



ASX Code: **PHK**

Share Price: **A\$0.13**

52 Week High: **A\$0.13**

52 Week Low: **A\$0.068**

Issued Shares: **367.9m**

Market Cap: **A\$47.8m**

Address:

Suite 403
25 Lime Street
Sydney NSW 2000

Phone: +61 2 8014 7611

Email: enquiries@phoslock.com.au

www.phoslock.com.au

www.phoslock.eu

www.phoslock.com.br

www.phoslock.cn

PHOSLOCK BLOG on Water
Issues: www.phoslock.com.au

ASX ANNOUNCEMENT

Thursday 4th May, 2017

MAJOR COMMERCIAL AGREEMENT WITH A\$9 BILLION CHINESE WATER GROUP

Key Points:

- PHK signs transformational agreement with largest Chinese water remediation group – Beijing BHZQ Environmental Engineering Technology Company Limited.
- New PHK subsidiary Phoslock Beijing adds infrastructure, engineering and construction to PHK's historical business.
- Forecast major sales increase to \$15 million FY 2017/18

Phoslock Water Solutions Ltd (ASX: PHK) is pleased to advise that it has signed a Strategic Co-Operation Agreement with Beijing BHZQ Environmental Engineering Technology Co. Ltd (BHZQ).

BHZQ is 70% owned by Beijing Enterprises Water Group (BEWG), a Hong Kong listed company with A\$9 billion market capitalisation, the largest water remediation company in Asia and of the top ten water companies in the world.

This follows the Company's 10th April announcement regarding the establishment of a wholly-owned PHK subsidiary, Phoslock Beijing, which will undertake end-to-end design, engineering, application and maintenance of water remediation in rivers, canals and lakes across China.

The PHK-BHZQ Agreement covers working together on the remediation of impaired canals, rivers and lakes. PHK will provide BHZQ with technical support and products including Phoslock, modified zeolites, bacteria and other materials. Phoslock Beijing has been set up to provide engineering and design services for the projects. BHZQ has some 30 contracts on hand for large water remediation projects in China.

The result of these changes transforms Phoslock Water Solutions into an engineering, construction and infrastructure development group.

Historically, the Company has mainly been a supplier of product to third parties. It is expected that the new strategic agreement broadens the product offering of PHK.

Given the size and scope of BHZQ's project pipeline, PHK anticipates annual sales to increase from current \$5 million to some \$15 million for next full financial year.

The Agreement was signed yesterday at the NSW Parliament by Mr Laurence Freedman AM and Mr Zhigang Zhang General Manager, BHZQ in the presence The Hon. Scott Farlow, MLC representing The NSW Premier, The Hon. Gladys Berejiklian and witnessed by a large audience including 20 Chinese water experts

Signing ceremony for Strategic Co-Operation Agreement with BHZQ



(l-r) Mr Laurence Freedman AM (Chairman – Phoslock Water Solutions Limited)
The Hon. Scott Farlow, MLC representing the NSW Premier, The Hon. Gladys Berejiklian
Mr Zhigang Zhang (General Manager - BHZQ)

PHK Chairman, Mr Laurence Freedman AM stated: “Transformation of the Phoslock business is now real; the new, wholly-owned factory, with massively increased capacity, will be operational shortly. The most recent announcements regarding expanding our business from one restricted to supplying our unique product to customers into a completely integrated water remediation group, as well the new corporate relationship with BHZQ, is very exciting. It has taken a very dedicated, group of people some three years to achieve the goals I set on becoming Chairman. Particular thanks go to Robert Schuitema's tireless efforts as well as those of senior staff Andrew Winks, Nigel Trail and Dennis Hong”.



中清环境

BHZQ • Environmental

Beijing BHZQ Environmental Engineering Technology Co., Ltd (BHZQ) is 70% owned by BEWG (see below).

BHZQ is a project manager and solutions provider for large integrated water environmental projects throughout China. The Company currently manages some 30 water environmental projects valued at over A\$4 billion. Having recently secured sub-contracting work on water quality management projects in China, Phoslock Beijing will now increase its co-operation with BHZQ.

Beijing Enterprises Water Group Limited (BEWG) is the largest water services group in Asia and one of the largest water services groups in the world. The Company is listed on the Main Board of the Hong Kong Stock Exchange (HK Stock Code: 0371) with an A\$9 billion share market capitalisation.

For more information please contact:

Mr Laurence Freedman AM
Chairman
Phone: + 61 (02) 8999 1999

Mr Robert Schuitema
Managing Director
Phone: +61 (02) 8014 7611

Mr Michael Kotowicz – Investor Relations
The Wentworth Place Group
Phone: + 61 0416 233 145

ABOUT PHOSLOCK WATER SOLUTIONS LIMITED (PHK)

PHK produces *PHOSLOCK*, a patented technology was developed by the Commonwealth Scientific and Industrial Research Organisation (“CSIRO”). PHK has lodged a subsequent patent application to protect the core *PHOSLOCK* technology which is in an advanced stage of being granted in approx. 50

PHK is headquartered in Sydney, Australia and has offices in Brisbane, Beijing, Shanghai & Changxing, China and Bremen, Germany. PHK is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HidroScience in Brazil.

PHK recently formed a new company, Phoslock (Beijing) Environment Engineering Technology Co., Ltd to focus on both engineering solutions for water environment projects as well use of water remediation products such as Phoslock, zeolites and other solutions in China. Phoslock Beijing undertakes design, engineering, implementation and use of remediation materials for river, canal and lake projects in China. This is a significant broadening of the current PHK business base and will allow it to undertake a broader array of projects in China, supplying both services and materials. PHK has also signed six agreements in China with a number of environmental companies.

PHOSLOCK is a certified NSF/ANSI Standard 60 product - North American Drinking Water (see websites ansi.org and scc.ca). This certification enables *PHOSLOCK* to be applied to water bodies used for human consumption in the USA and Canada.



PHOSLOCK has been certified by Chinese Research Academy of Environmental Sciences (CRAES). *PHOSLOCK* is classified as a general environmental substance. It is neither hazardous nor harmful to the environment. *PHOSLOCK* has low risk to hydro ecological system.



Phoslock Water Solutions Limited is listed on the Australian Stock Exchange (ASX Code: PHK).

For more information about *PHOSLOCK* Water Solutions and *PHOSLOCK* please visit our websites: www.PHOSLOCK.com.au or www.PHOSLOCK.eu (Spanish, Italian, Dutch and German) or www.PHOSLOCK.com.br (Portuguese) or www.PHOSLOCK.cn (Chinese).

PHOSLOCK BLOG on PHOSLOCK news and current Water Issues – see www.PHOSLOCK.com.au and look for PHOSLOCK BLOG icon in top right corner of the Home Page.

ABOUT PHOSLOCK – the Product

PHOSLOCK is a unique water treatment product that binds phosphorus in water bodies such as lakes and dams. It provides a protective permeable layer to sediments, permanently preventing the re-release of phosphorus.

Retention of phosphorus reduces the level of algae by depriving it of nutrients. This in turn improves water quality, both for human use and aquatic life as well as preventing and controlling Harmful Algal Blooms (HAB).

PHOSLOCK is primarily used as an in-water solution for lakes, drinking water reservoirs and other recreational water bodies. It is also used as a preventative product to absorb phosphorus before it is transported into water bodies by being applied in storm water basins and inflow channels, rivers and canals.

PHOSLOCK is approved for use in North American Drinking Water Reservoirs via NSF/ANSI Standard 60 Certification. **This certifies that *PHOSLOCK* is safe for use in drinking water.**

PHOSLOCK has been certified by Chinese Research Academy of Environmental Sciences (CRAES). *PHOSLOCK* is classified as a general environmental substance. It is neither hazardous nor harmful to the environment. *PHOSLOCK* has low risk to hydro ecological system.

PHOSLOCK has been used on many of high profile water bodies in Europe/UK, North America and Australia. To date over 300 initial and follow-up applications have been successfully made.

Over 50 peer reviewed scientific and technical papers, have been published on *PHOSLOCK* in leading scientific journals. For access: www.PHOSLOCK.com.au