



9 January 2018

National Stock Exchange of Australia
1 Bligh Street
Sydney NSW 2000

Attention: Mr Ron Kaushik, Compliance and Surveillance Manager

Dear Sirs

SUPPLEMENT TO RESPONSE TO CONTINUOUS DISCLOSURE QUERY

In the Company's response dated 27 December 2017 ("**Initial Response Letter**"), the Company states that it will compile a table to provide an update on the use of funds raised under and as disclosed in the prospectus. We are pleased to provide the table as follows:

Use of funds raised under the Offer (Figures in A\$'000)	As disclosed in Prospectus	Actual	Explanation for variation
Content acquisition: License from third party content owners	5,000	-	The anticipated minimum sales volume guaranteed by the Company's exclusive marketing agent did not materialize. All sales made by the Company, which is not at a scale to justify additional investments in this business segment, was procured by the Company on its own.
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 engineers and industrial designers	2,500	-	
Business and market development, including print and electronic advertisements, trade shows participation costs and other marketing expenses	4,500	-	See paragraph 3 of the Initial Response Letter for further details.
Corporate administration expenses for two years	1,200	1,000	
Costs of the Offer	275	300	Costs over-runs incurred by the service providers and other items under-budgeted for
Payment of SKCM's liabilities resulting from losses of the Discontinued Business	1,350	1,000	SKCM was able to negotiate for a discount from the creditors
Other general working capital, including payment for staff salaries, inventories and rentals	3,185	1,500	The scope and scale of the Company's business did not expand is much as anticipated
Investment in NSX Limited – new line of principal activities	-	7,500	Change in circumstances. Investment opportunity arise after close of the Offer
Funds raised pending deployment	-	8,700	
	20,000	20,000	

The actual use of funds disclosed above is consistent with developments and changes in circumstances the Company operates under after completion of the Offer.

Yours faithfully
For and on behalf of
SHKL Group Limited

ZHOU Xinghang 
Executive Director