NOVARISE RENEWABLE RESOURCES INTERNATIONAL LTD

Australian Securities Exchange Announcement

The Manager   **5 October 2016**
Companies Announcements Officer
Australian Securities Exchange Limited
PO Box H224
Australia Square
Sydney NSW 1215

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 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.

The board of the Company has been communicating with Mr Qingyue Su in regards to the binding loan letter (Loan Letter) following 6 July's announcement. The Company has not been provided the Loan Letter although it has been variously advised by Mr Qingyue Su that the loan to fund the Capital Reduction has been "approved" pending "legal documentation" and GRII and Mr Qingyue Su remain committed and is able 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. More specifically, the Company will review the viability and timeliness of the proposed funding from GRII.

Following the review of the Agreement and the funding for Capital Reduction from GRII, the Company is expected to provide further updates in respect to this matter in November 2016.

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.

The Company will continue to keep the market updated.

Dated: 5 October 2016

Signed:

Name: Winnie Chen

Company Secretary
For and on behalf of Novarise

NOVARISE **RENEWABLE** RESOURCES INTERNATIONAL LTD ACN 138 537 596
Australian Office: Suite 5, Level 1, 325 Pitt Street , Sydney, NSW 2000
Chinese Office: No 2-16A Qingmeng Park, Quanzhou Economy & Technology Development Zone, Quanzhou, Fujian Province,
The People's Republic of China
www.novarise.com.au
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