September 2017; and
- Following the approval of the Loan from HK Bank, GRII will be in the position to provide binding and lending arrangements between the HK Bank and Chinese Bank in relation to the Loan and Additional Loan

In relation to the SCR with GRII, the Company has reserved all rights in relation to the Agreement and will review its legal position in regards to the Agreement and the funding for the Capital Reduction from GRII.

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Further information on SCR and Audited accounts

Assuming that GRII finalising the binding and legal lending arrangements with the HK Bank and the Chinese Bank by September, the Company is now in discussion with its legal adviser and its auditor in relation to the following:-

- The legal status of the Agreement of the SCR;
- The Company's obligations to complete the audited accounts from 1 July 2015 to 31 December 2015; 1 January to 31 December 2016; and 1 January to 30 June 2017; and
- Engagement of independent expert to undertake the independent expert report (IER) in respect of the SCR.

Following the update and advice, the Company will be providing an updated status of the above, including the timetable.

Ongoing financial support

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

GRII has in late July and early August provided funding to pay for some of the outgoings of the Company.

Mr Qingyue Su has again on 9 August provided his assurance that he will ensure that adequate funding will be made available immediately to Novarise so that it is able to meet all its outgoings and liabilities in view of the costs for the Capital Reduction, as well as other outgoings incurred.

The Company will continue to keep the market update and anticipates that further announcement in regards to will be made end middle of September.

Dated: 15 August 2017

Signed: _____



Name: Fai Peng Chen
Independent Director
For and on behalf of Novarise