



27 April 2018

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 Thursday 31st May 2018 at 12:00 Noon 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 Limited
Telephone: +61431726402
Email: james@zkpgroup.com
Website: zkpgroup.com



NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

Details of time and location of the Annual General Meeting

Date: Thursday 31st May 2018

Time: 12:00 Noon (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 Thursday 31st May 2018 at 12:00 Noon 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 2017 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 2017 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 Lu Jian as a Director

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

“That, Mr Lu Jian, 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 Nick Bolkus as a Director

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

“That Mr Nick Bolkus, having been appointed to fill a casual vacancy, retires as required in accordance with the Company’s Constitution, and being eligible, offers himself for election as a Director of the Company, is elected as a Director of the Company.”

Item 5: Ratification of share issue on 8 November 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 47,250,000 fully paid Ordinary Shares in the capital of the Company, which were issued on 8 November 2017 for the price of 50 million RMB (approximately AU\$ 9,450,000 at an exchange rate of A\$0.189 to the RMB) at an issue price of approximately A\$0.20 per share”

Item 6: 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 2018

NOTES

Re-election 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 item 4 of this Notice, Mr Nick Bolkus is retiring in accordance with section 12.17 of the Company's Constitution and is 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 Lu Jian is retiring by rotation and is seeking re-election.

Voting exclusions

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. Item 5

In respect of Item 5, 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 Item 5, 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 Item 5 on the Proxy Form, you will be expressly authorising the Chairman of the Meeting to exercise your proxy to vote in favour of Item 5.

The Chairman intends to vote all available proxies in favour of Item 5.

Voting

The Company has determined that the shareholders who are on the Company's share register at 7.00pm (AEST) on Tuesday 29 May 2018 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
254 Rundle 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 AEST on Tuesday 29th May 2018.



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 April 2018

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 27 - 32) which is available on the Company’s website. The Remuneration Report contains all 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. No payment is received by any director for acting as Chair or 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. The fee structure is detailed in the Remuneration Report on pages 27 – 32 of the Annual Report.

With respect to the Managing Director and other senior executives, the objective is to:

1. 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.
2. 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 Board recommends that shareholders vote in favour of this resolution.

Item 3: Re-election of Mr Lu Jian as a Director

Mr Lu is currently an executive director of the Company.

Mr Lu was appointed as a director of the Company on 6 March 2016. Mr Lu’s relevant skills and experience are summarised below.

Lu Jian

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 retires by rotation and seeks re-election at this AGM. The Board recommends the election of Mr Lu as director.

The Chairman intends to vote all undirected proxies in favour of the election of Mr Lu.

Item 4: Re-election of Mr Nick Bolkus as a Director

Mr Bolkus is currently an independent, non-executive director of the Company.

Mr Bolkus was appointed as a non-executive director of the Company as a casual vacancy on 8 September 2017. Under the Company's Constitution, a director appointed to fill a casual vacancy holds office until the conclusion of the next annual general meeting. In accordance with this requirement, Mr Bolkus now retires from the Board and offers himself for election.

Mr Bolkus' relevant skills and experience are summarised below.

Nick Bolkus - LLB

Mr Bolkus was formerly a Senator. A summary of his parliamentary service is provided below:

Mr Bolkus was elected to the Senate for South Australia 1980 (term began 1 July 1981), 1983, 1984, 1987, 1993 and 1998 and retired prior to general elections in 2004 (term ended 30 June 2005).

Mr Bolkus served in the Australian Cabinets of Prime Ministers Bob Hawke and Paul Keating as Minister for Consumer Affairs, Minister for Administrative Services, Minister for Immigration, Minister Assisting the Treasurer (FIRB), and Minister of Multicultural Affairs. Since leaving politics in 2005, Mr Bolkus has earned a strong corporate reputation, consulting to companies in Australia and abroad and serving on a number of private-and public-sector boards.

Mr Bolkus is also a director of AustChina Holdings Limited (ASX: AUH).

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

If elected, the Board considers that Mr Bolkus would be an independent, non-executive director.

The Board recommends the election of Mr Bolkus as director.

The Chairman intends to vote all undirected proxies in favour of the election of Mr Bolkus.

Item 5: Ratification of Share Issue on 8 November 2017

On 8 November 2017 the Directors approved the issue and allotment of 47,250,000 shares by way of a share placement to Qi Xu. This resolution seeks shareholder ratification pursuant to NSX Listing Rule 6.25.1 for the issue of those shares.

The following information is provided in relation to the share ratification:

- (a) 47,250,000 shares were allotted;
- (b) The issue price was \$0.20, an increase of more than 600% 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 Qi Xu, a sophisticated investor. No shares were issued to any related parties or associates of the Company;
- (e) The Company has used the funds raised from this share placement to provide general working capital for the Company and funding future growth.

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.

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 Board recommends that shareholders vote in favour of this resolution.