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## UPDATE ON IUL'S ACQUISITION OF A SIGNIFICANT TITANIUM DIOXIDE PLANT IN CHINA

Further to the ASX announcement on 22 December 2011 on the proposed acquisition of Daqing Xinlong Chemical Company Ltd ("XL"), based in Heilongjiang Province in North East China ("**Acquisition**"), Imagine Un Limited (ASX: "**IUL**") advises that there has been a change to the structure of the Acquisition.

One of the conditions precedent to completion of the Acquisition under the Sale and Purchase Agreement dated 22 December 2011 ("**Agreement**") is the receipt by Daqing XinDe Chemical Marketing & Distribution Ltd. ("**XD**") of all necessary approvals from the relevant government agencies in the People's Republic of China ("**PRC**") to acquire XL (the "**Approvals**").

The parties have determined that the Approvals will not be forthcoming for XD in the near future. However, Jade Real Estate Pte. Ltd. ("**JRE**") already has the Approvals. Accordingly, the parties have agreed to amend the Agreement to include JRE in the group of companies IUL acquires.

JRE is a wholly-owned subsidiary of China Titanium Ltd. ("**CT**"), a company incorporated in Singapore which is listed on the Singapore Stock Exchange. Under the new terms of the Acquisition, JRE will acquire the entire issued capital of XL after which Jade Marketing & Distribution Pte. Ltd. ("**JMD**") will acquire JRE from CT. IUL will then acquire the entire issued capital of JMD from CT.

The total Purchase Price payable under the Acquisition is unchanged, however, the Acquisition is now conditional on IUL raising sufficient funds via a convertible note to repay a JRE debt facility of 43,069,022 RMB with Citibank. IUL has transferred the pricing risk of this to the vending parties by reducing the number of shares issuable to those parties by the same number of shares issuable upon conversion of the convertible note.

Full details of the amended terms of the Acquisition will be set out in a Notice of Meeting which will be sent to Shareholders.



Spencer Chan Kum Ee  
Non-Executive Chairman

15 February 2012.