



## End-of-Fiscal-Year Operations Update

### *Highlights*

- *Significant Progress in China on production & commercial sites*
- *First Shipment of Second Generation MABR, Doubles Capacity*
- *Merger with RWL Water on Track for Shareholder Approval*

### **July 3, 2017**

**Melbourne, Australia:** Emefcy Group Limited (ASX: EMC), a global leader in energy-efficient decentralized wastewater treatment solutions, has recently achieved a number of key operational milestones:

#### Progress in China

- *Jinzi Demonstration Plant Commissioned and Operating:* Emefcy partner Jiangsu Jinzi Environmental Technology Company, Ltd. (“Jinzi”) has completed the installation and commissioning of a demonstration plant in Changzhou, China.

The Jinzi Changzhou plant is situated at Jiangsu Urban and Rural Construction Vocational College and processes waste water from the campus. The plant is now being visited regularly by prospective customers.

Jinzi operates in several Provinces including Zhejiang, Guizhou, Fujian and Ningxia, with an addressable market of 56 million rural people with inadequate wastewater treatment services. Jinzi has already installed approximately 1,000 wastewater treatment plants in China. Jinzi plans to utilize MABR technology in new larger wastewater treatment plants, which can treat a projected 100 -1000 m<sup>3</sup> of wastewater per day.

- *CGGC INV Demo Plant Installed with Imminent Commissioning:* China Gezhouba Group Investment Holding Co., Ltd, (“CGGC INV”) has installed an Emefcy MABR demonstration plant in Jingmen city, Hubei Province. CGGC INV anticipates commissioning of this fully integrated, packaged plant within the next two weeks. Subject to satisfactory performance of the demonstration plant, and agreement on commercial terms, Emefcy anticipates signing a long-term agreement for CGGC INV to purchase up to 10,000 MABR modules in the first year of the agreement.

To support the anticipated surge in demand resulting from this relationship, Emefcy plans to build a dedicated production line in Hubei Province to support CGGC INV’s

deployments. The production line will be built after CGGC INV has purchased 60,000 MABR modules, and will be in addition to the Changzhou production facility now being commissioned.

- *Sinorichen Demonstration Plant Installed:* The Beijing Sinorichen Environmental Protection Corp. Ltd. (“Sinorichen”) demonstration plant has been installed just outside Beijing, with commissioning expected to be completed within two weeks.

Success in Beijing Province will be an important step for Emefcy, as the Province surrounding Beijing City has some of the strictest standards for wastewater treatment, which are a model for the rest of the country. Emefcy estimates the market opportunity in Beijing province to be A\$75 million in Beijing Province alone, and up to A\$1.3 billion in adjacent provinces.

- *Wuxi demonstration plant:* Installed in January 2017, the Wuxi demonstration plant continues to be an important reference site for prospective distributors in China and is continuing to perform to design specifications.

Wong-Jin Yong, General Manager of Emefcy China, commented: “We are achieving tangible success in China, setting us on a path for rapid growth. Our four operating demonstration plants are strategically located, and are proving effective for marketing to prospective customers and partners. We anticipate the successful operation of these plants to quickly lead to volume commercial contracts with each respective partner.”

Henry Charrabe, CEO of RWL Water, commented: “RWL is delighted to have built these demonstration plants using Emefcy’s MABR product. Existing orders for all China demonstration units have now been completed and are either installed or being shipped to site. As we prepare to combine with Emefcy to become Fluence, subject to shareholder approval, we anticipate our China manufacturing facility coming online on schedule by late in the third calendar quarter, enabling us to increasingly meet China and global demand from this plant.”

### Second Generation MABR Modules

Emefcy has made the first commercial shipment of second generation Emefcy MABR modules, which offers double the throughput of the first generation module for the same footprint. The higher throughput results in a smaller plant footprint at any particular level of capacity. This also means lower installation cost and reduced installation time. The second generation module has been in field tests since September 2016.



The initial shipment of 15 modules went to the Reppi project in Addis Ababa, Ethiopia. Emefcy and its partner TodayTomorrow Ventures will build a plant at the Reppi project EPRI 1 condominium complex in Addis Ababa. The plant will treat half the wastewater from this complex of 32 buildings and 7,000 residents, replacing the current unreliable septic tanks with onsite wastewater recycling suitable to irrigate the neighbourhood's landscaping.

The Reppi project and a second plant in construction at Ayder Hospital represent strategic penetration into the promising North African market. Existing septic systems throughout Ethiopia are often unreliable, overflowing and not environmentally friendly. In Addis Ababa alone, existing plants treat less than 10% of the estimated wastewater. This project is a showcase for the ability of Emefcy's technology to address the urgent need for modern, cost-effective and energy-efficient wastewater treatment in Ethiopia.

"We are delighted to bring our second generation MABR modules into production, further strengthening Emefcy's competitive advantages," said Eytan Levy, Emefcy MD & CEO. "We expect to manufacture these modules in China starting late in the third quarter, and will ship them to customers worldwide. We also intend to extend our lead over competitors by continuing to improve the cost and performance of our MABR technology."

#### Shareholder EGM July 12 2017 in Melbourne

Emefcy has a scheduled Shareholder Extraordinary General Meeting on July 12, 2017 in Melbourne to vote on various resolutions, including approval of the merger by acquisition with RWL Water. Shareholders will also vote to approve the capital raise of US\$20 million being subscribed by Mr. Ronald Lauder.

Richard Irving, Executive Chairman of Emefcy, commented: "We are genuinely encouraged by proxies already received from shareholders representing more than 50% of the shares on issue and voting in favour of the proposed merger.

On this basis, we look forward to shareholders approving our future as Fluence Corporation to commence shortly after the EGM. Fluence's proposed CEO Henry Charrabé and I look forward

to joining shareholders at and following the EGM to discuss the merger and our exciting outlook.”

### **About Emefcy Group Limited**

Emefcy develops, manufactures and markets new, energy-efficient MABR based wastewater treatment solutions, aiming to change the economics of various markets and addressing the growing global demand for clean water in municipal and industrial plants.

With several global innovation awards and a strong scientific background, Emefcy is at the forefront of the next generation of MABR based wastewater treatment. Additional MABR based wastewater solutions out of Emefcy’s extensive R&D operations are expected to be announced in the coming year.

Emefcy Group Limited (ASX: EMC) is a public company traded on the Australian Stock Exchange. Visit our website: [www.emefcy.com](http://www.emefcy.com)

### **About RWL Water**

Founded by Ronald S. Lauder in 2010, New York-based RWL Water was established with a vision to become the leading global water, wastewater and reuse solutions provider in the middle market. With operations in Latin America, the United States, Europe and the Middle East and over 90 years of combined operational experience, RWL Water provides leading edge, global solutions for desalination, water, wastewater, waste-to-energy, recovery & reuse as well as food & beverage processing. Recognized as one of the fastest growing water solutions companies in the world, RWL Water has more than 7,000 references and has operated in more than 70 countries worldwide.

### **About Fluence Corporation – the intended combination of Emefcy and RWL Water (subject to shareholder approval)**

Fluence Corporation is planned with the vision of becoming the leading global provider of fast to deploy decentralized and packaged water and wastewater treatment solutions, already a A\$17 billion market in 2016, excluding the China rural market opportunity. Fluence will have experience in operating in over 70 countries worldwide and employ more than 300 highly trained water professionals around the globe. Fluence will provide local, sustainable treatment and reuse solutions while empowering businesses and communities worldwide to make the most of their water resources.

Fluence will offer an integrated range of services across the complete water cycle, from early stage evaluation, through design and delivery to ongoing support and optimization of water related assets. With planned core operations in North America, South America, the Middle East and Europe, one of Fluence’s main focuses will be expanding into the vast market in China for rural wastewater treatment.

*Any forward-looking statements in this announcement are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its directors and management.*

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