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## IUL TO ACQUIRE A SIGNIFICANT TITANIUM DIOXIDE PLANT IN CHINA

Further to the ASX announcement on 16 May 2011, Imagine Un Limited (ASX: "IUL") has taken the first step in its restructuring plan to become a significant player in the titanium dioxide industry with the proposed acquisition of Daqing Xinlong Chemical Company Ltd (XL), based in Heilongjiang Province in North East China (**Acquisition**).

XL has the capacity to produce 20,000 tonnes of titanium dioxide per year and is expected to earn RMB45 million (approx. AUD\$7.14 million) during the 2012 calendar year. IUL will issue 112,443,778 post-consolidation shares to the various vendors of the shares of XL and its business, subject to a reduction where the profit falls below RMB 45 million during the 2012 calendar year. Titanium dioxide is an important chemical compound used in the manufacture of paints, plastics and paper besides many other applications.

Full details of the terms of acquisition will be set out in the Notice of Meeting which IUL expects will be sent to Shareholders early in the New Year. A summary is attached to this announcement in the form of Annexure 1.

Shareholders will be asked to approve, inter alia, the Acquisition and the consequent change of business direction, as well as a consolidation of the Company's existing shares and a capital raising of AUD \$2 to 3 million. The Board will also propose to Shareholders a change of name to XinLong Holdings Limited.

Once the restructuring is approved by Shareholders, IUL will apply to have its shares re-quoted on the Australian Securities Exchange (**ASX**).



*Chan*

Spencer Chan Kum Ee  
Non-Executive Chairman

22 December 2011.



## Annexure 1

### SHARE SALE AND PURCHASE AGREEMENT - IN RESPECT OF THE ACQUISITION OF JADE MARKETING & DISTRIBUTION PTE. LTD., DAQING XINDE CHEMICAL MARKETING & DISTRIBUTION LTD AND DAQING XINLONG CHEMICAL COMPANY LTD.

Imagine Un Limited (“**IUL**”) has signed a Share Sale and Purchase Agreement (“**Agreement**”) to acquire the entire issued share capital and 100% economic interest in the business of a manufacturer of titanium dioxide known as Daqing XinLong Chemical Company Ltd. (“**XL**”) in Heilongjiang, People’s Republic of China (“**PRC**”) (“**Sale Shares**”).

#### The Vendor Parties and Guarantors

Ms Chen Nan and Mr Ding Jiang (“**XL Owners and Guarantors**”), both PRC nationals, own the entire issued share capital of XL and 60% of the economic interest in the business operated by XL.

Daqing XinDe Chemical Marketing & Distribution Ltd. (“**XD**”), a company incorporated in the PRC, owns the balance of the 40% economic interest in the business operated by XL.

XD is a 100%-owned subsidiary of Jade Marketing & Distribution Pte Ltd. (“**JMD**”), a company incorporated in Singapore.

JMD is owned 51% by China Titanium Ltd. (“**CT**”), a company incorporated in Singapore which is listed on the Singapore Stock Exchange, and 49% by BioMissile Medical Ltd. (“**BML**”), a company incorporated in the British Virgin Islands.

#### Purchase Price

In consideration of the Vendors selling the Sale Shares to IUL and subject to any reduction arising where the Net Profit After Tax (“**NPAT**”) for the 2012 calendar year is less than RMB 45,000,000, IUL will issue 112,443,778 shares in IUL (“**Purchaser Shares**”).

The parties acknowledge that the 112,443,778 Purchaser Shares are calculated as follows:

- (i) an agreed purchase price of A\$65,217,391.30;

- (ii) an agreed transaction price of A\$0.58 per Purchaser Share;
- (iii) an agreed fixed exchange rate of A\$1.00 equals RMB 6.90;
- (iv) a purchase price equal to ten times 2012 NPAT; and
  - (i) 2012 NPAT is assumed (at the time of entering into the Agreement) to be RMB 45,000,000, and
  - (ii) In the event that the 2012 NPAT is less than RMB 45,000,000, the Purchase Price will be reduced proportionately up to a maximum reduction in the Purchase Price equivalent to 24,987,506 Purchaser Shares.

Completion of the transaction is subject to:-

The satisfaction of conditions precedent including but not limited to IUL seeking shareholders' approval for the acquisition in a General Meeting to be held as soon as practicable and any necessary approvals from Chinese Government authorities.

It is a condition of the acquisition that IUL will be granted approval for a re-quotations of its shares on the ASX.