



16 July 2018

ZKP Group Limited
ACN 610 299 271
Notice of Extraordinary General Meeting

NOTICE is hereby given that ZKP Group Limited ACN 610 299 271 (**Company**) will hold an Extraordinary General Meeting on Friday 17 August 2018 at 10:00 AM at Level 1, 254 Rundle 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 EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

Details of time and location of the Extraordinary General Meeting

Date: Friday 17 August 2018

Time: 10:00 AM (Adelaide time)

Venue: Level 1, 254 Rundle Street, Adelaide, South Australia 5000



NOTICE OF EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting of ZKP Group Limited ACN 610 299 271 ("the Company") will be held on Friday 17 August 2018 at 10:00 AM at Level 1, 254 Rundle Street, Adelaide, South Australia 5000.

Business of the Meeting

Resolution 1: Withdrawal of listing on the National Stock Exchange of Australia

To consider, and if thought fit, to pass the following resolution as a special resolution:

"That, for the purposes of rule 2.25 of the Listing Rules of the National Stock Exchange of Australia Limited, the directors of the company are authorised to withdraw the listing of the company on the National Stock Exchange."

NB: For this resolution to be passed, at least 75% of the votes cast must be in favour.

Resolution 2: Application for waiver of NSX Listing Rule 2.25

To consider, and if thought fit, to pass the following resolution as a special resolution:

"That, subject to the passing of Resolution 1 proposed in this notice and the Company's application for a Waiver from NSX listing rule 2.25 is approved by the NSX, the Company is authorised to voluntarily withdraw its listing notwithstanding the fact that the company has given less than 90 days' notice to the NSX of its intention to delist."

NB: For this resolution to be passed, at least 75% of the votes cast must be in favour.

By order of the Board

James Church
Company Secretary
Adelaide
16 July 2018



Voting

The Company has determined that the shareholders who are on the Company's share register at 10.00 AM (AEST) on Wednesday 15 August 2018 will be taken, for the purposes of the Extraordinary 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 10:00 AM (AEST) on Wednesday 15 August 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.

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

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.

The Directors of the company encourage all shareholders to read the notice of meeting and these notes in full before deciding how to vote in respect of the resolution to be put to the meeting.

All shareholders are encouraged to attend the meeting or, if they are unable to attend in person, to complete, sign and return the proxy form to the company. A shareholder can still attend the meeting in person even if a proxy form has been lodged.

Shareholders with any doubt as to how to vote at the meeting are strongly encouraged to obtain their own independent advice from an accountant, lawyer, stockbroker or other adviser.

Resolution 1: Withdrawal of listing on the National Stock Exchange of Australia

Introduction

The business to be considered by the meeting is a resolution that will result in the delisting of the company from the National Stock Exchange. The Board believes it is in the interests of the Company and its shareholders to seek the withdrawal of the Company from the official list of the NSX. Upon withdrawal, the Company's shares will cease altogether to be quoted by NSX and will not be able to be traded through the market operated by NSX.

The predominant factors which have resulted in the Board seeking shareholder approval for the delisting of the Company are as follows:

- The delisting of the company will result in saving on NSX fees (and associated professional fees) and management time relevant to a NSX listed company.
- The Listing on NSX provides little liquidity for the shares in ZKP Group Limited.
- In the opinion of the Board, the Listing on NSX provides little or no benefit to ZKP Group Limited or its shareholders.

In deciding to put the delisting proposal to shareholders, the Board has carefully considered what it regards are the actual and potential advantages & disadvantages to this proposal discussed below.

Advantages

(a) Maximising shareholder value

The Company was listed on the NSX on Monday, 29 August 2016 which provided the Company with a public market for its securities and access to funding from the public market. The Company undertook significant capital raising throughout 2017 and intends to raise further capital in the future to provide additional financial flexibility to achieve its growth strategy. While the Company has historically had no difficulty raising capital from Chinese institutional investors, the poor liquidity of the Company's shares has, and will continue to have, an impact on its ability to access capital in both Australia and China.

The Board is of the opinion that if the Company delists from the NSX, it will not further diminish its access to private investors.

(b) Lack of a liquid market for the Company's shares

Since listing, the Company has experienced very low levels of liquidity as its securities have been traded on-market fewer than 35 times and the Directors consider that market liquidity for the Company's shares is unlikely to improve in the short to medium term.

Additionally, the Company received correspondence throughout 2018 from a significant number of existing and potential shareholders expressing frustration that they cannot complete on-market trades of the Company's shares at prices they consider to be reasonable. The Company's market capitalisation is

significantly lower than the Company's net assets reported in the Company's 2017 Annual Report and, while shareholders have expressed a desire to trade on-market at a price that reflects the Company's net assets, the policies and procedure of market participants that have been put in place to ensure market integrity do not allow significant changes in the share price of illiquid securities. As a result, the shareholders have resorted to trading off-market.

(c) Cost of public listing

The Company incurs costs specific to a listed entity including payment of NSX annual fees of over \$18,000 and additional securities fees of over \$45,000 for the listing of existing restricted securities. In addition, there are indirect costs associated with the need to devote management time attending to listing related matters which could be directed elsewhere if the Company was unlisted. Although the Board has considered alternatives to the current delisting proposal the Board has concluded that delisting from the NSX provides the most optimal way forward for the Company.

Disadvantages

There are a number of potential disadvantages to shareholders if the company is delisted from the National Stock Exchange and is converted to a proprietary company including:

(d) Inability to trade the Company's shares

If the Company is unlisted, shareholders will no longer have the ability to buy and sell shares on the NSX. This means that there will no longer be a readily accessible market and mechanism to buy and sell the Company's shares. Shares will only be able to be sold by way of private transaction. There will be difficulties finding a buyer for shares if shareholders wish to sell them. There are also restrictions under the Corporations Act on a potential buyer's ability to make unsolicited offers to buy shares from a shareholder (section 1019C and following). These requirements for example, impose an obligation on a potential purchaser in an unlisted context to provide a fair estimate of the value of the shares and an explanation of the basis on which that estimate was made.

(e) Removal of NSX Listing Rules Protection

The NSX Listing Rules will cease to apply to the Company once delisted and shareholders will not have the benefit of protections inherent in the NSX Listing Rules. These include restrictions relating to:

- Disclosures on issuing of shares and other securities (Listing Rule 6);
- The ability of the Company in certain circumstances to issue more than 15% of its existing capital in a 12 month period (Listing Rule 6.25);
- Acquiring or disposing of substantial assets from or to, or the issue of securities in the Company to, related parties of the Company (Listing Rules 6.43); and
- Making significant changes to the nature or scale of the Company's activities (Listing Rule 6.34).

(f) Restriction on Public Capital Raising

If the Company is unlisted, there are limitations on the Company's ability to raise funds quickly and simply. This may impact on the Company and in turn affect the value of shares in the Company or price at which capital may be raised. Fundraising alternatives without the issue of a prospectus such as a rights issue or a share purchase plan are not available to unlisted companies. As an unlisted entity, the Company may raise funds without a prospectus by way of placement in the usual fashion such as to sophisticated or professional investors. In such circumstances those investors may not on-sell their shares to retail investors within 12 months of subscribing for their shares, thereby discouraging certain potential investors.

Recommendation

The directors believe that the benefits of the resolution outweigh the potential disadvantages and therefore believe that the proposals are in the best interests of shareholders. The directors unanimously recommend that shareholders vote in favour of the resolution.

Resolution 2: Application for waiver of NSX Listing Rule 2.25

As at the date of this notice, the Company is seeking a waiver of NSX Listing Rule 2.25 (the Waiver). The Waiver will allow, subject to shareholder approval of this Resolution 2, the Company to withdraw its listing notwithstanding that the company gave less than 90 days' notice to the NSX of its intention to delist (the Waiver).

The company is seeking shareholder approval of the proposed timetable below subject to:

- 1) the approval of Resolution 1 contained in this notice; and
- 2) the application for the Waiver is approved by the NSX;

Date	Event	Time
2 July 2018	ZKP lodged announcement of intention to delist from NSX	-46 calendar days
16 July 2018	Notice of Extraordinary General Meeting issued	-32 calendar days
17 August 2018	ZKP EGM with delist resolutions as required by NSX	0
17 August 2018	ZKP's securities suspended from trading	on day of AGM/EGM
28 August 2018	Last Day for outstanding settlements to be completed	9 business days
29 August 2018	ZKP's securities delisted from NSX before market open on this day	1 Business Days

Should the Company follow the timetable above, the NSX and Shareholders will have received 46 days' notice of the delisting. The Directors believe 46 days is sufficient notice to allow the shareholders to complete any final on-market transfers prior to the Company's delisting.

The Company's shareholders have demonstrated a preference for off-market transfers and will continue to have the capacity to process share transfers via the Company's share registry, Automic Pty Ltd. The Company believes that, considering the minimal on-market trading that has occurred previously, it is unlikely that shareholders will be negatively affected by the reduced notice period.

The Board recommends that shareholders vote in favour of this resolution.