

10 January 2018

ZKP Group Limited Expansion Plans

The Company would like to announce that in late December 2017 the Company successfully negotiated an agreement with the Hengnan County People's Government to fund the improvement of the Company's existing Hengyang factory.

Under the terms of the agreement, the Company will return ownership of the new parcel of land it acquired from the Hengnan County People's Government as announced to the market on 9 March 2017. In return, the Hengnan County People's Government will refund the purchase price of the land to the Company (RMB 13,750,000 or approximately A\$2,600,000) as well as fund improvements to the value of RMB 8.1M to the Company's Hengyang factory.

The company believes the decision to focus its expansion at its existing facilities, with the support of the Government, will allow it to reduce the capital it requires to fund its planned expansion and reduce potential risks associated with the construction of a new facility. The company will now focus its capital program on investment in new more efficient manufacturing machinery and product development.

On behalf of the board:

For Further Information, please contact:

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