



## Emefcy (ASX: EMC) Announces China Strategic Advisor Agreements

25 July 2016

The Board of Directors of Emefcy Group Ltd (ASX: EMC) (“Emefcy” or the “Company”) is pleased to announce the signing of advisory agreements with several key China-based advisors providing valuable knowledge and relationships important in helping the Company implement its China strategy. China’s new Five Year Plan (the “Plan”) mandates providing wastewater treatment for an estimated 440 million rural people throughout China; an opportunity the Company estimates at approximately A\$20 billion over the life of the Plan and where it believes its energy-saving products provide very attractive solutions to meet this need.

As the Company establishes its China presence, the Directors have determined that a careful separation between supply chain and distribution partners needs to be established to best protect the Company’s intellectual property. Given the potential size of the China market for the Company’s products, it is critical to establish a trustworthy, reliable and cost effective supply chain to support anticipated rapid growth in demand. The Company has leveraged pre-existing, reliable relationships and cultivated new relationships in China to gain preferred access to suppliers expected to meet quality and cost targets while minimising working capital requirements by carrying inventory risk.

Emefcy has selected Shanghai Brightfield Chemical Co. (“Brightfield”) as its leading supply chain advisor. Brightfield is a trusted, well-respected, world-class specialty materials supplier and joint venture partner with several global industrial companies including BASF, Polyram, Velox and FRX Polymers. Brightfield operates throughout China and via its distribution network serves materials markets impacting water treatment filtration and membrane systems. The Brightfield founders are also shareholders in Emefcy.

In addition, Emefcy has selected a number of other senior advisors who bring strong existing relationships with a number of state-owned enterprises, local and provincial governments, and significant experience in managing public-private partnerships. All of these advisors have extensive experience building commercial relationships, negotiating with government and the water sector, and have prior senior leadership experience with a Fortune 20 company, offering industrial products including wastewater treatment systems. Together they understand how central government mandates are deployed to provincial governments as well as public-private partnership structures for infrastructure projects including water treatment.

Working closely with these advisors, the Company anticipates identifying and appointing a strong China leadership team focused on cultivating this very large market opportunity.

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The Company intends, with the assistance of its advisors, to establish its own manufacturing facility in China, based on the Company's proprietary design, and will work with a number of key channel partners across multiple provinces to establish full size paid demonstration plants over the next several quarters.

The Company has hosted over 30 different Chinese delegations at its facility in Israel as a part of a process to select its channel partners. In the coming months, the Company anticipates announcing a number of channel partnerships in China, across multiple provinces. These collaborations are anticipated to begin by installing a number of paid demonstration plants that will be used to highlight the superior capex and opex efficiency of its plants and to secure expedited provincial approvals for the Company's products. The Company's advisors are anticipated to play a crucial role in leveraging their experience with state-owned enterprises, private enterprises, supply chain partners and financial institutions.

Emefcy has concluded signed agreements with its initial advisors where the sole compensation is 150,000 fully paid ordinary shares, and 1,700,000 options issued pursuant to the Employee Option Plan for employees and consultants, exercisable at A\$0.64 per option, expiring on 31 July 2018.

"We're very pleased to sign agreements with Brightfield and our other advisors who provide knowledge and relationships key to achieving our China strategy," said Richard Irving, Executive Chairman. "They are already assisting with supply chain planning and structuring, distribution partnerships, relationship management, public-private partnerships, funding negotiations, corporate structuring and performance agreements, site selection and deployments in several Chinese regions that represent an addressable market estimated at A\$20 billion over the life of the current Five Year Plan."

"I have direct personal experience working with the senior team at Brightfield for the past nine years." said Ross Haghghat, Non-Executive Director of Emefcy. "The demonstrated depth and breadth of their experience with all facets of our business, combined with their working knowledge of the China market and mature relationships within state-owned enterprises and the private sector, have made it easy for them to be integrated with the Emefcy team. I can attest to the quality of their contacts, their integrity and in-depth market knowledge; all of which will prove important for Emefcy to execute its China strategy."

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### **About Emefcy Group Limited (EMC)**

Emefcy develops, manufactures and markets innovative, 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.

Emefcy's advanced manufacturing facility in Israel is equipped with state of the art production machinery, and is currently producing second generation MABR based wastewater solutions enabling the Company to control the quality and meet the quantity requirements of its current global markets and initial anticipated orders for China.

With several global innovation awards and a strong scientific background, Emefcy is at the forefront of the next generation of MABR based wastewater treatment. Customer contracts have already been signed in Israel, US Virgin Islands, and Ethiopia. Additional MABR based wastewater solutions from Emefcy's extensive R&D operations are anticipated 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)