

Form 603Corporations Act 2001
Section 671B**Notice of initial substantial holder****To Company Name/Scheme** Phoslock Water Solutions Limited**ACN/ARSN** 099 555 290**1. Details of substantial holder (1)****Name** China Environmental Corporation (Australia) Pty Ltd**ACN/ARSN (if applicable)** 618 552 275The holder became a substantial holder on 29/05/2017**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary	30,000,000	30,000,000	7.3%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
China Environmental Corporation (Australia) Pty Ltd	Direct interest	10,000,000 Ordinary Shares
ZZL Pty Ltd atf ZZL Family Trust	Direct Interest	20,000,000 Ordinary Shares

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
China Environmental Corporation (Australia) Pty Ltd	China Environmental Corporation (Australia) Pty Ltd	China Environmental Corporation (Australia) Pty Ltd	10,000,000 Ordinary Shares
ZZL Pty Ltd atf ZZL Family Trust	ZZL Pty Ltd atf ZZL Family Trust	ZZL Pty Ltd atf ZZL Family Trust	20,000,000 Ordinary Shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
China Environmental Corporation (Australia) Pty Ltd	10 May 2017	\$350,000	\$0	5,000,000 Ordinary Shares

ZZL Pty Ltd atf ZZL Family Trust	10 May 2017	\$700,000	\$0	10,000,000 Ordinary Shares
China Environmental Corporation (Australia) Pty Ltd	29 May, 2017	\$350,000	\$0	5,000,000 Ordinary Shares
ZZL Pty Ltd atf ZZL Family Trust	29 May, 2017	\$700,000	\$0	10,000,000 Ordinary Shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
	N/A

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
	C/- Nexia Melbourne PTY LTD
	Level 12; 31 Queen Street; Melbourne; VIC 3000

Signature

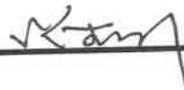
print name

ZHIGANG ZHANG

capacity

Director

sign here



date

31 / 5 / 2017

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.