

31 May 2018

2018 Annual General Meeting: Chairman's Address

Delivered by Mr Andrew Martin at the 2018 Annual General Meeting of ZKP Group Limited (ZKP or Company) held at Grant Thornton House, Level 3, 170 Frome Street, Adelaide, South Australia 5000 at 12:00 Noon.

The 2017 financial year delivered an excellent set of results that were ahead of our expectations. Additionally, the Company exceeded its targets to convert debt to equity and raise capital for expansion of the company's production capacity. The successful corporate actions undertaken by the Company throughout the year include:

- Raising a total of RMB 150 million (approximately AUD \$28.2 million) at an average share price of AUD 18.9 cents per share which was 7x higher than the market price; and
- Completing a debt to equity conversion totalling RMB 44.1 million (approximately AUD \$8.5 million) at an indicative conversion price of \$0.1765 per share which was more than 6.5x the market price.

The Company also progressed with its plan to transfer its listing from the NSX to the ASX. The Company received in-principle advice from the ASX which raised a number of issues which the Company, in consultation with its lawyers, believe are able to be resolved. However, the Company's main operating business and assets are located in China which is currently not looked on favourably by the ASX. The Board is reviewing its strategy to determine whether it wishes to continue its plan to transfer to the ASX. If the Board decides that an ASX listing is not feasible it will also have to critically review the value of its current listing on the NSX given the lack of liquidity of shares for all companies listed on the NSX. The Board is aware that if the Company remains on the NSX, with the limited liquidity, this will not assist it to raise capital in the future.

The Board are still carefully reviewing the Company's options for future growth and will inform the shareholders and the market when it has finalised its plan.

On behalf of the Board, I thank each of the directors for their service to the Company and look forward to our continuing success.

For Further Information, please contact:

ZKP Group Limited
James Church – Company Secretary
Email: james@zkpgroup.com