

8 November 2017

## **Director share transfer and diversification of the Company's members**

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The Company would like to announce its plan to diversify the Company's member register to comply with shareholder spread requirements in preparation for ZKPs planned transfer from the NSX to the ASX.

The Board plans to diversify the register in two ways:

1. Undertake an initial share transfer from Mr Lu Lijian (largest shareholder and executive director of ZKP Group Limited to Andrew Martin (Non-Executive Director and Chair of the Board of ZKP Group Limited) (**Initial Transfer**) and subsequently on-sell the Shares to Australian investors (**Subsequent Transfers**); and
2. Increase existing members market access.

The board believes these two processes will benefit all the Company's members as they will also encourage a genuine secondary market for the Company's shares.

### **Share Transfer**

The Board's proposal involving a share transfer from Mr Lu to Mr Martin is as follows:

1. Mr Lu will transfer 3,300,000 of his personal shares to a private company controlled by Mr Martin (**Initial Transfer**).
2. The Initial Transfer would be completed off-market at the market price at the time of the transfer.
3. The purpose of the transfer from Mr Lu to Mr Martin is that Mr Martin will on-sell the shares to Australian investors (**Subsequent Transfers**). The share price of the Subsequent Transfers has not yet been determined.

As the proposed transfer between Mr Lu and Mr Martin falls outside the standard trading windows set out in the Company's Trading Policy, Mr Lu and Mr Martin applied to the Board for a waiver to allow the Initial Transfer. In accordance with the Company's Trading Policy, the Board considered the implications of approving the application as well as the legal and ethical ramifications of the granting a waiver.

The Board granted the waiver for the following reasons:

1. the Initial Transfer will ultimately benefit all the Company's members; and
2. the Initial Transfer will allow the Company to provide a comprehensive audit trail of the share transfers if required as Mr Martin will ensure detailed records of the transfers are kept.

### **Increase Market Access**

The Board has identified that a majority of the Company's members (83.2%) are not able to trade their shares on-market as they do not have access to suitable brokers.

Earlier this year the Board provided resources to assist any interested existing members set up share trading accounts with OpenMarkets Australia Limited. This process is nearly completed and, when complete, the majority of the Company's members (67%) will have the ability to undertake on-market trades.



The Company expects to see trading activity increase over the next two months as member's trading accounts become active.

**For Further Information, please contact:**

James Church – Company Secretary  
ZKP Group Limited  
Email: [james@zkpgroup.com.au](mailto:james@zkpgroup.com.au)