

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**

11 July 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 and 19 April 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 2017 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 not been provided by GRII with binding offer of the Loan and Additional Loan as at to date.

While the board is mindful and has expressed its frustration in regards to the inordinate delay of GRII in obtaining funds to complete the SCR, it remains the view of the Company that it is in the best interest of all shareholders to complete the Capital Reduction and privatisation of the Company.

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.

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.

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Mr Qingyue Su has again on 10 July 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 the Capital Reduction and the Loan will be made end of July or early August.

Dated: 11 July 2017

Signed:  _____

Name: Qingyue Su
Chairman and Managing Director
For and on behalf of Novarise