



ASX ANNOUNCEMENT

Monday 28th October 2019

PET Chinese subsidiary granted High-Tech & reduced tax rate status

Key Points:

- **China Government affirmation of PET qualifications.**
- **Highly sought-after accreditation.**
- **Additional benefit is lower tax.**

PET Directors are pleased to announce our 100% owned Beijing subsidiary has been officially granted National High - Tech Enterprise Status by the Beijing government.

High-Tech Enterprise in China means a company active in the high-tech space which is supported by the Government. In order to gain this status, a company must be predominantly engaged in transformational new technology and the development of independent intellectual property rights.

PET achieved this status through a rigorous process of assessment; including examining our Research and Development programs, how our technology supports the core product and service and the maintenance of a government mandated minimum of R&D personnel as a proportion of our total workforce.

PET further benefits from a corporate tax rate reduced from 25% to 15% for an initial period of three years.

We are able to apply the lower tax rate retrospectively to the full financial year 2019, reversed back and refunded in the 2020 financial year and thereafter. At the end of the initial period, we can apply for a continuation of this status.

The Company is eligible to receive further benefits via government policy support and talent introduction. For example, as a Hi-Tech company, PET is now qualified to apply for additional government tax rebate programs, and rebates for application of patent and trademark registration and expenses.

ASX Code:	PET
Share Price:	A\$1.01
52 Week High:	A\$1.60
52 Week Low:	A\$0.32
Issued Shares:	562.5m
Market Cap:	A\$568m

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



Chairman Laurence Freedman AM commented:

“We are most gratified to have earned this extraordinary recognition from the Chinese government.

“It not only reinforces the quality and importance of the Company in general, but further enhances our standing globally.

“This should add to the opportunities we seek, not only in direct water remediation, but in new products, leading to diversification of our revenue streams in the engineering, ground remediation and technical service areas. “

Mr Laurence Freedman AM
Chairman

Mr Robert Schuitema
Managing Director

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PHOSLOCK ENVIRONMENTAL TECHNOLOGIES LIMITED (PET)

Phoslock Environmental Technologies Limited is listed on the Australian Stock Exchange (ASX Code: PET).

Phoslock Environmental Technologies Limited (ASX: PET) is an international environmental company specialising in engineering solutions and water treatment products to remediate polluted lakes, rivers, canals and drinking water reservoirs.

PET has its headquarters in Sydney, Australia with offices in Brisbane, Beijing & Changxing, China; and Manchester, UK. PET is represented by licensees, distributors and agents in ten other countries including SePRO Corporation in the United States and HidroScience in Brazil. PET has a number of marketing and co-operation agreements in China with various environmental companies and government agencies.

In 2017 Phoslock (Beijing) was formed to help remediate the massive Chinese algae and water pollution problem. This 100% owned subsidiary undertakes design, engineering, and implementation of rivers, canals, reservoirs and lakes, along with construction of wetland areas. The significant broadening of the historical PET business allows for work on a greatly increased array of projects both in China and elsewhere.

PET owns the patent for Phoslock[®], a unique water treatment product that permanently binds excess phosphorus in the water column and sediments. This in turn inhibits the growth of Harmful Algal Blooms (HAB) that lead to detrimental effects to both aquatic and human life.

Phoslock[®] is certified to be used in drinking water in North America, Europe, UK, Brazil, Australia and China.

Along with Phoslock[®] PET also supplies:

- 1) Zeolites - a porous, natural material that can be applied to heavily polluted water to absorb nutrients such as nitrogen. Nitrogen is an important food source for the growth of harmful algae.
- 2) Bacteria. - Specialised types of bacteria can break down contaminants and organic matter that pollute water and cause human and water-borne diseases.

PET has a large multi-purpose factory in Changxing, Zhejiang province, China, 150km inland from Shanghai, which manufactures its patented technology, Phoslock[®], along with nutrient binding materials zeolites and bacteria. It also has an engineering and physical water management division.

The Changxing Factory recently received ISO accreditation from TUV Rheinland, a German engineering accreditation agency for:

ISO 9001 – Quality Control and Documentation Certification;
ISO 14000 – Environmental Management Standards Certification; and
OSHA 18000 - Health and Safety Management Systems.

PET has secured the exclusive global licence to manufacture, sell and distribute a unique new product which, after removing phosphorus from polluted water, can be reused. PET has established a development team to advance the product to full commercialisation. It is anticipated that commercial quantities of the new product will be available by mid-2020.

For more information on the company, recent news and blogs, please visit our website:
www.PHOSLOCK.com.au