

Dear Mr. Chua,

20 December 2017

**SHKL Group Limited (the “Company” or “SKV”)**

**Re: Continuous Disclosure Query**

We have noted the Company's website www.shkl.tv is not available, please response to the following questions.

1. Is the Company aware of the unavailability of its website?
2. If the answer to 1. is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

We have noted that in the supplementary prospectus of the Company (section 4), the Company has formally withdrawn a statement regarding a signed agreement of intent between Shanghai UTO and a kindergarten chain for the sale of 1,000 SKCM large tablet PCs.

3. Did the change affect the forecasting that was made in the Company's prospectus under section 5.10(b) – IMB large screen series products sale agency agreement with Shanghai UTO? If yes, why was no announcement made to the market and when is it expected that an announcement will be made?

NSX has noted that Shanghai Yuexing Business Consulting Co., Limited (Shanghai Yuexing) held 10,000,000 CDIs of SKV from 14/08/2015 to 22/02/2016. According to section 8.1 of the Company's prospectus lodged on 17/08/2015, the Company has entered into the Investment Agreement under which Shanghai Jugu Equity Investment Fund (Shanghai Jugu) will subscribe for 10,000,000 shares at an issue price of AUD\$2.00 to raise AUD\$20,000,000.

On 22 February 2016, Shanghai Jugu became a substantial shareholder of the Company with 10,000,000 CDIs being transferred from Shanghai Yuexing at a price of AUD\$2.05 per CDI. Please respond to the following questions.

4. Why the 10,000,000 CDIs were not issued to Shanghai Jugu as per section 8.1 of the Company's prospectus?
5. Given the 10,000,000 CDIs were issued to Shanghai Yuexing, why the information regarding Shanghai Yuexing was not disclosed within the prospectus?
6. Please explain the relationship between SKV and Shanghai Yuexing?
7. Please explain the price difference between the prospectus (at AUD\$2.00 per CDIs) and the Notice of initial substantial holder notice lodged on 22/02/2016 (at AUD\$2.05 per CDIs).
8. Please complete the table below and provide an update on the use of the funds raised under the Offer as stated in the Company's prospectus.

Information disclosed in the Prospectus (section 5.11 – Use of funds raised under the Offer)		Update	
Use	AUD\$'000 Proposed	AUD\$'000 Actual	Explanation
Content acquisition: License from third party content owners	5,000		
Content acquisition: In-house development costs, including salaries for material researchers, authors and programmers	2,000		
Development costs for new products, including salaries for market researchers, product	2,500		

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engineers and industrial designers			
Business and market development, including print and electronic advertisements, trade shows participation costs and other marketing expenses	4,500		
Corporate administration expenses for two years	1,200		
Costs of the Offer	275		
Payment of SKCM's liabilities resulting from losses of the Discontinued Business	1,350		
Other general working capital, including payment for staff salaries, inventories and rentals	3,185		
<b>Total</b>	<b>20,000</b>		

9. In other respects, please confirm that the Company is in compliance with the listing rules and in particular listing rule 6.4?

#### **Business Activities**

NSX notes that in response to Periodic Disclosure Query the company has noted that the change in the financial performance is due to the investment in NSX Ltd. NSX deems this investment to be of a significant change in the business activity compared to the initially stated business of producing large-scale tablet PC's for classrooms and conferences.

10. Please confirm if the principal activities of the Company remain 'New media platform' in light of this observation.

Your response should be sent to me directly via email no later than 4pm on 22<sup>nd</sup> December 2017. 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.

#### **Listing Rule 6.4**

The NSX continuous disclosure rule states:

Generally, and apart from compliance with all the specific requirements, the issuer shall keep the Exchange informed without delay, for dissemination of any information relating to the group of which it is aware that:

- is necessary to enable the Exchange and the public to appraise the financial position of the issuer and the group;
- is necessary to avoid the establishment of a false market in its securities; or
- a reasonable person would expect to have a material effect on the price or value of its securities.

Such information must be made available to the Exchange before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the Exchange of information that:

- is not generally available; and
- a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

Yours sincerely

**Ron Kaushik**  
**Compliance and Surveillance Manager**