

Dear Mr. Chua,

31 January 2020

SHKL Group Limited (the "Company" or "SKV")**Periodic Disclosure Query**

We refer to the 2018 Half-Yearly Financial Report¹ lodged on 4 February 2019 on which NSX has made following observations.

- a. Disposal group assets classified as held for sale reported for the period ended 30 September 2018 at AUD\$11,269,536 and for period ended 31 March 2018 at \$0.
- b. Liabilities directly associated with assets classified as held for sale reported for the period ended 30 September 2018 at AUD\$14,625,969.
- c. Other receivables reported for the period ended 30 September 2018 at AUD\$11,222,633.
- d. In Note 8 Discontinued Operations, the Company stated that:

"During the financial period, the Company has plan to disposal of one of Company's controlled entity, Shanghai Kunlun Cultural Media Co., Limited ("SKCM") which principal activities are designing, developing and producing touch screen business PCs and related software.

Directors of the Company are looking for potential buyer and expected to sell SKCM within one year. As at 30 September 2018, the assets and liabilities related to SKCM have been presented as held-for-sale in the statements of financial position, and the entire financial performance of SKCM have been presented in a single amount separately on the consolidated income statement of the Group as " Discontinued Operations" in accordance with IFRS 5 — Non-current Assets Held for Sale and Discontinued Operation. SKCM hasn't carried on any business and no income incurred since 1 April 2017."

We refer to the 2018 Annual Report² lodged on 17 July 2019 on which NSX has made following observations.

- e. Disposal group assets classified as held for sale and Liabilities directly associated with assets classified as held for sale are not recorded in the report.
- f. Other receivables reported for the Group for the period ended 31 March 2019 at AUD\$12,330,659 and for the period 31 March 2018 at AUD\$12,053,923.

We refer to the 2019 Half-yearly Financial Report³ lodged on 22 January 2020 on which NSX has made following observations.

- g. Disposal group assets classified as held for sale and Liabilities directly associated with assets classified as held for sale are not recorded in the report.
- h. Other receivables reported for the period ended 30 September 2019 and 31 March 2019 at AUD\$11,222,633.
- i. In Note 4 Controlled Entities, the Company stated that:

"During the financial period from 1/4/2018 to 30/09/2018, the Company had plan to disposal SKCM, the assets and liabilities related to SKCM have been presented as held-for-sale in the statements of financial position. During the current financial period, the Company has ceased to classify SKCM as held for sales, the results of previously presented in discontinued operations is reclassified and included in income from continuing operations for all periods presented. SKCM hasn't carried on any business and no income incurred since 1 April 2017."

¹ <https://www.nsx.com.au/ftp/news/021736423.PDF>

² <https://www.nsx.com.au/ftp/news/021737117.PDF>

³ <https://www.nsx.com.au/ftp/news/021737790.PDF>

SHKL Group Limited
Attn: Mr. CHUA Kee Leng
Company Secretary
Biztrack Consultants Pty. Ltd.
Room 703, Kowloon Building
555 Nathan Road
Kowloon
Hong Kong

In relation to the above observations please respond to the following:

1. Please provide a statement of financial position for the asset held for sale – SKCM.

	30 September 2018 AUD\$	31 March 2018 AUD\$
Assets accounts detailed breakdown		
Liabilities accounts detailed breakdown		
Assets Held for Sale		

2. In the Company's 2018 Half-Yearly Financial Report⁴, we note the amounts of disposal group assets classified as held for sale at \$11,269,536 and liabilities directly associated with assets classified as held for sale at \$14,625,969. These amounts were not reflected in the Company's 2018 Annual Report as at 31 March 2018 and the Company's 2019 Annual Report⁵ as at 31 March 2019. Please explain why such information only appeared in the Company's 2018 Half-Yearly Financial Report and not in the subsequent financial reports of the Company.
3. We note that according to the 2018 Half-Yearly Financial Report SKCM hasn't carried on any business and no income incurred since 1 April 2017. Considering the Company's response to the General Disclosure Query⁶ on 19 November 2018 which refers to the Company's current businesses, please provide a timeline of the business activity of SKCM that reflects any discontinuation of its operations.
4. Please explain the nature of the Other Receivable of \$11,222,633 recorded in the 2019 Half-Yearly Financial Report as at 30 September 2019. Noting that the Other Receivable amount has been recorded in the Company's financial reports since 2016, please explain what steps have been taken by the Company to assess the recoverability of the receivable amount and confirm when the outstanding amount can be recovered by the Company.

This request is made under, and in accordance with, Listing Rule 2.7. It goes to whether the Company is in compliance with Listing Rules Section IIA 6.4 and 6.5A.

Your response should be provided no later than **4 pm AEDST on 4 February 2020**. Your response will be released to the market with this letter. If you wish to discuss the content of your response, please do not hesitate to contact me as soon as possible.

Yours sincerely

Ron Kaushik
Senior Manager- Market Surveillance

⁴ <https://www.nsx.com.au/ftp/news/021736423.PDF>

⁵ <https://www.nsx.com.au/ftp/news/021737117.PDF>

⁶ <https://www.nsx.com.au/ftp/news/021736186.PDF>