

9 December 2016

INVESTIGATION INTO STRATEGIC ACQUISITIONS

ZKP Group Limited has entered into discussions with two related party companies Jiangsu ZKP and Wenzhou ZKP in relation to possible acquisitions of those companies. Both companies are owned and controlled by the Companies' Chairman and major Shareholder Mr Lu Lijian. They operate in the same industry and produce similar products to ZKP Group. If completed, the acquisition of both businesses would increase the capacity of the ZKP Group from 15 million units per month to approximately 39 million units per month.

The company has commenced due diligence on Jiangsu ZKP and expects to commence due diligence on Wenzhou ZKP early in 2017.

Jiangsu ZKP has a current production capacity of 15 million ceramic ferrules per month. Wenzhou ZKP is still under final construction but will have a production capacity of 12 million ceramic ferrules per month when completed.

ZKP believes that the increased capacity will enable it to meet the anticipated market demand for its products over the next 12 months.

To enable the company to fund the possible acquisitions and its planned expansion the company is in discussions with its Chairman and major shareholder Mr Lu to convert his existing loans to the company into equity. Should the acquisitions proceed then the Directors anticipate both acquisitions will be funded with a mixture of debt and equity.

The company is also in discussions with potential investors to raise debt to fund its current growth plans and expects to be able to announce the detail of its plans early in the first quarter of 2017.

For Further Information, please contact:

ZKP Group Limited
James Church – Company Secretary
Email: jchurch@connell-lawyers.com.au