



27 December 2017

National Stock Exchange of Australia
1 Bligh Street
Sydney NSW 2000

Attention: Mr Ron Kaushik, Compliance and Surveillance Manager

Dear Sirs

RESPONSE TO CONTINUOUS DISCLOSURE QUERY

We refer to your letter dated 20 December 2017, and are pleased to respond to your queries, in the same numerical referencing, as follows:

1. The Company's website at www.shkl.tv is maintained by a third-party contractor. Prior to being alerted by the exchange, the Company was not aware that its website is unavailable.
2. The Company will address the unavailability of its website and targets to have the website live and running by start of market hours on 8 January 2018. A further announcement will be made to update the market when the company's website becomes live and running.
3. While directors verily believe that the signed letter of intent between Shanghai UTO and a kindergarten chain for the sale of 1,000 SKCM large table PCs ("**Products**") will lead to eventual sale of these Products to these kindergartens, the Company nonetheless formally withdrew the statement regarding the said signed letter of intent in its supplementary prospectus after taking into account views expressed by ASIC during the exposure period for its prospectus. Therefore, the Company submits that the change did not affect any forward looking statement made in the prospectus. In the Managing Director's Statement section of the Company's annual report for the financial year ended 31 March 2017 announced in the exchange's announcement portal on 31 July 2017, the Company reported as follows:

The Group's large touch screen business PCs and related software products business have not developed as well as directors had hoped. What is particularly disappointing to directors is that Shanghai UTO X-Internet Co., Ltd, the Group's exclusive sales agent for these products, had failed to perform to expectations. In view of these developments, directors plan to conduct a strategic review of this line of business towards the end of this current financial year and take any remedial actions as may be considered necessary.

The Company will announce the outcome of the strategic review once the review is completed. The Company expects to make this announcement before 31 January 2018.

4. The 10,000,000 CDIs were issued to Shanghai Yuexing on completion and in accordance with the terms of the Investment Agreement (defined in the prospectus) as nominated by Shanghai Jugu.
5. The Company had no knowledge of Shanghai Yuexing prior to the issue of the 10,000,000 CDIs to Shanghai Yuexing as nominated by Shanghai Jugu on completion of the Investment Agreement.
6. Save that Shanghai Yuexing was a substantial shareholder of the Company during the relevant time, there is no relationship between Shanghai Yuexing and the Company.
7. The Company was not privy to detailed terms of the transaction between Shanghai Yuexing and Shanghai Jugu relating to the off-market transfer of the 10,000,000 CDIs from Shanghai Yuexing to Shanghai Jugu at A\$2.05 per CDI which was subsequently reported in the notice of initial substantial shareholder notice lodged on 22 February 2016 by Shanghai Jugu.
8. The Company will compile a table to provide an update on the use of funds raised under and as disclosed in the prospectus. This update will be provided to the market before start of market hours on 8 January 2018. However, in the interim, the Company wish to highlight as follows:
 - 8.1. Section 5.11 of the Company's prospectus states as follows:

This table is a statement of current intentions as at the date of the prospectus. As with any budget, any intervening event and/or new circumstance may affect the way funds are applied. The Directors reserve the right to vary the way funds are applied on this basis.
 - 8.2. As disclosed in the Company's previous announcements dated 2 November 2015, 11 December 2015, 6 January 2016, 19 January 2016 and 18 April 2016, its notice of initial substantial holding and notices of change in substantial shareholding, the Company had invested a sum of US\$6,071,250 to acquire a 16.42% stake in NSX Limited who operates the National Stock Exchange of Australia, a licensed financial market operator.
9. The Company confirms that it is in compliance with the listing rules and in particular, listing rule 6.4.
10. The Company concurs with NSX that its investment in NSX Limited to be a significant change in its business activity. Therefore, the Company is able to confirm that pending the outcome of the board's strategic review referred to in paragraph 3 above and as reported to its shareholders and the market in the Company's 2017 annual report (numbered paragraph 2 – Principal Activities of the Group) dated 31 July 2017:

- 10.1. “new media platform” remains one of the Company’s two principal activities;
and
- 10.2. the other principal activities being “providing financial consulting and corporate services, and developing a one-stop service platform for the provision of these services”.

Yours faithfully
For and on behalf of
SHKL Group Limited

ZHOU Xinghang
Executive Director

A handwritten signature in black ink, appearing to be 'ZHOU Xinghang', written over a horizontal line.