

Dear Mr Church,

ZKP Group Limited (the “Company” or “ZKP”)

Disclosure Query

The National Stock Exchange of Australia (NSX) refers to the trading halt request from the Company on 16 July 2018 and recent media articles¹ published in China relating to online P2P platforms facing redeeming difficulties, and the alleged association of ZKP and its director, Mr Lijian Lu, with these failed platforms.

NSX notes the following:

20 July 2018

ZKP Group Limited
Attn: Mr James Church
Company Secretary
Level 1
254 Angas Street
Adelaide, SA, 6005

- I. According to the articles, online P2P platforms that have faced, or are currently facing, redeeming difficulties that claimed to be associated with Mr. Lijian Lu and his related parties:
 - a. Bangbang Licai
 - b. Tiantian Caifu
 - c. Touzhijia
 - d. Yibai Jinrong
 - e. Renren Aijia Jinrong
 - f. Jusheng Caifu
 - g. Zhongke Jinfu
 - h. Huoxian Licai
 - i. Jianguo Jinrong
 - j. Feicuidao Licai
- II. The announcement released by the Company on 19 July 2018 entitled ‘*Preliminary Response to Chinese Media Articles*’². In the announcement, the Company confirmed that “it has normal financing and loan business relationship with the platforms such as Renren Aijia”. At the same time, the Company “is willing to provide a guarantee of a maximum of 300 million yuan when Lansheng has repayment issues”.
- III. According to ZKP’s 2017 Annual Financial Report³ lodged on 2 April 2018, Mr Guozhu Li and Mr Zaisen Chen are recorded as the Company’s top 10 shareholders with shareholding of 12.66% and 2.42% respectively. Based on the information Shanghai Lansheng Group registered with Chinese government (National Enterprise Credit Information Publicity System), Mr Guozhu Li and Mr Zaisen together hold 100% of Shanghai Lansheng Group.
- IV. In ZKP’s 2017 Annual Financial Report lodged on 2 April 2018, the Company has reported AUD\$42,006,855 borrowing. There were AUD\$38,503,034 related to short term borrowing from peer to peer platforms (P2P) according to Note 17.

The Company is requested to provide the following information:

1. What association, arrangement, involvement or control does/did ZKP have with the failed Online Loan P2P platforms noted in point I a-j above?
2. What association, arrangement, involvement or control does/did Mr Lijian Lu have with the failed Online Loan P2P platforms noted in point I a-j above?
3. What is the relationship between Mr Lijian Lu and the following people that have been mentioned in several online publications in China:
 - a. Zhijian Lu – Executive Director Shanghai Lansheng Group
 - b. Jian Lu – Executive Director ZKP
 - c. Limin Lu – former legal representative and shareholder of Puxun Communication Equipment (Shanghai) Co Ltd
 - d. Mingqiu Lu – former legal representative and shareholder of Puxun Communication Equipment (Shanghai) Co Ltd and Zhongke Jinfu (P2P)

¹ Media articles: http://finance.ifeng.com/a/20180716/16387655_0.shtml; <http://money.jrj.com.cn/2018/07/17161124825614.shtml>;

² ZKP Group’s announcement on 19 July 2018: <https://www.nsx.com.au/ftp/news/021735448.PDF>

³ ZKP’s 2017 Annual Financial Report: <https://www.nsx.com.au/ftp/news/021734966.PDF>

- e. Lizhang Lu– former legal representative and shareholder of Zhongke Jinfu (P2P)
4. A detailed breakdown of Mr Lijian Lu's knowledge of the known relationships and associations between the individuals in question 3 above and the platforms noted in point I a-j above.
 5. As detailed in the Company announcement in II above, what is the 'investment relationship' between ZKP and Lansheng Company as noted in point 4 of the CoOp's Announcement? Please provide documentary evidence to support your response.
 6. In light of the RMB 300 million guaranteed provided by ZKP to Langshen Group, what association, arrangement, involvement or control ZKP has with Lansheng Group, or vice versa?
 7. What influence or control do the 2 shareholders noted in III above have on ZKP or any of its subsidiaries?
 8. On page 58 of the annual report noted in point IV, under the heading '17 Borrowings' the Company reported the following:

ZKP Group Limited Annual financial report
For the year ended 31 December 2017

17. Borrowings

	Current	2017 Non Current	Total	Current	2016 Non Current	Total
Bank loan	-	-	-	1,044,576	-	1,044,576
Borrowings - non-financial institutions	42,006,855	2,691,171	44,698,026	7,551,257	-	7,551,257
Loan from investors	-	-	-	15,049,403	-	15,049,403
Total	42,006,855	2,691,171	44,698,026	23,645,236	-	23,645,236

Of the non-financial institutions borrowings,

- \$3,503,821 current borrowing was from related party Jiangsu Zhongke Photoelectron Co., Ltd.
- \$2,691,171 non-current borrowing was from Hengnan Zhongxuan Mold Automatic Technology Co., Ltd
- On 29 June 2017, ZKP Group Limited issued 48,230,807 shares to individual creditors to convert loans owed by the Group to a large pool of financiers.
- \$38,503,034 was related to short term borrowing from peer to peer platforms (P2P). The summary of P2P outstanding borrowings liabilities has been summarised as follows:

Interest rate	Maturity Dates as at 31 Dec 2017			
	< 30 days	< 90 days	< 180 days	Total
5.00%	9,842	39,369	-	49,211
6.00%	2,401,496	-	-	2,401,496
7.00%	980,873	-	-	980,873
8.00%	1,692,031	-	-	1,692,031
9.00%	4,006,886	5,859,767	-	9,866,653
10.00%	1,226,384	283,376	-	1,509,760
11.00%	984,029	2,259,249	14,865,809	18,109,087
12.00%	539,789	266,343	1,633,726	2,439,858
13.00%	68,895	290,546	98,422	457,863
14.00%	-	454,764	354,626	809,390
15.00%	69,624	98,383	-	168,007
16.00%	18,805	-	-	18,805
Total	11,998,654	9,551,797	16,952,583	38,503,034

P2P loans are secured against specific sales contracts.

- a. Please provide a detailed breakdown of the P2P platforms from which the Company borrowed \$38,503,034.

- b. Please provide an explanation of, and translated copies of, all borrowing/lending agreements.
- c. Please provide translated copies of the sales contracts the Company secured the P2P loans against.

Your response should be provided no later than 12pm AEST on 24th July 2018. Your response will be released to the market along with a copy of this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Please be reminded that the Issuer must comply with Chapter 6CA of the Corporations Act and Listing Rules Section IIA 6.4, 6.5 and 6.5A under continuous disclosure.

Yours sincerely



Michelle Coco
Head of Compliance and Regulation