



16 June 2017

National Stock Exchange of Australia  
1 Bligh Street  
Sydney NSW 2000

Attention: Mr Ron Kaushik, Compliance and Surveillance Manager

Dear Sirs

### RESPONSE TO PERIODIC DISCLOSURE QUERY

We refer to your letter dated 15 June 2017, and are pleased to respond to your queries, in the same numerical referencing, as follows:

1. Save for this response, or response to any follow up query from the Exchange (if any), the Company does not propose to release any further announcement supporting the material change in the Company's performance.
2. The Company does not consider this information to be price sensitive.
3. Not applicable.
4. The Company does not consider this information to be price sensitive taking into account the following:
  - (a) The company's financial statements were prepared according to previously disclosed accounting policies and financial reporting standards adopted by the Company. These accounting policies and financial reporting standards had been and are being consistently applied. Based on this:
    - (i) of the \$2,311,894 revenue for the financial year ended 31 March 2017 ("FY2017") reported by the Company, \$2,101,856 is attributable to fair value gain from its 16.42% stake in NSX Limited, a company whose shares are listed and publicly traded on ASX; and
    - (ii) of the \$2,143,391 profit for FY2017 reported by the Company, \$2,101,856 is also attributable to this fair value gain (*i.e.*, no cost was incurred to achieve this fair value gain). As comparison, of the \$4,877,806 loss reported by the Company for the previous financial year ended 31 March 2016, \$4,047,273 is attributable to fair value loss from its then 16.04% stake in NSX Limited.
  - (b) Therefore, fair value gains of the Company is a derivative information derived from two pieces of information which are **in the public domain** and which are **easily and readily available** at any time, namely:
    - (i) the number of shares in NSX Limited which the Company holds; and
    - (ii) the market price of these NSX Limited shares.

The Company confirms that there has been no change in the scope and scale of its operations nor has there been any material change to its profitability.

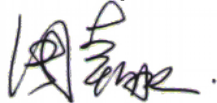
Comment on the Exchange's observation number 3

The Company confirms that the profit figure stated in page 1 of the preliminary financial results should be \$2,143,391 and not (\$2,143,391). The Company apologises for the inadvertent typographical error.

Conclusion

Please contact us if you have any further query or require further clarification.

Yours faithfully  
For and on behalf of  
**SHKL Group Limited**

A handwritten signature in black ink, appearing to read 'ZHOU Xinghang', with a small dot at the end.

ZHOU Xinghang  
Executive Director