



25 July 2016

Emefcy Group Limited (ASX: EMC) Cleansing Prospectus – to enable secondary trading of shares

This Prospectus is for the issue of 1,000 Shares at A\$0.64 each and has been prepared primarily to enable shares issued by the Company since its re-listing on 23 December 2015, to be traded on the ASX.

In this sense, this Prospectus is substantially of a compliance, rather than fund raising, nature and is intended to satisfy the requirements of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of certain Shares issued prior to the Closing Date. Please refer to section 2.1 of the Prospectus for further details.

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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.

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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 Securities Exchange.

Visit our website: www.emefcy.com

Prospectus

Emefcy Group Limited

ABN 52 127 734 196

This Prospectus is for the issue of 1,000 Shares and has been prepared primarily to enable the Shares described in section 2.1 below, which were issued by the Company since its re-listing on 23 December 2015, to be traded on the ASX.

In this sense, this Prospectus is substantially of a compliance, rather than fund raising, nature and is intended to satisfy the requirements of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of certain Shares issued prior to the Closing Date. Please refer to section 2.1 for further details.

The Offer under this Prospectus is capable of acceptance only by a limited number of persons whom the Company invites to apply for the Shares being offered under it.

ASX Code: EMC

This prospectus provides important information about the Company. You should read the entire document including the Application Form. If you have any questions about the Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional advisor.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale in to the United States or to, or for the account or benefit of, US Persons. The Shares being offered herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Prospectus

Important notice

This Prospectus is dated 25 July 2016 and was lodged with ASIC on that date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus

The Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the Official List during the 3 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of the Shares on the Company and the rights attaching to the Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisors to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability

The Prospectus is available during the Offer period on the Company's website at www.emefcy.com.au/investors.php, or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include an Application Form. You will only be able to accept the Offer by completing the Application Form which accompanies a hard copy of this Prospectus.

Foreign jurisdictions

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by Law and persons who come into possession of this Prospectus should seek advice on and observe any of these

restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it should not be lawful to make such an offer.

Disclaimer of representations

No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Publicly available information

Information about the Company is publicly available and can be obtained from ASIC and ASX (including ASX's website at www.asx.com.au). The contents of any website or ASIC or ASX filing by the Company are not incorporated into this Prospectus and do not constitute part of the Offer. This Prospectus is intended, however, to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. Investors accordingly should have regard to the publicly available information in relation to the Company before making a decision whether to invest in Shares.

Privacy

Please read the privacy information located in section 4.9 of this Prospectus. By submitting an Application Form, you consent to the matters outlined in that section.

Definitions

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

Enquiries

If you have any questions please call the Registered Office on + 61 (0)3 9824 5254 at any time between 8.00am and 5.00pm EST Monday to Friday until the Closing Date.

Alternatively, consult your broker, accountant or other professional advisor.

Prospectus

Contents

1	Key Offer terms	1
1.1	Background to the Offer	1
1.2	Opening and Closing Dates	1
1.3	Minimum subscription	1
1.4	Brokerage and commission	1
1.5	Underwriting	1
1.6	Application	1
1.7	ASX quotation	1
1.8	Rights attaching to the Shares	1
1.9	Overseas investors	2
1.10	CHESS and issuer sponsorship	2
1.11	Privacy disclosure	2
1.12	Taxation	2
2	Purpose and effect of the Offer	3
2.1	Purpose of the Offer	3
2.2	Financial position	4
2.3	Capital structure	4
2.4	Effect on control	5
2.5	Market price of Shares	5
3	Risk factors	6
3.1	Factors Influencing success and risk	6
3.2	Risks specific to the Company	6
3.3	General investment risks	15
4	Additional information	18
4.1	Continuous disclosure obligations	18
4.2	Rights attaching to the Shares	21
4.3	Interests of experts	23
4.4	Consent and disclaimer of responsibility	23
4.5	Interests of Directors	23
4.6	Directors' Shareholdings	24
4.7	Directors' remuneration	25
4.8	Related party arrangements	25
4.9	Privacy	25
4.10	Electronic Prospectus	25
4.11	Expenses of the Offer	26
4.12	Directors' authorisation	26
	Glossary	27

Prospectus

Corporate directory

Directors

Richard Henry Irving (Executive Chairman)

Eytan Baruch Levy (Managing Director/CEO)

Ross Haghighat (Non-Executive Director)

Peter Ashley Marks (Non-Executive Director)

Robert Wale (Non-Executive Director)

Company Secretary

Ross James Kennedy

Share registry

Boardroom Pty Limited
Level 8, 446 Collins Street
Melbourne, Victoria, 3000

Registered office

Suite 1, 1233 High Street
Armadale, Victoria, 3143

Website

www.emefcy.com.au

Legal adviser

Hall & Wilcox

Level 11, Rialto Tower South
525 Collins Street
Melbourne, Victoria, 3000

Auditor

BDO East Coast Partnership
Level 14, 140 William Street
Melbourne, Victoria, 3000

Prospectus

1 Key Offer terms

1.1 Background to the Offer

The Company is making an offer of one thousand (1,000) Shares to the public at the Issue Price to raise \$640 before expenses of the Offer. The Offer is only open to a person by invitation from the Company.

1.2 Opening and Closing Dates

The Offer will open for receipt of applications at 9.00am EST on 25 July 2016 (**Opening Date**) and will close at 5.00pm EST on 5 August 2016 or such other date as the Directors, in their absolute discretion, determine (**Closing Date**). These dates are indicative only and may be subject to change. The Directors reserve the right to vary these dates, including the Closing Date, without prior notice but subject to any applicable requirements of the Corporations Act or the Listing Rules.

1.3 Minimum subscription

There is no minimum subscription for the Offer.

1.4 Brokerage and commission

No brokerage or commission is payable.

1.5 Underwriting

The Offer is not underwritten.

1.6 Application

An Application under the Offer may only be made by persons on invitation from the Company, and can only be made on the Application Form attached to or accompanying this Prospectus.

Application Forms must be delivered or mailed together with a cheque on or before the Closing Date to the Company's registered office at Suite 1, 1233 High Street, Armadale, Victoria, 3143.

1.7 ASX quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for official quotation of the Shares offered under this Prospectus.

If approval for official quotation of the Shares to be issued pursuant to this Prospectus is not granted within three months after the date of this Prospectus, the Company will not issue the Shares.

1.8 Rights attaching to the Shares

From issue, the Shares issued under this Prospectus will be of the same class and will rank equally in all respects with existing Shares. Summaries of the important rights

attaching to Shares as set out in the Company's Constitution are contained in Section 4.2 of this Prospectus.

1.9 Overseas investors

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or to extend such an invitation. No action has been taken to register this Prospectus or otherwise to permit an offering of Shares in any jurisdiction outside Australia. It is the responsibility of non-Australian resident investors to obtain all necessary approvals and comply with all relevant regulations for the issue to them of Shares offered pursuant to this Prospectus. Return of a duly completed Application Form will constitute a representation and warranty that there has been no breach of such regulations.

1.10 CHESS and issuer sponsorship

The Company operates an electronic CHESS sub-register and an electronic issue sponsored sub-register. These two sub-registers will make up the Company's register of shares.

The Company will not issue certificates to security holders. Instead, holding statements will be dispatched to security holders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for security holders who elect to hold Shares on the CHESS sub-register) or by the Company's Share Registry (for security holders who elect to hold their Shares on the issuer sponsored sub-register). The statements will contain:

- the number of Shares allotted under this Prospectus; and
- the Holder Identification Number (for security holders who elect to hold Shares on the CHESS sub register) or Shareholder Reference Number (for security holders who elect to hold their shares on the issuer sponsored sub-register).

Updated holding statements will also be sent to each security holder following the month in which the balance of their security holding changes, and also as required by the ASX Listing Rules and the Corporations Act.

1.11 Privacy disclosure

Persons who apply for Shares pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Shares, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If the information requested is not supplied, applications for Shares will not be processed. In accordance with privacy laws, information collected in relation to specific Shareholders can be obtained by that Shareholder through contacting the Company or the Share Registry.

1.12 Taxation

It is the responsibility of all investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional

tax advisors. The Company and the Directors do not accept any liability or responsibility in respect of the taxation consequences of the matters referred to in this Prospectus.

2 Purpose and effect of the Offer

2.1 Purpose of the Offer

With this Prospectus, the Company is making an Offer to certain persons by invitation only of one thousand (1,000) Shares at the Issue Price to raise \$640 before expenses.

The Company has previously issued Shares or other securities in transactions that did not require the delivery of a prospectus or other disclosure document under the Corporations Act. The Company is not able, however, to issue a cleansing notice under section 708A(5) of the Corporations Act due to the Shares having been suspended from trading on the ASX for more than 5 days within the last 12 months, before the Company's compliance with Listing Rule 11.1, re-compliance with Chapters 1 and 2 of the Listing Rules and reinstatement to official quotation on 23 December 2015.

Accordingly, the primary purpose of this Prospectus is to remove any trading restrictions that may attach to Shares issued by the Company (including upon any exercise of Options) on or before the Closing Date, including:

- 49,400,000 Private Placement Shares;
- 22,500,000 Shares that were or will be issued to the vendors of Emefcy Limited as a result of the Company's satisfaction of the first milestone under the Share Exchange and Purchase Agreement dated as of 1 October 2015, relating to the Company's acquisition of Emefcy Limited;
- 150,000 Shares and 1,700,000 Options that are to be issued to several key China based advisors who are assisting the Company with supply chain planning and structuring, establishing distribution partnerships, relationship management, funding negotiations, and site selection and deployments. These Options have an exercise price of \$0.64 per Option and will expire on 31 July 2018, and will be issued pursuant to the Company's Employee Share Option Plan; and
- up to 2,000,000 Shares that may be issued before the Closing Date upon exercise of Options that were granted to EAS Advisors, LLC (**EAS Options**) as part of its remuneration for advisory services being provided to the Company. These Options have an exercise price of \$0.30 per Option and will expire on 31 July 2018.

Section 708A(11)(b) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- the relevant securities are in a class of securities of the company that are already quoted on the ASX; and
- a prospectus is lodged with ASIC either:
 - on or after the day on which the relevant securities were issued (Section 708A(11)(b)(i)); or
 - before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for

acceptance on the day on which the relevant securities were issued (section 708A(b)(ii)); and

- the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

In issuing the Shares referred to above to professional or sophisticated investors, the Emefcy vendors or advisors, the Company's purpose was not that those holders would sell or transfer those Shares. Also, in issuing Shares pursuant to any exercise of Options by EAS Advisors, LLC or another advisor, the Company's purpose is not that the advisor will sell or transfer those Shares. The Company is aware, however, that those investors, Emefcy vendors and advisors may wish to on-sell their Shares on the market prior to the expiry of 12 months after they were issued. The lodgement of this Prospectus with ASIC will enable them to do so.

2.2 Financial position

After paying the expenses of the Offer of approximately \$35,000, there will be no net proceeds from the Offer. It is important to note that the purpose of the Offer is primarily for compliance purposes and to allow for the secondary trading on ASX of eligible Shares issued since 23 December 2015. The expenses of the Offer (to the extent they exceed the Issue Price) will be met from the Company's existing cash reserves.

The effect of the Offer on the Company's financial position will be the receipt of the Issue Price less expenses of the Offer of approximately \$35,000, for a net decrease in cash held of approximately \$28,600.

2.3 Capital structure

The capital structure of the Company following completion of the Offer is set out below:

Type of security	Number
Existing Shares on issue at the date of this Prospectus ¹	201,915,169 ²
Shares offered under the Offer	1,000
Private Placement Shares ³	49,400,000
Shares to be issued to advisors in China	150,000
Shares to be issued upon exercise of EAS Options ⁴	2,000,000
Total Shares on issue⁵	253,466,169

¹ Of these Shares, 12,260,178 Shares are subject to mandatory escrow until 23 December 2016 (at which date approximately half of these Shares will become subject to voluntary escrow until 23 December 2017), 18,608,268 Shares are subject to mandatory escrow until 23 December 2017 and 26,266,406 Shares are subject to voluntary escrow until 23 December 2017.

² This includes 3,985,807 first milestone Shares expected to be issued before the Closing Date.

³ The Private Placement Shares are expected to be issued on 29 July 2016.

⁴ The above table assumes that all of the EAS Options are exercised.

⁵ The above table assumes that no Options other than the EAS Options are exercised on or before the Closing Date.

Type of security	Number
Options exercisable at \$0.06, expiring on 1 December 2016	5,335,886
Options exercisable at \$0.15, expiring on 5 June 2017	900,000
Options exercisable at \$0.30, expiring on 18 December 2018	2,500,000
Options exercisable at \$0.40, expiring on 18 December 2019	2,500,000
Options exercisable at \$0.40, expiring on 31 January 2019	2,000,000
Options exercisable at \$0.35, expiring on 13 April 2020	500,000
Options exercisable at \$0.30, expiring on 23 December 2019	431,473
Options exercisable at \$0.40, expiring on 23 December 2019	431,473
Options exercisable at \$0.30, expiring on 28 February 2020	112,500
Options exercisable at \$0.40, expiring on 28 February 2020	112,500
Options exercisable at \$0.30, expiring on 23 March 2020	825,000
Options exercisable at \$0.40, expiring on 23 March 2020	825,000
Options exercisable at \$0.30, expiring on 12 April 2020	50,000
Options exercisable at \$0.40, expiring on 12 April 2020	50,000
Options exercisable at \$0.5909, expiring on 16 May 2020	400,000
Options exercisable at \$0.5909, expiring on 28 May 2020	100,000
Options exercisable at \$0.40, expiring on 18 May 2020	1,000,000
Options exercisable at \$0.40, expiring on 18 May 2021	1,000,000
Options exercisable at \$0.933, expiring on 31 May 2020	1,000,000
Options exercisable at \$0.64, expiring on 31 July 2018	1,700,000
Total Options on issue	21,773,832

2.4 Effect on control

The Offer will not have a material impact on control of the Company.

2.5 Market price of Shares

The VWAP of the Shares on the ASX during the 5 trading days and 30 trading days immediately preceding the date of lodgement of this Prospectus with ASIC, was \$0.7144 and \$ 0.7867 respectively.

The latest available market sale price of the Shares on the ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.71 on 21 July 2016.

3 Risk factors

As with any share investment, there are risks associated with an investment in the Company. The numerous risk factors are both of a specific and a general nature. Some can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated.

This Section 3 identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the risk factors to which the Company and its Shareholders are exposed. Potential investors should read the entire Prospectus and consult their professional advisor before deciding whether to apply for Shares.

3.1 Factors Influencing success and risk

This section identifies areas which the Company believes are the major risks associated with an investment in the Company.

An investment in the Company should be considered in light of relevant risks, both general and specific. Each of the risks set out below could have a material adverse impact on the Company's operating performance and profits and the market price of the Company's shares. It should be noted that this is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

Before deciding to invest in the Company, you should:

- Read the entire Prospectus;
- Consider the risk factors which could affect the performance of the Company;
- Review these factors in light of your personal circumstances; and
- Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

3.2 Risks specific to the Company

The business activities of the Company are subject to a number of risks which could affect the Company and the industry in which it operates. These factors may have a substantial impact on future performance and the value of your Shares.

(a) Market risk

The sales potential for the Company's solutions is uncertain and unproven. The Company is in the early stages of commercialisation of the SABRE technology, having entered into contracts for one government supported commercial sale in Israel, a sale in the US Virgin Islands and a sale in Ethiopia. The on-going demand for the Company's SABRE wastewater treatment solutions is yet to be fully established.

Influencing factors for potential customers include pricing versus other solutions, the recommendations of wastewater treatment system integrators and design engineers, acceptance by local regulators, environmental sustainability, appetite to invest in new technologies and effective communication and education regarding the perceived advantages of the Company.

The Company has undertaken substantial market research which has included attending global wastewater treatment trade shows, conferences, product demonstrations and meetings with potential customers and industry system integrators, as well as hosting numerous trade and company delegations in Israel.

As a consequence, the Company has developed and modified its product offering to match market expectations, including framing the key benefits of SABRE around solving the key needs of its main target customers by providing a decentralised wastewater treatment model offering both capex and opex advantages as well as being modular for scalability.

The Company has developed selection criteria to seek to identify candidates as potential customers who gain the most from implementing a solution from the Company. The Company is targeting a number of geographic market segments and regions, to reduce the risk of an isolated economic downturn affecting demand in a single segment, territory or region.

(b) Competitor risk

The Company is subject to the risk from competitors including the introduction of new and emerging technologies, having core technology copied or reverse engineered, improved product offerings and price reductions. The Company's potential competitors include large established and well-funded corporations which may be able to adopt aggressive research and development and marketing strategies to capture market share as well as aggressive, fast moving early-stage start-up companies. As the wastewater treatment market changes and develops, there is also a risk of downward pressure on pricing.

The Company continuously monitors competitor product offerings and pricing models. The Company also actively monitors research and development innovations in the sector and considers its technology is more cost effective with higher utility than known current wastewater aeration equipment competitors in the same category.

The Company also holds a number of patent and patent applications and has implemented an ongoing intellectual property strategy to seek to protect its technologies from competitors.

(c) Lead time to sales

Decision makers with responsibilities for wastewater treatment solutions may be conservative due to the community and health sensitive nature of wastewater treatment. Further, access to funds for customers may take time with grants often a source of financing. As a consequence, the lead time for customer sales confirmations may be slow and extend to several years.

The Company has allowed for the conservative timeframe for decision makers in the wastewater industry in its forward planning. The Company has a demonstration plant successfully operating in the field for 22 months, together with a new commercial installation in Ha-Yogev, Israel which will be used to seek to demonstrate the technical attributes of the SABRE technology.

The Company is also exploring the possibility of third party financing for potential customers. With a low upfront payment option for decision makers, this may significantly reduce the time to signing a contract. However, there can be no guarantee that the Company will successfully implement this financing alternative.

(d) Third party installation and servicing quality control

As the Company's business plan is to utilise system integrators to rollout SABRE, the installation and servicing of SABRE units may be undertaken by third party contractors which may lead to the solution being incorrectly installed or serviced and therefore not performing to specification.

For the first sale with each system integrator, the Company plans on working directly with the system integrator to supervise the installation, commissioning and sign-off of the modules. Subsequent installations will then be planned and overseen to ensure quality is met. Sensors embedded into the equipment ensure that the Company can monitor the performance of each installation through remote monitoring software. In addition, any installations not done to the Company's specifications will not be covered by warranty, thereby mitigating the risk of customer claims resulting from incorrect third-party installations.

(e) Price risk

The price point of SABRE and the other Company solutions may be too high compared to other solutions or may not be able to stay at the same price for an extended period. This may lead to difficulties in market acceptance and, if reductions in price are necessary to achieve market penetration, the profit margins will be reduced.

SABRE is competitively priced compared to current centralised wastewater solutions used in municipal scenarios in many geographies. This is because the requirement for transportation of fluids are significantly reduced and as a consequence there is no requirement for long pipelines, infrastructure and its installation.

As noted above, the Company is also exploring the possibility of third party financing for potential customers which may mitigate issues faced by customers in funding the acquisition of the Company's products.

(f) Sales and marketing risks

A number of sales and marketing risks exist, some of which are also specifically and separately addressed in this Section, including:

- (i) The Company may have the wrong expectation of future market penetration which may include an overestimation of the demand in target market segments.
- (ii) The Company may fail to find suitable business partners, including suitable distribution partners and channels
- (iii) Competition may take a significant portion of potential market or reduces prices.
- (iv) Sales cycles may be longer than expected or delays may be experienced in product supply or installation.

The combination of the following will be deployed to seek to reduce the sales and marketing risks:

- (i) Targeting sales in several geographic markets, with several partners to reduce reliance on any one key customer or market segment.

-
- (ii) Careful and ongoing examination of target markets, their needs and expectations.
 - (iii) Investing in on-going product improvements and cost reductions.
 - (iv) Seeking to enter additional segments sooner, with emphasis on diversifying the customer base to include privately owned facilities such as industry, resorts, army camps, and considering supplementary business models such as rentals and leasing.

(g) China

The Company has identified significant opportunities for the sale of SABRE based wastewater treatment solutions in China. The ability of the Company to profitably benefit from this market opportunity depends on many factors, including:

- the selection of the right Chinese partners and distribution channels and establishing local partner agreements for distribution and product servicing and maintenance arrangements;
- receiving all the necessary local manufacturing licences and approvals;
- establishing cost effective and reliable suppliers, supply lines and manufacturing facilities and growing the local manufacturing capacity;
- successfully completing the product development of new generation MABR modules;
- preserving the intellectual property of the Company;
- achieving production volumes and quality as planned;
- the credit worthiness of customers;
- sourcing and managing working capital requirements and otherwise funding working capital requirements in a potentially rapidly growing market;
- attracting and retaining a competent and trustworthy workforce, including key management;
- being able to adapt to any changes in government laws or regulations;
- the continuing strength of the Chinese economy and the Government's ability to execute its Five Year Plan for funding wastewater treatment systems in rural regions;
- foreign currency and capital market fluctuations; and
- other risks associated with a foreign company operating in China.

Accordingly the Company is being careful and strategic in establishing the China business and is working through selecting one or more strategic partners with significant market reach and a deep understanding of the regulatory and industry environment in China.

(h) Supply risk

Individual suppliers may not be able to meet demand for the supply of materials. Reductions or interruptions in the supply of components or finished goods from international sources could adversely affect the Company's ability to meet customer delivery commitments. Component materials are purchased from outside sources and may be subject to currency or price changes decreasing potential profit margins.

The Company may have excess demand for production above the rate that the Company's module can be created or supplied. The Company has one manufacturing facility in Israel, which if interrupted or damaged could impact on its ability to meet sales orders.

Where practical the Company seeks to establish arrangements with multiple suppliers for components utilised in the manufacture of SABRE. In most cases the Company has alternative suppliers for specific components however the Company is currently dependent on one supplier for a key component and will seek to develop alternative suppliers to mitigate continuity of supply risk. The Company also intends, where possible, carrying increased inventories of key components to mitigate any temporary shortage in raw materials.

The current production facility at Or Akiva facility is expected to have sufficient production capacity only for the short term. For the medium term and long term we are currently working according to a plan to build a bigger production plant in China. This plant is expected to meet the Company's medium and long term demands.

The Company also maintains a suite of insurance policies covering its main manufacturing facility.

(i) Regulatory environment risks

Stringent environmental standards and regulations generally apply to the treatment of wastewater and these standards and regulations may vary in each jurisdiction in which the Company conducts business. Government regulations may change in any or all of the target territories making the business model ineffective, or pricing not feasible. These environmental standards are increasing globally and expected to increase demand for the Company's solutions.

The Company closely monitors environmental regulations and maintains extensive data on the treatment performance of its facilities. SABRE produces water not intended for drinking, thus exposure to public health risk incidents is low.

(j) Currency risk

The finances of the Company are exposed to currency risks including the Australian Dollar (AUD), US Dollar (USD) Euro (EUR) and Israeli Shekel (NIS). In addition, the Company intends to conduct business across numerous jurisdictions (including China), which will expose it to the additional risks associated with fluctuations associated with currencies in those regions.

Mainland China also imposes some restrictions on how Chinese currency can be converted into foreign currency as well as the repatriation of profits.

Australian corporate costs are mainly exposed to AUD, the Israeli based research and development programme, production costs and local sales are currently

exposed to NIS, while materials sourced from overseas, the Redeemable Note payable to True North and international sales are exposed mainly to USD.

As a result, the Company's cash position may be impacted by realised and unrealised losses on foreign currency. The Company has established bank accounts for each of AUD, NIS and USD and took steps to reduce currency risk by switching the capital raised through the December 2015 Equity Offer into the currencies required in accordance with budgeted cash flows.

(k) Technology risk

The Company's technologies may not be reliable or functional, or work to the standard expected. They may also be copied or reverse engineered.

SABRE has been technically proven with a demonstration plant in Caesarea, Israel in operation for 22 months.

SABRE2 and SUBRE are based on the same platform technology as SABRE and rely on similar engineering capabilities. Prototypes of each have been developed and are at varying stages of development, with some engineering developments challenges, as well as cost reduction targets still needing to be addressed.

The Company has taken several steps with a view to ensuring the quality and performance of its products including the implementation of the FMEA (Failure Mode Effect Analysis) reliability engineering method, detailed quality assurance testing of all manufactured units, and on-going remote monitoring of the actual performance of all installed units.

The Company maintains a dynamic intellectual property strategy designed to protect the technology from being copied.

Electrogenic bio reactor technology (**EBR**) is still in the early stages of development and still requires extensive field pilots and further development prior to being ready for commercialisation. There is a risk that EBR may not be technically successful or that even if technically proven may not be able to be commercialised in a cost effective manner.

(l) Product defects

The Company has established a manufacturing and production facility located at Or Akiva near Caesarea in Israel. There is one operational deployment of equipment manufactured at that facility. This lack of extensive operational history heightens the risk that the production output from the facility may exhibit manufacturing defects leading to requirements for the Company to undertake rectification works at its cost. The ramp up in production may be expected to put pressures and stresses on the plant and its personnel which may also heighten the risk of manufacturing defects. The Company estimates of warranty costs may understate the cost of servicing and actual claims made.

The Company has sought to adapt manufacturing procedures and policies to mitigate the risk of manufacturing defects. Detailed production plans have been prepared for commercial production of the SABRE product.

(m) Manufacturing Risks

There is a risk that the Company's manufacturing and production facility may not function reliably, efficiently or cost effectively, resulting in less products produced

than planned, of lesser quality or at higher than expected costs. The ramp up in production volumes may take longer or require more capital expenditure than expected.

Implementation of production control and costing systems may take longer and cost more than initial estimates. The workforce may take longer than expected to be recruited, fully trained and efficient in the operation of the facility. Delays in shipping may lead to inefficiencies in product handling or storage.

The modifications to the plant necessary to produce SABRE2 and SUBRE have been completed but remain to be operated at full capacity for more than a few days.

The Company has implemented web-based software to monitor and manage the wastewater treatment performance of current and future installations. There is a risk of remote service personnel for a given installation taking longer to correct infrastructure and maintenance solutions than expected.

(n) Intellectual property risks

The Company holds a number of patents and patent applications. There can be no guarantee that the patent applications will be successful and lead to granted patents. Furthermore, in respect of granted patents, there can be no guarantee that competitors will not develop technology to avoid those patents, or that third parties will not seek to claim an interest in the intellectual property with a view to seeking a commercial benefit from the Company.

There is also a risk of competitors obtaining and sustaining protection of competing or infringing technology which, given its complex nature, could lead to extensive and lengthy disputes for which there can be no guaranteed outcome.

The Company has engaged with patent attorneys to develop and implement an intellectual property strategy to seek to establish broad patent protection over its technologies to enable it to guard its exclusivity, maintain an advantage over competitors and provide it with a basis for enforcement in the event of infringement.

The Company has no reason to believe that any third parties intellectual property rights are being infringed by the Company's systems or technologies or that any entity has asserted any rights or claims of ownership against the Company over any aspect of its intellectual property.

As part of the Company's intellectual property strategy, the Company closely monitors competitor activities for potential infringements as well as innovative developments in the wastewater treatment industry. This is done through attendances at key conferences, trade shows and undertaking periodic reviews of newly granted patents.

The Company has been using the name SABRE for its MABR product. It was found recently that SABRE is registered as trademark for wastewater treatment products in the USA, Japan and Korea. As a result, it is intended that SABRE will be rebranded soon. There is still a risk that the owners of the SABRE trademarks will seek to claim the Company for the use of the name SABRE.

Since no commercial deployment of SABRE has taken place in these territories so far, in the Company's view the likelihood any such action is low.

(o) Management risk

The Company operations are dependent upon the continued performance, efforts, abilities and expertise of its key Board and management.

The Company's ability to execute its China strategy and manage sales and support into global markets is yet to be established.

Remuneration for employees and Directors is intended to be reviewed in accordance with the Company's corporate governance policies and benchmarked to ensure that it remains market competitive. Senior managers and employees have also historically participated in an employee share option plan designed to provide incentives for company outperformance. The Company has adopted a Employee Share Option Plan to provide a mechanism for the future reward and to provide incentives to key personnel.

The Company is planning on further systemising its business to ensure that key person risks are reduced and that succession planning can occur at lower risk. Until that occurs, the Company is building an experienced management team with extensive business capability. Frequent update meetings between members of management enables an orderly transfer of key information. Job specifications for all management positions on file, and work arranged to have overlap between at least two employees in every matter, further reduce this risk.

(p) Personnel risk

There may be capability gaps in the Company's organisation structure that does not allow the company to grow according to plan. Delays in some key hires also may occur.

The Company has a detailed organisation recruitment plan in place designed to grow its workforce in line with the commercialisation of the SABRE technology. This includes the recruitment of personnel across a range of company functions including management, sales, finance, technical, operations and manufacturing capabilities. The Company also uses consultants and contractors to close any organisational gaps

(q) Debt collection risk

Customers may be slow, or fail, to pay the Company causing a cash flow issue to the Company. In addition, the Company may use local agents and partners in areas for sales. There may be a gap between when the partner is paid and when the Company is paid. This risk may increase as this business grows. In addition, sources of funds being relied upon by customers, such as grants, for payment to the Company may not materialise.

At the early stages of commercialisation, the Company will require progressive instalment payments for supply contracts. As sales increase, background checks will be conducted on every new customer.

(r) Cash flow risk

The Company's expansion plans will consume cash and the cash burn will exceed the revenue for the short to medium term at least. In addition, projects may go over budget and not expand at the rate expected. Furthermore, Government grants that the Company has been able to access in the past may not be available in the future.

The founders have experience in the execution of industrial technology projects and have an understanding of the Company's requirements if it is to achieve commercially meaningful revenues. The progress of the Company as against its target milestones, budgets and development plans will be monitored on a regular basis by the Board.

The Company's expenditures will be closely monitored relative to budget with contingency plans in place to reduce or defer costs if necessary. Access to potential sources of funds will also be closely monitored, including but not limited to a range of government grants, further capital by way of equity issues and debt facilities on acceptable terms.

(s) Water as a Service model

The Company has prepared a model for selling recycled water suitable for non-potable uses such as irrigation or in-building applications such as flushing toilets and blow-down water for air conditioning. Whilst the Water as a Service model has been validated in principle, there remain many potential risks to manage, including the establishment of a finance partner with significant access to financial resources, an understanding of utility service models and strong credit checking capability. The market potential has been identified but there may be many factors that slow or impede the roll out of the Water as Service model, including customer long term planning, complying with local regulations, and the on-going capacity of the customer to pay. To assist mitigate these risks, the Company is looking to establish a relationship with a strong finance partner that is able to enable the rapid deployment of the Water as a Service model.

Additionally, there are risks that:

- (i) a contracted engineering services firm may fail to construct a plant on schedule or according to specifications;
- (ii) a contracted operations and maintenance firm may fail to provide the agreed services;
- (iii) a customer may operate the plant outside of agreed specifications, resulting in plant impairment or failure; or
- (iv) a significant customer may delay or default on payment.

Mitigation of these risks will include establishing and enforcing strong contracts, ensuring that any contracted parties carry suitable insurance, checking a customer's credit worthiness, and the Company or a subsidiary maintaining appropriate insurance policies to protect it against losses.

(t) Additional capital requirements

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate revenue from its operations, the Company may require further financing in addition to amounts raised under the Equity Offer.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(u) Grant obligations

The Company has in the past, and expects in the future, to finance part of its research and development costs through grants from the State of Israel via the Chief Scientist in the Ministry of Economy and Industry (**OCS**) and the Chief Scientist in the Ministry of National Infrastructure, Energy and Water Resources (**MNI**). The total amount received by The Company in grants from the OCS and the MNI to 30 June 2016 (including accrual for interest) is approximately US\$1.5 million and US\$0.27 million, respectively. On generating revenue The Company will be required to commence repayment of grants made by the OCS and the MNI at a rate ranging between 3% and 3.5% of revenue and 5% of revenue, respectively. These obligations will reduce the Company's capacity to finance other activities.

Upon full repayment of OCS and MNI grants the Company will continue to be bound to comply with the requirements of Industrial Research and Development, 5744-1984, and related regulations (**R&D Law**). The R&D Law can impose restrictions on the transfer outside of Israel of know how or on the manufacture or manufacturing rights of products incorporating such know-how or technologies developed using grants without the prior approval of the relevant authority. Therefore, if aspects of the Company's technologies are deemed to have been developed with funding, the discretionary approval of a government committee will be required for any transfer to third parties outside Israel of the know-how or manufacturing or manufacturing rights related to those aspects of such technologies. If in the future the Company wishes to sell such technologies or rights to a third party there is a risk that the government may refuse to provide consent or impose prohibitive conditions to any consent. The transfer of OCS-supported technology or know-how or manufacturing or manufacturing rights related to aspects of such technologies outside of Israel may involve the payment of significant penalties and other amounts, depending upon the value of the transferred technology or know-how, the amount of OCS support, the time of completion of the OCS-supported research project and other factors. These restrictions may impair the Company's ability to sell the technology outside Israel or to outsource or transfer outside of Israel technology or know-how developed with grant funding. Furthermore, the ultimate consideration realisable from such transaction(s) may be reduced by amounts payable to the government.

3.3 General investment risks

(a) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities. Furthermore, share market conditions may affect the value of the Company's securities regardless of the

Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital;
- (vi) changes in government or governmental policies in key economic markets;
- (vii) terrorism, instability or other hostilities causing political stability in Israel and surrounding countries; and
- (viii) other factors beyond the control of the Company.

(b) Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation point of view and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of applying for Shares under this Prospectus.

(c) Litigation risk

Following the acquisition of Emefcy by Savcor, some of the Company's executive officers and directors and Israeli experts advising the Company reside outside of Australia, and most of the Company's assets and most of the assets of the executive officers and directors will be located outside of Australia. Therefore, a judgment obtained against the Company, or any of these persons, in Australia, including one based on the civil liability provisions of Australian securities laws, may not be collectible in Australia and may not be enforced by an Israeli court. It may also be difficult to effect service of process on these persons in Australia or to assert Australian securities law claims in original actions instituted in Israel.

In accordance with the Israeli Law on Enforcement of Foreign Judgments, 5718-1958, and subject to specified time limitations and legal procedures, Israeli courts may enforce an Australian judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based upon the civil liability provisions of Australian securities laws and including a monetary or compensatory judgment in a non-civil matter; only if they find that:

- (i) the judgment was rendered by a court which was, according to the laws of the state of the court, competent to render the judgment;
- (ii) the obligation imposed by the judgment is enforceable according to the rules relating to the enforceability of judgments in Israel and the substance of the judgment is not contrary to public policy; and

- (iii) the judgment is executory in the state in which it was given.

Even if these conditions are satisfied, an Israeli court will not enforce a foreign judgment if it was given in a state whose laws do not provide for the enforcement of judgments of Israeli courts (subject to exceptional cases) or if its enforcement is likely to prejudice the sovereignty or security of the State of Israel. The term "prejudice the sovereignty or security of the State of Israel" as used in the Israeli Law on Enforcement of Foreign Judgments has not been interpreted by Israeli courts. Furthermore, other authority under Israeli law with respect to such term is very limited, and does not provide guidance as to what criteria will be considered by an Israeli court in determining whether the enforcement of a foreign judgment would prejudice the sovereignty or security of the State of Israel. An Israeli court also will not declare a foreign judgment enforceable if:

- (i) the judgment was obtained by fraud;
- (ii) there is a finding of lack of due process;
- (iii) the judgment was rendered by a court not competent to render it according to the laws of private international law in Israel;
- (iv) the judgment is in conflict with another judgment that was given in the same matter between the same parties and that is still valid; or
- (v) at the time the action was instituted in the foreign court, a suit in the same matter and between the same parties was pending before a court or tribunal in Israel.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavourable exchange rates.

(d) Risk to limited liability

The Company as an Israel company has been incorporated with limited liability of its shareholders. However, liability may be placed upon an Israel company's shareholders in certain circumstances including where actions were to defraud a creditor or were undertaken in a manner against the purpose of the company and while putting the company's solvency at risk and the shareholder was aware of those activities. In these circumstances a court in Israel may attribute the company's debts to a shareholder thus allowing creditors to pursue that shareholder for collection of debts.

(e) Political risks

The ability of the Company to execute its strategies and global marketing plans is subject to political risks in the jurisdictions where it intends to operate, including in China. The Company's potential operating results and financial conditions in China in particular will be highly susceptible to changes in that country's political, economic and social conditions.

Interpretation and enforcement of China's laws and regulations may be subject to changes in policies and political environment. Different regulatory authorities may

have different interpretation and enforcement of the waste water industry's policies and foreign investment policies, which requires companies to meet the policies' requirements issued by relevant regulatory authorities from time to time, and obtain approvals and complete filings in accordance with the relevant regulatory authorities' interpretation and enforcement of such policies.

If there are any future changes in applicable laws, regulations, administrative interpretations or regulatory documents, or stricter enforcement policies by the relevant regulatory authorities in China, more stringent requirements could be imposed on the industries the Company proposes to engage in.

Compliance with such new requirements could impose substantial additional costs or otherwise have a material adverse effect on the Company's business, financial condition and results of operations. In addition, if the Company fails to meet such new rules and requirements relating to approval, construction, environmental or safety compliance of the Company's operations, the Company may be ordered by the relevant regulatory authorities in China to change, suspend construction of or close of the relevant facilities.

There can be no guarantee that the government regulations in Australia, Hong Kong and China, in particular in relation to foreign investment, repatriation of foreign currency, taxation and the regulation of the waste water treatment industry, will not be amended in the future to the detriment of the Company's business.

4 Additional information

4.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares which are to be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the Prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of the Shares on the Company and the rights attaching to the Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgement of the Company's annual financial statements for the financial year ended 31 December 2015 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial statements of the Company for the financial year ended 31 December 2015, being the Company's last financial statements for a financial year lodged with ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgement of that annual report and before the lodgement of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgement of the financial statements referred to in section (i) and before the lodgement of this Prospectus with ASIC.

Copies of all documents lodged with ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules that investors or their professional advisers:

- (a) would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the securities the subject of this Prospectus; and
- (b) would reasonably expect to find in this Prospectus.

The following announcements relating to the Company have been lodged with the ASX since the lodgement of its annual financial report for the financial year ended 31 December 2015.

Date	Announcement
25/07/2016	Reinstatement to Official Quotation
25/07/2016	Emefcy Closes A\$31.6 million Private Placement
25/07/2016	China Strategic Advisor Agreements
22/07/2016	Appendix 4C – quarterly Q2
22/07/2016	Suspension from Official Quotation
20/07/2016	Trading Halt
11/07/2016	China Strategy
11/07/2016	Emefcy Investor Roadshow
23/06/2016	Update - Timing of Issuance of Deferred Consideration Shares
23/06/2016	Appendix 3B
22/06/2016	Signing of First African Contract
17/06/2016	Change of Director's Interest Notice RI
16/06/2016	Change in substantial holding PV
16/06/2016	Appendix 3B
14/06/2016	Appendix 3Y - Change of Directors Interest Notice (EL)
10/06/2016	Form 603 & Form 605
10/06/2016	Appendix 3B
31/05/2016	Emefcy Group Limited -New Constitution (Adopted 18 May 2016)
19/05/2016	Results of Meeting
16/05/2016	Australian Investor Roadshow Presentation May 2016
06/05/2016	Appendix 3B
29/04/2016	Appendix 4C - quarterly
22/04/2016	Update - Timing of Issue of Deferred Consideration Shares

19/04/2016	Change of Director's Interest Notice
15/04/2016	Notice of Annual General Meeting/Proxy Form

4.2 Rights attaching to the Shares

The rights attaching to ownership of the Shares (including the Shares to be issued under this Prospectus) are:

- (a) described in the Constitution; and
- (b) regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the key provisions in the Constitution and the principal rights of Shareholders as set out in the Constitution. This summary is not exhaustive, nor does it constitute a definitive statement of the rights and liabilities of the Shareholders.

The Constitution is typical of those for Australian public companies and complies with ASX requirements. A copy of the Constitution is available on the Company website www.emefcy.com.au.

(a) Alteration of rights attaching to Shares

The rights attaching to Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of all Shareholders. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the authorisation by a special resolution passed at a separate meeting of the holders of the shares of that class and of all the Shareholders.

(b) Share transfers

Generally, Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(c) Meeting procedures

Shareholders are entitled to attend and vote at general meetings of the Company, in person, or by proxy, attorney or representative.

For so long as the Company remains a listed entity, Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution.

(d) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at a general meeting of Shareholders or a class of Shareholders:

- (i) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (ii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(e) Dividends

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Board may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

No dividend shall carry interest as against the Company. The Board may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Board, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Board by resolution passed at a general meeting, implement a dividend reinvestment plan which provides for any dividend which the Board may declare from time to time, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares to be issued to the relevant Shareholder.

(f) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(g) Alteration of Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting.

4.3 Interests of experts

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest or has had any interest during the last two years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with the Company's formation or promotion, or the Offer of the Shares; and
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company, or the Offer of the Shares.

Hall & Wilcox will be paid approximately \$35,000 in relation to their legal services with respect to the preparation of this Prospectus.

4.4 Consent and disclaimer of responsibility

None of the parties referred to below has made any statement which is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified below.

Hall & Wilcox has given, and has not withdrawn, its written consent to be named as the legal advisers to the Company in the form and context in which it is named.

BDO East Coast Partnership has given its consent to being named as the auditor of the Company in the Prospectus in the form and context in which it is named. BDO East Coast Partnership has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

4.5 Interests of Directors

Subject to and upon the successful completion of the Private Placement to a minimum of \$10,000,000:

- (a) a one-off special purpose consulting fee of \$75,000 will be paid to Richard Irving in respect of his extensive work in conceptualising, modelling, strategizing and negotiating the implementation of the Water as a Service model with potential finance partners;
- (b) a one-off special purpose consulting fee of \$75,000 will be paid to Ross Haghightat in respect of his extensive work in supporting and helping to formulate the Company's China strategy, and making many introductions to Chinese service providers, Chinese manufacturers and potential partners to the Company, and working closely with management to assist in the execution of the China strategy; and

- (c) a one-off special purpose consulting fee of \$60,000 will be paid to Peter Marks in respect of his extensive work in investor relations in Australia and Asia, as well as Peter Marks' intensive capital management design, planning and execution strategy for a proposed capital raising.

Other than set out above or elsewhere in this Prospectus:

- No Director or proposed Director of the Company has, or has had in the two years before the date of this Prospectus, any interest in the formation or promotion of the Company, or the Offer of Shares, or in any property proposed to be acquired by the Company in connection with information or promotion of the Offer of the Shares; and
- No amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of the Company either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of the Company or the Offer of Shares.

4.6 Directors' Shareholdings

The Directors will have a relevant interest in the following Shares and options to acquire Shares in the Company as at the Closing Date:

Director	Shares	%	Options
Richard Irving ⁶	28,944,080	11.4	1,000,000
Eytan Levy ⁷	9,267,810	3.7	4,000,000
Ross Haghighat ⁸	Nil	0	1,000,000
Peter Marks ⁹	1,547,052	0.6	1,707,351

⁶ An entity related to Richard Irving, Pond Venture Nominees III Limited, was party to the Share Exchange and Purchase Agreement. Pursuant to that agreement, Richard Irving's related entity sold its equity interests in Emefcy Limited, consisting of 1,377,792 ordinary shares, to the Company in exchange for 21,629,388 ordinary shares in the Company. As a result of the Company's satisfaction of a commercial milestone, Pond received 7,314,692 further ordinary shares in the Company, and Pond will be entitled to receive 7,320,499 additional ordinary shares if the Company satisfies a second commercial milestone. In addition 1,000,000 Options were issued to Richard Irving pursuant to shareholder resolution at the Company's General Meeting on 17 November 2015.

⁷ Eytan Levy was party to the Share Exchange and Purchase Agreement. Pursuant to that agreement, he sold his equity interests in Emefcy Limited, consisting of 504,444 ordinary shares, to the Company, in exchange for 6,409,416 ordinary shares in the Company. As a result of the Company's satisfaction of a commercial milestone, Eytan Levy received 2,858,394 further ordinary shares in the Company, and he will be entitled to receive 3,104,550 additional ordinary shares if the Company satisfies a second commercial milestone. 2,000,000 Options were issued to Eytan Levy pursuant to shareholder resolution at the Company's General Meeting on 17 November 2015. 2,000,000 further Options were issued on 7 June 2016 as part of Eytan Levy's remuneration in connection with his role as director and Chief Executive Officer.

⁸ 1,000,000 Options were issued to Ross Haghighat pursuant to shareholder resolution at the Company's General Meeting on 17 November 2015.

⁹ Pursuant to the equity offer under the Company's Replacement Prospectus dated 23 October 2015, Peter Marks was given the option to subscribe for 250,000 shares in the Company, and 1,000,000 options that could be exercised for shares in the Company. Peter Marks currently indirectly holds, through a related entity, 1,547,052 shares in the Company and directly holds 1,707,351 Options. 1,000,000 Options were issued to Peter Marks pursuant to shareholder resolution at the Company's General Meeting on 17 November 2015. 707,351 remaining Options were issued to Peter Marks prior to the Company's reinstatement to trading in December 2015.

Director	Shares	%	Options
Robert Wale ¹⁰	Nil	0	500,000
Total			

4.7 Directors' remuneration

The remuneration paid or payable to the Directors for the two financial years prior to the date of this Prospectus is as follows:

Director	2014	2015
Richard Irving	N/A	US\$6,421
Eytan Levy	N/A	US\$93,297
Ross Haghighat	N/A	US\$4,381
Peter Marks	Nil	US\$46,781
Robert Wale	N/A	N/A

4.8 Related party arrangements

Since the Company's ordinary shares were reinstated to trading on the ASX in December 2015, the Company has not had any dealings with its related parties (including directors), other than as described in section 4.5.

4.9 Privacy

The Company collects information about each Applicant provided to it for the purposes of administering the Offer and, subsequently, any security holding in the Company. The Company may disclose this information for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

4.10 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an Electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of shares and options in response to an electronic application, subject to compliance with certain provisions.

If you have received this Prospectus as an Electronic Prospectus, please ensure that you have the entire Prospectus accompanied by the Application Form. If you have not, please

In relation to the Private Placement, Henslow Pty Ltd was engaged as lead manager. Peter Marks is a Principal of Henslow, but not a director nor shareholder. Upon successful completion of the private placement, Henslow is entitled to be paid a success fee of 5% of the aggregate value of the amount subscribed by investors. Henslow will also receive a monthly retainer fee of \$15,000 per month for minimum of three months.

¹⁰ 500,000 Options were issued on 13 April 2016 to Robert Wale as part of the remuneration in connection with his appointment as director.

email the Company at info@emefcygroup.com and the Company will send you, free of charge, either a hard copy or a further electronic copy of the Prospectus or both.

The Company reserves right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided with an entire copy of the Prospectus and any relevant supplementary or replacement material or any of those documents were incomplete or altered. In such case, the Application Money received will be dealt with in accordance with section 722 of the Corporations Act.

4.11 Expenses of the Offer

The approximate expenses of the Offer, including advisers' fees, ASIC and ASX fees, printing and distribution costs and other miscellaneous expenses is approximately \$35,000, which has been paid or is payable by the Company.

4.12 Directors' authorisation

This Prospectus is authorised by the Company and is lodged with ASIC pursuant to section 718 of the Corporations Act. Each Director of the Company has given, and has not withdrawn, their consent to the lodgement of this Prospectus under ASIC under the terms of section 720 of the Corporations Act.

Dated: 25 July 2016

A handwritten signature in black ink, appearing to read 'P. Marks', with a long horizontal flourish extending to the right.

Signed for and on behalf of Emefcy Group Limited by Peter Ashley Marks

Glossary

Where the following terms are used in this Prospectus they have the following meanings:

\$, A\$ or Dollars	Australian dollars unless otherwise stated.
Applicant	A person who submits an Application Form pursuant to this Prospectus.
Application	A valid application made to subscribe for the Share in accordance with the Offer.
Application Form	The Application form accompanying a paper copy of this Prospectus to subscribe for the Share pursuant to the Offer.
Application Money	Money received from persons applying for the Share pursuant to the terms of the Offer.
ASIC	The Australian Securities & Investments Commission.
ASTC Settlement Rules	Rules under the former ASX Settlement Pty Limited.
ASX	ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited
ASX Listing Rules	The official listing rules of ASX.
Auditor	BDO East Coast Partnership, Level 14, 140 William Street, Melbourne, Victoria, 3000, Australia.
Board	The board of Directors.
Closing Date	The date set out in section 1.
Company	Emefcy Group Limited (ABN 52 127 734 196) and its controlled subsidiaries.
Constitution	The constitution of the Company.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).

Director	A director of the Company.
Electronic Prospectus	The form of Prospectus referred to in section 4.10.
Emefcy	Emefcy Group Limited ACN 127 734 196.
Employee Share Option Plan	Means the Company's employee share option plan for employees and consultants approved by Company shareholders on 17 November 2015.
Equity Offer	Means the offer of 134,766,053 Shares and 5,000,000 Options in the Company made under the Company's Replacement Prospectus dated 23 October 2015 and approved by Company shareholders on 17 November 2015.
EST	Australian Eastern Standard Time
FY	Financial Year.
Issue Price	The price of \$640 to be paid for the one thousand shares in the Offer.
Listing Rules	The listing rules of ASX.
Offer	An invitation made in this Prospectus to subscribe for the Shares.
Official List	The official list of the ASX.
Opening Date	The date set out in section 1.
Option	An option to be issued a Share.
Private Placement	Shares to be issued to professional or sophisticated investors or to other investors in transactions that will not require a disclosure document under section 708 of the Corporations Act.
Private Placement Shares	The Shares issued in the Private Placement.
Prospectus	This Prospectus and includes the Electronic Prospectus.
Redeemable Note	The redeemable non-convertible interest free note issued to True North Venture Partners L.P of 205 N.Michigan Avenue,

Suite 2930, Chicago, Illinois, 60601.

Savcor Group Limited	Savcor Group Limited (previous ABN 52 127 734 196) who acquired Emefcy Limited in 2015.
Share	A fully paid ordinary share in the Company.
Share Exchange and Purchase Agreement	The share exchange and purchase agreement between Emefcy Limited (and its shareholders at the date of that agreement) and Savcor Group Limited dated 1 October 2015.
Share Registry	Boardroom Pty Limited (ACN 003 209 836).
Shareholder	The registered holder of Shares in the Company.
Substantial Holding	The meaning of substantial holding as defined in section 9 of the Corporations Act.
US person	Has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	The United States Securities Act of 1933, as amended.
VWAP or volume weighted average price	The average of the high, low and closing prices for each day, multiplied for each day by the daily volume of shares traded on that day