

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**

09 February 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 (Capital Reduction).

Pursuant to the Agreement, Novarise will 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.

Update of funding for GRII

In early July GRII advised the Company that it has received preliminary non-binding letter of loan offer from an international Hong Kong Bank to enable GRII to fund and complete the Capital Reduction.

The Company advised the market on 6 July 2016 that GRII, through its controlling shareholder provided an indicative Terms Sheet (Term Sheet) from the Hong Kong Bank to the board on 27 June. The board of the Company has, on 30 June reverted to GRII setting out its considerations on the Term Sheet. Mr Qingyue Su indicated that GRII will take on board

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the considerations raised by the board in its ongoing negotiations with the Hong Kong Bank. Mr Qingyue Su, on behalf of GRII has also advised the board that GRII is confident of securing the loan from the Hong Kong Bank for the Capital Reduction (Loan).

The board of the Company continued to engage and liaise with Mr Qingyue Su in regards to the binding loan letter (Loan Letter) following 5 October 2016's announcement. The Company however has not been provided the Loan Letter although it was advised today by Mr Qingyue Su that the loan to fund the Capital Reduction has been "approved" pending "legal documentation" and "drawdown notice".

Mr Qingyue Su reiterates his and GRII's commitment to complete the Capital Reduction.

While it remains the view of the Company that it is in the best interest of all shareholders and the company to complete the Capital Reduction and privatisation of the Company, the Company will review its legal position in regards to the Agreement and the funding for the Capital Reduction from GRII.

The Company has resolved and communicated to Mr Qingyue Su and GRII that it must provide to the Company the Loan Letter within 2 weeks from the 10 February, 2016 in relation to the SCR and the Company so as to enable the Company to determine the viability of the Loan to complete the SCR and consider its legal position to complete the SCR, in the interest of all shareholders.

The Company is expected to provide a further update in respect to this matter in two weeks.

Ongoing financial support

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

Financial information

The Company will be taking steps with its auditor in relation to the preparation and finalisation of all the outstanding financial information, reports and releases required to be lodged with the Australian Securities Exchange. The Company anticipates to provide further update in relation to the timetable of the release of the financial information following further discussion with its auditor.

The Company will continue to keep the market updated.

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Dated: 09 February 2017

Signed:  _____

Name: Qingyue Su

Chairman and Managing Director
For and on behalf of Novarise