

Emefcy Group Limited (ASX: EMC) Announces Signing of Strategic China Regional Partnership – Opening Access to Coveted Beijing Province and Four Surrounding Provinces

Partnership Represents a Potential Pipeline of up to 100,000 MABR Modules Over Five Years, Delivering up to 3.5 Billion Litres per day Treatment Capacity

October 10, 2016

Melbourne, Australia and Caesarea, Israel: Emefcy Group Limited (ASX: EMC) (“Emefcy”) is pleased to announce the signing of a distribution & deployment partnership for Emefcy’s Membrane Aerated Biofilm Reactor (“MABR”) based wastewater treatment solutions with Beijing Sinorichen Environmental Protection Corp. Ltd. (“Sinorichen”), a leading firm specializing in wastewater treatment consulting and engineering services, throughout Beijing Province and Northern China.

This partnership is the second strategic partnership distribution agreement that the Company has entered into in recent months, demonstrating the growing recognition of the Emefcy MABR-based technology as a potential solution to China’s need for cost effective wastewater treatment solutions in remote village areas.

The program roll out will commence with an immediate Emefcy MABR-based system deployment with a treatment capacity of 20,000 litres per day and provide performance data to obtain expedited provincial certification throughout Beijing Province. Securing the marquee Beijing Province approval will prove valuable for Emefcy, as Beijing Province has among the strictest standards for wastewater treatment. Its standards are recognized throughout China, and especially within Beijing and surrounding Provinces, represented by a rural population of approximately 50 million.

According to the Chinese Government’s Five-Year Plan (the “Plan”) announced earlier this year, new rural wastewater treatment plants supporting an estimated rural population of 50 million people within the Provinces of Beijing and the four provinces north of Beijing, are expected to be built over the next three to five years. The total revenue potential accessible to Emefcy is estimated at over A\$75 million in the Beijing Province alone, and up to A\$1.3 billion in the adjacent Provinces.

“We are pleased to sign this contract in China with such an experienced and proven partner in a province with such broad influence and visibility for Emefcy’s solution across all of China,” said Richard Irving, Executive Chairman of Emefcy. “Miyun District is in one of China’s most progressive Provinces and our



partner Sinorichen, represents a preferred profile of partnership in China, accelerating deployment in other Provinces.”

Sinorichen, through its well-established wastewater treatment consulting and EPC services business, intends to deploy MABR-based wastewater treatment systems to rural communities in Beijing Province and throughout Northern China. For all joint future contracts, Sinorichen will purchase MABR modules from Emefcy, will integrate them under Emefcy’s technical guidance into a complete treatment system and provide on-going plant maintenance and/or related services.

Once the demonstration project in Miyun district meets expected performance levels and is certified, the Parties will immediately launch a multi-phase deployment roll out plan. In phase 1, Sinorichen has indicated it will use Emefcy’s MABR-based systems for up to seventy rural installations, with the contract value for each system ranging from A\$50,000-A\$250,000. Following the Phase I deployment, Sinorichen has indicated its intention to market Emefcy’s MABR wastewater treatment solutions throughout Northern China.

The Emefcy MABR modules initially will be produced at the Company’s manufacturing facility in Israel, and are scheduled to ship before the end of this calendar quarter. Emefcy, as previously announced, is in the process of seeking licence approvals and establishing manufacturing facilities in Jiangsu Province. The first manufacturing line in China is estimated to be in place by the second quarter of calendar 2017.

The first Sinorichen installed MABR-based system is scheduled to be commissioned during the fourth quarter of 2016. Provincial certification in Beijing Province is anticipated to be completed in [Q3 2017] and has substantial national influence, thereby accelerating the potential sale of Emefcy’s MABR products throughout northern China.

“Emefcy is investing substantial resources and starting to make important inroads in penetrating the rural wastewater treatment market in China. Signing our second MOU and installing the demonstration plant is another testament to the attractiveness of our MABR technology for the rural wastewater treatment market. We look forward to working with Sinorichen and leveraging their strong on the ground technical and commercial know-how with Emefcy’s innovative technology solution, to deliver a very low operating cost relative to other similar wastewater treatment processes and meet the stringent Beijing class water standards.”, said Ilan Wilf, Emefcy’s VP Sales

“We look forward to demonstrating Emefcy's innovative MABR technology at the Miyun District municipal project,” said Mr. Tian, Vice General Manager, Sinorichen. “It was selected based on its simplistic design, operational ease of use, and low energy consumption compared to other available solutions. The demonstration system's objective is to meet the stringent Beijing wastewater treatment effluent standards at the lowest cost per cubic metre. Sinorichen always strives to bring new effective wastewater technologies and solutions to the market. The combination of Emefcy's MABR technology with Sinorichen's strong engineering, technical know-how and execution capabilities contributes to a very strong team and best in class solution for our clients.”



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.

Customer contracts have already been signed in Israel, US Virgin Islands, Ethiopia, and China. Additional MABR-based wastewater solutions from Emefcy's extensive R&D operations are scheduled to be announced in the coming year.

Emefcy's advanced manufacturing facility in Israel is equipped with state of the art production machinery, enabling the Company to control the quality and meet the current quantity requirements of its markets. With several global innovation awards and a strong scientific background, Emefcy is at the forefront of the next generation of MABR based wastewater treatment.

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

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.

Beijing Sinorichen Environmental Protection Corp. Ltd.

Beijing Sinorichen Environmental Protection Corp. Ltd ("Sinorichen ") was founded in 2007. Sinorichen is a high technology enterprise mainly focusing in environmental consultants, environmental impact assessment, environmental protection engineering design and construction, water & wastewater treatment, operation of the environmental protection facility, and environmental protection R & D.

Sinorichen is a member of the Beijing Municipal Environmental Protection Industry Association and high-tech enterprises in Zhongguancun Association. In December 2015, Sinorichen was listed on the new Third Board China stock exchange.

For further information, please contact:

USA

Richard Irving, Executive Chairman
E: richard@emefcygroup.com T: +1 408 382 9790

Israel

Eytan Levy, Managing Director & CEO
E: eytan@emefcygroup.com T: +972 4-6277555

Australia

Ross Kennedy, Company Secretary and Advisor to the Board
E: rossk@emefcygroup.com T: +61 409 524 442