



28 April 2017

ZKP Group Limited

ACN 610 299 271

Notice of Annual General Meeting

NOTICE is hereby given that ZKP Group Limited ACN 610 299 271 (**Company**) will hold its Annual General Meeting on Wednesday 31st May 2017 at 10.00 a.m. at Grant Thornton House, Level 3, 170 Frome Street, Adelaide, South Australia 5000 for the purpose of transacting the business set out in the Notice below.

The Notice of Meeting, Explanatory Statement and Proxy Form are being despatched to Shareholders today.

For further information contact:

Mr James Church
Company Secretary
ZKP Group Ltd
Telephone: +61431726402
Email: jchurch@connell-lawyers.com.au
Website: zkpgroup.com.au



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

Details of time and location of the Annual General Meeting

Date: Wednesday 31st May 2017

Time: 10.00am (Adelaide time)

Venue: Grant Thornton House, Level 3, 170 Frome Street, Adelaide, South Australia 5000.



NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of ZKP Group Limited ACN 610 299 271 ("the Company") will be held on Wednesday 31st May 2017 at 10.00 a.m. at Grant Thornton House, Level 3, 170 Frome Street, Adelaide, South Australia 5000.

Business of the Meeting

Item 1: Receipt of reports and financial statements

To receive and consider the Directors' Report and the Financial Report of the Company for the financial year ended 31 December 2016 and the Auditor's Report in relation to the Financial Report.

Item 2: Adoption of Remuneration Report (non-binding resolution)

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, the Remuneration Report contained in the Directors' Report of the Company for the financial year ended 31 December 2016 be adopted."

Under the Corporations Act 2001 (Cth), this resolution is advisory only and does not bind the Directors or the Company.

Item 3: Re-election of Mr Brendan Connell as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, Mr Brendan Connell, who retires by rotation in accordance with the Company's Constitution and is eligible for election, be re-elected as a Director of the Company."

Item 4: Re-election of Mr Lu Jian as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, Mr Lu Jian, who was appointed to the Board by the Directors to hold office until the next AGM after his appointment and is then eligible for re-election be re-elected as a Director of the Company."

Item 5: Re-election of Mr Andrew Martin as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, Mr Andrew Martin, who was appointed to the Board by the Directors to hold office until the next AGM after his appointment and is then eligible for re-election be re-elected as a Director of the Company."

Item 6: Election of Mr Gary Francis as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, Mr Gary Francis be elected as a Director of the Company."

Item 7: Share Split

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution;

"That, for the purposes of Section 254H of the Corporations Act, clause 4.2.2 of the Company's Constitution and for all other purposes, approval is given for the Company to subdivide the issued capital of the Company on the basis that every one (1) Share be subdivided into one hundred and fifty five (155) shares and otherwise on the terms and conditions set out and in the Explanatory Statement accompanying this Notice of Meeting."

Item 8: Issue of fully paid ordinary shares in the Company

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

*“That, subject to and conditional upon the passing of Resolution 7 (Share Split), for the purposes of NSX Listing Rule 6.25, and all other purposes, approval is given for the issue and allotment of up to 63,000,000 fully paid ordinary shares at an issue price of \$0.15 per share as detailed in the Explanatory Statement (**Placement Shares**).”*

Item 9: Appointment of Auditor

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That, Grant Thornton Audit (SA) Pty Ltd be appointed as Auditors to the Company.”

Item 10: Ratification of share issue on 24 February and 10 March 2017

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, pursuant to, and in accordance with, Listing Rule 6.25.1 of the NSX Listing Rules, the issue of 306,300 of fully paid Ordinary Shares in the capital of the Company, which were issued in two tranches on 24 February and 10 March 2017 at a price of \$30.84 to Hengyang SME Guarantee Fund Management Centre to raise AU\$9,446,181, be ratified and approved”

Item 11: Authority to issue shares

To consider and, if thought fit, to pass, with or without amendment, the following ordinary resolution:

“That, subject to and conditional upon the passing of Resolution 7 (Share Split), for the purpose of NSX Listing Rule 6.25, and all other purposes, shareholders approve the allotment and issue of not more than 56,000,000 ordinary fully paid shares to convert loans owed by the Group to a large pool of financiers totalling not more than RMB 44,500,000 (approximately \$8,396,226.42 at an exchange rate of AUD 1 : RMB 5.3) in accordance with the terms described in the Explanatory Memorandum.”

Item 12: Other Business

To transact any other business that may be brought forward in conformity with the Company's Constitution.

By order of the Board

James Church
Company Secretary
Adelaide
28 April 2017

NOTES

Retirement of casual vacancy Directors

Under sections 12.16 and 12.17 of the Constitution of the Company, the Board may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing number of Directors. A Director appointed in this manner:

1. Holds office only until the next annual general meeting after the appointment and is then eligible for re-election.
2. Must not be taken into account in determining the Directors who are to retire by rotation at that annual general meeting.

As indicated in items 4 & 5 of this Notice, Mr Andrew Martin and Mr Lu Jian are retiring in accordance with section 12.17 of the Company's Constitution and are seeking re-election.

Retirement of Directors by rotation

Under the Constitution of the Company, at each annual general meeting of the Company one third of the Directors (other than the Managing Director) or, if their number is not a multiple of three, then the number nearest to but not more than one-third of the Directors must retire from office.

Under section 15.4 of the Constitution of the Company, an executive Director who is appointed as a managing Director is not subject to retirement by rotation and is not to be counted in determining the rotation or retirement of the other Directors.

The Directors to retire by rotation at an annual general meeting are those Directors who have been longest in office since their last election or appointment. As indicated in item 3 Mr Brendan Connell is retiring by rotation and is seeking re-election.

Voting exclusion

1. Item 2

In respect of Item 2, the Company will, in accordance with the Listing Rules of NSX Limited and the Corporations Act 2001 (Cth), disregard any votes cast by any member of Key Management Personnel of the Company whose remuneration details are contained in the remuneration report or any Closely Related Party of such a member.

However, the Company will not disregard any votes cast on any resolution if:

- a. it is cast by a person excluded from voting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b. it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your proxy and you do not direct your proxy how to vote on Item 2 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy even though that resolution is connected directly or indirectly with the remuneration of Key Management Personnel of the Company.

The Chairman intends to vote all available proxies in favour of Item 2.

2. Items 8, 10 & 11

In respect of Items 8, 10 & 11, the Company will, in accordance with the Listing Rules of NSX Limited and the Corporations Act 2001 (Cth), disregard any votes cast by:

- a. a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of fully paid ordinary shares (Shares), if the resolution is passed; or
- b. any associates of those persons.

However, the Company need not disregard a vote on Items 8, 10 & 11, if it is cast by:

- a. a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form;
- b. the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your proxy and you do not direct your proxy how to vote on Items 8, 10 & 11 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy to vote in favour of Items 8, 10 & 11.

The Chairman intends to vote all available proxies in favour of Items 8, 10 & 11.

Voting

The Company has determined that the shareholders who are on the Company's share register at 7.00pm (Adelaide time) on Monday 29 May 2017 will be taken, for the purposes of the Annual General Meeting, to be entitled to attend and vote at the meeting.

Proxies

In accordance with Section 250BA of the Corporations Act the Company specifies the following information for the receipt of proxy appointments:

Registered Office: Level 1, 36 Field Street Adelaide SA 5000

Postal Address: C/ Automic Registry Services

PO Box 2226
Strawberry Hills
NSW 2012
Australia

Email address: hello@automic.com.au

Each member entitled to vote at the General Meeting has the right to appoint a proxy to attend the meeting and vote on their behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at their discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the meeting (proxy forms may be lodged by facsimile). Members who are unable to attend the meeting are encouraged to complete and return a proxy form.

In accordance with Regulation 7.11.37 of the Corporations Act the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date is 7.00 PM ACST on Monday 29th May 2017.

If you are unable to attend the meeting and you have a question in relation to the business to be discussed, please do not hesitate to contact the Company Secretary.

Important information concerning proxy votes on Item 2

The Corporations Act 2001 (Cth) places certain restrictions on the ability of "Key Management Personnel" (including the Chairman of the Meeting) and their "Closely Related Parties" to vote on Item 2 and also places restrictions on "Key Management Personnel" and their "Closely Related Parties"



where they are voting as proxy for another shareholder on resolutions connected with the remuneration of Key Management Personnel.

To ensure that your vote is counted on Item 2, you are encouraged to direct your proxy how to vote on that item by indicating your preference by completing the “For”, “Against” or “Abstain” boxes on the Proxy Form.

If you provide an undirected proxy in relation to Item 2 to a director (other than the Chairman of the Meeting) or other Key Management Personnel or their Closely Related Parties, such a proxy will not vote on Item 2. To allow such a proxy to vote on Item 2, you must direct the proxy how to vote by completing the “For”, “Against” or “Abstain” boxes on the Proxy Form.

If you appoint the Chairman of the Meeting as your proxy in relation to Item 2, but do not complete the “For”, “Against” or “Abstain” boxes on the Proxy Form for Item 2, the Chairman will exercise your proxy even though Item 2 is connected directly or indirectly with the remuneration of Key Management Personnel. The Chairman intends to vote all available proxies in favour of Item 2. If you wish to appoint the Chairman as proxy with a direction to vote against, or to abstain from voting on Item 2, you must specify this by completing the “Against” or “Abstain” box on the Proxy Form.

Proxy Form

A proxy form is enclosed with this Notice of Meeting. The Proxy Form is an integral part of this Notice and both documents should be read together.

James Church

Company Secretary

By Order of the Board of Directors

Adelaide South Australia March 2017

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business of the Company to be conducted at the General Meeting.

Item 2: Adoption of the Remuneration Report

Companies listed on the National Stock Exchange (“NSX”) are required to put to their shareholders a resolution to adopt the Remuneration Report. The Corporations Act 2001 (Cth) (“Corporations Act”) provides that the resolution is advisory only.

The Remuneration Report forms part of the Directors’ Report. It is contained in the annual report (pages 11 and 12) which is available on the Company’s website. The Remuneration Report contains all of the information required by the Corporations Act. It details the remuneration principles and policies adopted by the Board, the remuneration arrangements for the year, the function of the Remuneration Committee (which is comprised of a majority of independent Non-Executive Directors and is chaired by an independent Non-Executive Director of the Company other than the Chairman), the name of any remuneration consultant used by the Company and the factors considered during performing annual remuneration reviews.

With respect to Non-Executive Directors, the objective is to set remuneration at a level which attracts and retains Non-Executive Directors of the requisite expertise and experience at a cost which is acceptable to shareholders. The Chairman is paid a nominal amount and no payment is received by any director for membership of Board committees. The Non-Executive Directors are not paid any short-term incentives, long term incentives, equity based remuneration or retirement/termination benefits. There will be no increase in 2017. The fee structure is detailed in the Remuneration Report on pages 11 and 12 of the annual report.

With respect to the Managing Director and other senior executives, the objective (articulated in the Company’s Employee Policy) is to:

Cultivate a performance based culture whereby competitive remuneration, benefits and rewards are aligned with ZKP’s objectives and where merit forms the basis of performance based pay and promotion.

Attract, engage and retain high calibre employees to meet ZKP’s current and future business needs.

Remuneration consists of the following elements: fixed remuneration, short term incentive (“STI”) and long term incentive (“LTI”). The amount and relevant proportion of fixed remuneration, STI and LTI is determined after consideration of market levels of remuneration. The intention is to encourage the growth of the Company and shareholder value in a sustainable way, optimising return on capital whilst being true to the Company’s vision and values. The Company also seeks to maintain appropriate levels of internal relativity between senior executive positions in the Company.

Recommendation: The Directors unanimously recommend a vote in favour of the resolution.

Item 3: Re-election of Mr Brendan Connell as a Director

Mr Connell is the Chair of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee and was appointed as a Non-Executive Director in January 2016 when the Company was established.

Mr Connell is a lawyer and was formerly the Managing Partner of one of the largest law firms in South Australia.

Having qualified in 1982 he has acted for numerous Chinese SOE’s in relation to mining transactions and is a Director of several mining and mining services companies in Australia.

Mr Connell was the Partner responsible for the first Chinese IPO in the Australian market – TWT in 2007, and the first Indonesian IPO in Australia in 2006, and continues his strong association with offshore companies.

Mr Connell provides legal advice to listed and unlisted companies on all aspects of governance and has extensive experience with Chinese companies in IPO's, RTO's and Private Placements on all Australian stock exchanges.

Mr Connell retires by rotation and seeks re-election at this AGM.

Recommendation: Mr Connell has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously recommend a vote in favour of the resolution.

Item 4: Re-election of Mr Lu Jian as a Director

Mr Lu Jian was employed by Huai'an Xinhua Real Estate Development Co., Ltd. In 2004 Mr Lu Jian was promoted to Sales Director of Huai'an Xinhua Real Estate Development Co., Ltd. and then in 2007 he moved to Italy to operate Italy Wuzhou Trading Co., Ltd, an international trading company.

In October 2011, Mr Lu Jian established Hengyang Zhongke Photoelectron Co., Ltd. with Mr Lijian Lu and now acts as the Company's General Manager.

Mr Lu Jian retires by rotation and seeks re-election at this AGM.

Recommendation: Mr Lu Jian has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously recommend a vote in favour of the resolution.

Item 5: Re-election of Mr Andrew Martin as a Director

Mr Martin was appointed to the Board in March 2016 as a Non-Executive Director.

Mr Martin trained as a Chartered Accountant and has worked in senior roles at several large accounting firms including most recently as a Director of KPMG. During that period, Mr Martin has worked in a number of different disciplines including audit, restructuring and ultimately corporate advisory.

In 2010 Mr Martin established his own boutique corporate advisory firm, Augur Primacy and now works closely with clients on corporate strategy and financial management. Mr Martin acts as a Non-Executive Director or Advisory Board member for several his clients many of whom have strong exposure to investment and trade between Australia and China.

Mr Martin is the Chair of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.

Mr Martin retires by rotation and seeks re-election at this AGM.

Recommendation: Mr Martin has an interest in the resolution and therefore does not make a recommendation. The other Directors unanimously recommend a vote in favour of the resolution.

Item 6: Election of Mr Gary Francis as a Director

Mr Francis is an Engineer with over 30 years professional experience in the construction industry having worked in senior positions with a number of major construction companies on large scale projects both in Australia and Asia.

In the past decade, Mr Francis has held independent Director positions with a number of listed and private companies. Currently he is a Director of Korvest Limited (ASX:KOV), a publicly listed company specialising in hot dip galvanising and the metal fabrication of various products for the mining, infrastructure and industrial markets in Australia. He also acts as an advisor to Custodian International, a cyber, people and infrastructure security advisory firm and global property and construction consultancy, Rider, Levett, Bucknall.

He is a Member of the KPMG Audit Committee Institute and the Australian Institute of Company Directors and holds a BSc (Hons) Civil Engineering from Southampton University, UK.

Recommendation: The Directors unanimously recommend a vote in favour of the resolution.

Item 7: Share Split

Background

Section 245H of the Corporations Act enables a Company to convert all or any of its shares into a larger number of shares by resolution passed at a General Meeting.

Item 7 seeks Shareholder approval for the share capital of the Company to be split on a 1: 155 basis. If Item 7 is approved, each existing Share will be divided into 155 Shares to be effected immediately following the Meeting, in accordance with the indicative timetable set out below.

Effect of Share Split

Immediately after the share split a shareholder will still hold the same proportion of the Company's share capital and its assets as before the share split. The current Rights attaching to the shares will not be affected.

If Item 7 is passed the number of shares in the Company will increase from 2,348,300 to 363,986,500.

The Share Split will benefit Shareholders by increasing the liquidity and affordability to retail investors of the Company's shares.

New Holding Statements

As from the effective date of the Resolution, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post Share Split Shares.

After the Share Split becomes effective, the Company will dispatch a notice to Shareholders advising them of the number of shares held by each Shareholder both before and after the Share Split.

The Company will also arrange for new holding statements to be issued to Shareholders.

Taxation consequences

It is not considered that there will be any taxation consequences for any Shareholder arising from the Share Split. However, Shareholders are advised to seek their own tax advice on the effect of the Share Split. Neither the Company, its Directors and Officers or the Company's advisors accept any responsibility for the taxation consequences of the Share Split in respect of any Shareholder.

Indicative Timetable

Set out below, and subject to compliance with all regulatory requirements, is an indicative timetable for completion of the transactions detailed in the Notice of Meeting. These dates are indicative.

Event	Date
Dispatch of Notice of Meeting to Shareholders	28 April 2017
Last date to lodge proxy forms for the General Meeting	28 May 2017
General Meeting	31 May 2017
Share consolidation takes place	Within 90 days of the General Meeting

Voting power as a result of the Resolution

There are presently 2,348,000 fully paid ordinary shares on issue in the Company.

Mr Lu Lijian currently controls, and has a relevant interest in, 1,041,420 fully paid ordinary shares in the Company, representing a 44.34% interest in the Company.

The current and anticipated voting power of Mr Lu Lijian under the Share Split does not change.

If the Share Split is approved the total number of Shares on issue will be 363,986,500 of which Mr Lu Lijian will hold 161,420,100 or 44.34%.

Item 8: Issue of fully paid ordinary shares in the Company

This Item 8 is subject to, and conditional upon, the passing of Item 7 (Share Split).

The Company's Board of Directors has resolved to undertake a placement of up to 63,000,000 new Shares (**Placement Shares**) to raise up to \$9,450,000 (**Offer**). The Offer is being made to professional and sophisticated investors (as defined in section 708(11) and (8) of the Corporations Act).

Placement Shares

The Company seeks Shareholder approval for the issue of up to 63,000,000 Shares at \$0.15 (**Placement Shares**). This approval is sought pursuant to NSX Listing Rule 6.25, which requires that the directors of an issuer obtain consent for the issue of the Shares in excess of 15% of the number of shares on issue at the commencement of that 12 month period.

The following information is provided in relation to the issue of the Placement Shares:

- a. the maximum number of Shares to be issued is 63,000,000;
- b. the issue of the Placement Shares under the Offer is conditional on the Company receiving shareholder approval for Resolution 7 contained within this Notice of Meeting;
- c. in the event that Shareholder approval of Resolution 7 is not received, all application monies received by the Company pursuant to the Offer (which exceed the Company's 15% placement capacity) will be returned to applicants (without interest);
- d. in the event that Shareholder approval is received, the Placement Shares will be issued no later than three months after the date of this Meeting;
- e. the Company will apply for quotation of the Placement Shares on the NSX and issue a cleansing notice in respect thereof under section 708A of the Corporations Act only after receiving shareholder approval;
- f. the issue price will be \$0.15 per share;
- g. the Placement Shares will be allotted and issued to professional and sophisticated investors. None of the allottees are related parties of the Company. No subscriber, either individually or in association with any related entity, will be allotted securities which would, if added to existing holdings, result in the holder and their related entities holding in excess of 19.9% of the issued capital of the Company;
- h. the Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- i. the Company intends to use the funds raised from the issue of the Shares for the initial development of the Hengyang factory as described in the Company's announcement on 9 March 2017.



By ratifying this issue the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25.1 without the requirement to obtain prior shareholder approval.

Item 9: Appointment of Auditor

The current Auditors Hall Consulting Pty Ltd have been in place since the establishment of the Company in 2016.

This arrangement has been reviewed by the Audit Committee and as a result, and on the recommendation of the Audit Committee, your Directors are recommending to Shareholders that Grant Thornton Audit (SA) Pty Ltd are appointed auditors.

The Australian Securities and Investment Commission has consented to the resignation of Hall Consulting Pty Ltd, the existing auditor, in accordance with the requirements of the *Corporations Act 2001*.

Item 10: Ratification of Share Issue on 24 February and 10 March 2017

The Directors approved the issue and allotment of 306,300 of shares by way of a share placement to Hengyang SME Guarantee Fund Management Centre.

Item 8 seeks shareholder ratification pursuant to NSX Listing Rule 6.25.1 for the issue of those shares.

Pursuant to and in accordance with NSX Listing Rule 6.25.1, the following information is provided in relation to the share ratification:

- (a) 306,300 shares were allotted;
- (b) The issue price was \$30.84, a 700 % premium over the share price at the time;
- (c) The shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares;
- (d) The shares were allotted and issued to Hengyang SME Guarantee Fund Management Centre;
- (e) The funds raised were for the purposes of repayment of a loan to the Hengyang SME Guarantee Fund Management Centre and for working capital purposes.

NSX Listing Rule 6.25.1 provides that a Company must not, subject to specified exceptions, issue or agree to issue in any 12-month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of those securities in the same class on issue at the commencement of that 12-month period.

NSX Listing Rule 6.25.1 also sets out an exception to NSX Listing Rule 6.25.1. It provides that where a Company in General Meeting ratifies the previous issue of securities made pursuant to NSX Listing Rule 6.25.1 (and provides that the previous issue did not breach NSX Listing Rule 6.25.1) those securities will be deemed to have been made with shareholder approval for the purpose of NSX Listing Rule 6.25.1.

By ratifying this issue the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in NSX Listing Rule 6.25.1 without the requirement to obtain prior shareholder approval.

The Directors recommend that shareholders vote in favour of the resolution.

11: Authority to issue shares

This Item 11 is subject to, and conditional upon, the passing of Item 7 (Share Split).

56,000,000 ordinary fully paid shares to convert loans owed by the Group to a large pool of financiers totalling not more than RMB 44,500,000 (approximately \$8,396,226.42 at an exchange rate of AUD 1 : RMB 5.3)

This resolution seeks Shareholder approval pursuant to listing rule 6.25 to issue up to 56,000,000 Shares to convert loans owed by the Group to a large pool of financiers totalling not more than RMB 44,500,000 (approximately \$8,396,226.42 at an exchange rate of AUD 1 : RMB 5.3) (**Financier Shares**).

Obtaining Shareholder approval of the issue of the Financier Shares to each of the investors means that this issue will not reduce the Company's 15% placement capacity under NSX Listing Rule 6.25.

This resolution is an ordinary resolution.

- 1) The Maximum number of Shares the Company intends to issue under this resolution is 56,000,000.
- 2) The Company will issue and allot the Shares no later than three months after the date of the Meeting.
- 3) The Shares will be issued to convert loans owed by the Group to a large pool of financiers totalling not more than RMB 44,500,000 (approximately \$8,396,226.42 at an exchange rate of AUD 1 : RMB 5.3). The effective issue price of the Financier Shares is therefore \$0.15.
- 4) The Shares will be issued to a large number of financiers, some of whom are employees of the Group. The Directors consider that none of the financiers are related parties of the Company.
- 5) The Shares issued were fully paid ordinary shares and rank equally in all respects with the Company's existing Shares on issue.
- 6) No funds will be raised from the issue of the Shares.
- 7) The Shares will be allotted progressively.
- 8) A voting exclusion statement is included in the Notice.

The Directors unanimously recommend that Shareholders vote in favour of this Resolution.