

Appendix 4 D

Half year report

Name of entity : **LionHub Group Limited**

1. Details of the reporting period

Current period : 1 January 2017 – 30 June 2017
 Previous corresponding period : 1 January 2016 – 30 June 2016

2. Results for announcement to the market

	Half-year ended 30 June 2017 \$'000	Half-year ended 30 June 2016 \$'000	Amount change \$'000	Change %
Revenue from ordinary activities	1	7	(6)	(86)
Profit (Loss) from continuing operations after tax attributable to members	(852)	(1,102)	(250)	23
Loss from discontinued activities after tax attributable to members	-	-	-	-
Profit (Loss) for the period attributable to members	(852)	(1,102)	(250)	23

3. Net tangible assets per security

	30 June 2017	30 June 2016
Net tangible assets per share (cents)	0.06	0.29

4. Brief Explanation of Results

Please refer to the Directors' Report in the attached half-yearly financial report

5. Control gained or lost over entities during the period

There were no gained or lost over entities during the period ended 30 June 2017.

6. Details of dividends/distributions paid, declared or recommended by the company during the period.

n/a

7. Details of associates and joint venture entities

n/a

8. Accounting Standards used by foreign entities

n/a

9. Qualification of audit/review

This report is based on accounts which have been reviewed.
 Refer to the half-yearly financial report attached.

LIONHUB GROUP LIMITED

ABN 29 119 999 441

HALF-YEAR FINANCIAL REPORT

30 JUNE 2017

LIONHUB GROUP LIMITED

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LIONHUB GROUP LIMITED

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group, consisting of LionHub Group Limited and its controlled entities ("the Group"), for the half-year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of the company's directors who held office during or since the end of the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

CURRENT DIRECTORS

Mr Choon Keng Kho (Non-Executive Chairman)

Ms Kwee Jee Lee (Non-Executive Director)

Mr Patrick Chuan Thye Kho (Non-Executive Director)

Ms Jamie Gee Choo Khoo (Non-Executive Director)

Mr Kim Huat Koh (Non-Executive Director)

REVIEW OF OPERATIONS

The Group has two projects under development, the Xuancheng Singapore Technology Park and the Lu'an Singapore Eco-Park. Initial stage planning and design work for each of the parks, which are 2.2 km² and 1.92 km² in size respectively, have been completed and the Group is currently marketing the properties for sale. Where suitable, the Group is also seeking joint venture partners to develop the properties.

The Group's reported net loss amounted to \$852,000 (2016: \$1,102,000). The loss for the period comprised mainly expenses relating to operating expenses for its Singapore, China and Sydney offices.

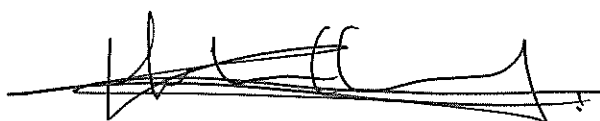
ROUNDING OF AMOUNTS

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly certain amounts in the half-year financial report and the Directors' Report have been rounded to the nearest \$1,000.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on page 2 and forms part of this Directors' report for the half-year ended 30 June 2017.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Choon Keng Kho
Non-Executive Chairman
31 August 2017

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of LionHub Group Limited for the half-year ended 30 June 2017 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of LionHub Group Limited and the entities it controlled during the period.



D K Swindells
Director

Sydney, NSW
31 August 2017

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HLB Mann Judd is a member of  International, A world-wide organisation of accounting firms and business advisers.

LIONHUB GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group	
		Half-year 30 June 2017 \$000	Half-year 30 June 2016 \$000
Revenue			
Other income		7	7
Expense			
Employee benefits expense		(384)	(665)
Depreciation		(133)	(139)
Legal and professional fees		(97)	(65)
Filing fees		(16)	(30)
Marketing & promotion expenses		(8)	(98)
Entertainment		(31)	(53)
Rental		(23)	(40)
Transportation		(4)	(6)
Travelling expenses		(20)	(72)
Exchange gain/(loss)		(81)	136
Other expenses		(62)	(67)
Profit/(Loss) before income tax		(852)	(1,092)
Income tax expense		-	(10)
Profit/(Loss) for the period		(852)	(1,102)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries		(2)	(230)
Total comprehensive income / (loss) for the period		(854)	(1,332)

Earnings/(Loss) per share		Cents	Cents
From continuing operations:			
Basic earnings/(loss) per share (cents per share)	2	(0.10)	(0.13)
Diluted earnings/(loss) per share (cents per share)	2	(0.10)	(0.13)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes to the financial statements.

LIONHUB GROUP LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	Consolidated Group	
		30 June 2017	31 December 2016
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		255	590
Trade and other receivables		-	6
Other current assets		116	45
TOTAL CURRENT ASSETS		371	641
NON-CURRENT ASSETS			
Investment in Joint Venture	6	488	-
Property, plant and equipment		716	861
Development in progress		1,531	1,601
Intangible assets	3	19,717	19,717
Deferred tax assets		4	4
TOTAL NON-CURRENT ASSETS		22,456	22,183
TOTAL ASSETS		22,827	22,824
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		930	1,385
Due to related companies	5	1,726	414
TOTAL CURRENT LIABILITIES		2,656	1,799
TOTAL LIABILITIES		2,656	1,799
NET ASSETS		20,171	21,025
EQUITY			
Issued capital	4	187,028	187,028
Reserves		(9)	(7)
Retained earnings		(166,848)	(165,996)
TOTAL EQUITY		20,171	21,025

The above consolidated statement of financial position should be read in conjunction with the accompanying notes to the financial statements.

LIONHUB GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2017

Consolidated Group

	Share Capital Ordinary	Accumulated Losses	Foreign currency translation reserve	Total
	\$000	\$000	\$000	\$000
Balance at 1 January 2016	187,028	(162,535)	40	24,533
Total comprehensive (loss)	-	(1,102)	(230)	(1,332)
Balance at 30 June 2016	<u>187,028</u>	<u>(163,637)</u>	<u>(190)</u>	<u>23,201</u>
Balance at 1 January 2017	187,028	(165,996)	(7)	21,025
Total comprehensive (loss)	-	(852)	(2)	(854)
Balance at 30 June 2017	<u>187,028</u>	<u>(166,848)</u>	<u>(9)</u>	<u>20,171</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

LIONHUB GROUP LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2017

	Note	Consolidated Group	
		Half-year ended 30 June 2017 \$000	Half-year ended 30 June 2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,105)	(1,215)
Interest received		1	7
Income tax paid		-	-
Net cash provided by (used in) operating activities		(1,104)	(1,208)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Investment in Joint Venture		(488)	-
Payment for developments in progress		-	(215)
Payment for property, plant & equipment		(36)	(1)
Net cash (used) in investing activities		(524)	(216)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from / (payment on behalf of) related parties		1,288	(15)
Net cash provided by (used in) financing activities		1,288	(15)
Net (decrease) in cash held		(340)	(1,439)
Cash and cash equivalents at beginning of period		590	2,888
Effect of exchange rates on cash holdings in foreign currencies		5	10
Cash and cash equivalents at end of period		255	1,459

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

LIONHUB GROUP LIMITED

Note 1: Statement of Significant Accounting Policies

Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the *Corporations Act 2001*, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This half-year financial report is intended to provide users with an update on the latest annual financial report of LionHub Group Limited and its controlled entities ("the Group"). As such, it does not contain all of the notes of the type normally included in an annual financial report. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial report of the Group for the year ended 31 December 2016, together with any public announcements made during the half-year in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly certain amounts in the financial report have been rounded to the nearest \$1,000.

Going concern

The financial report has been prepared on a going concern basis. The Group's business model is such that it plans to fund the development of its technology parks by raising finance through debt and/or equity as and when needed for the development. In this respect the Group may arrange for the sale of land in its development areas, or develop the property for subsequent sale which will require development financing. If the Group is unable to sell the land, or raise financing for the development of the property, there is material uncertainty as to whether the Group will be able to continue as a going concern. If the Group is not able to continue as a going concern it may be required to make adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities, and may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Accounting policies and methods of computation

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. The Group's assessment of the impact of these new standards and interpretations is that they will result in no significant changes to the amounts recognised or matters disclosed in the Group's financial statements.

Significant accounting judgments and key estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Note 2: Earnings per share

Basic earnings/(loss) per share is calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. At 30 June 2017, there were no dilutive potential ordinary shares on issue.

LIONHUB GROUP LIMITED

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	Consolidated Group	
	Half-year ended 30 June 2017	Half-year ended 30 June 2016
	\$000	\$000
Profit/(Loss) for the period attributable to members	(852)	(1,102)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	826,349,731	826,349,731

As at the date of this report, there are 21,903,698 Listed Options exercisable on or before 4 December 2020 at 22 cents each. Each Option entitles to the holder to one Ordinary Share. The Options are considered to be anti-dilutive.

There were no options or other potentially dilutive instruments as at 30 June 2017.

Note 3: Intangible assets

	Consolidated Group	
	30 June 2017	31 December 2016
	\$000	\$000
Goodwill	317	317
Development right	19,400	19,400
	19,717	19,717

Development Right

The development rights are the rights to participate in the development of proposed technology parks in the Anhui Province of the Peoples Republic of China ("PRC"). The rights are recognised at fair value based on valuation reports produced by Censere Holdings Limited. The valuations were prepared using the Multi-period Excess Earning Method ("MEEM"). This method measures the present value of the future earnings to be generated during the remaining lives of the assets. The key assumptions used in determining the present value of the future earnings include the projected revenue over the projected period, fixed assets and working capital required in generating the projected revenues, the growth rate and the discount rate.

The terms of the agreements entered into by the Company and Lian Huat Group for the purchase of the Development Rights for both the Xuancheng and Lu'an projects include a provision that if the Company or any of their related bodies corporate is not the successful bidder for land parcels under the Investment Agreement, LionHub has the right to cancel the purchase of the development rights. The right to cancel the purchase will lapse if LionHub is a successful bidder at least once or the unsuccessful bids are directly caused by LionHub.

During the half-year Lionhub via its joint venture with KSL (XC) Pte Ltd, was the successful bidder on 40 mu (267 hectares) of land in the Xuancheng project.

As at 30 June 2017, the directors have considered various factors in assessing the fair value of the development rights of the parks, including the economic conditions in Anhui Province, and the market price of similar projects in Anhui Province, and are not aware of any circumstances that would cause the value of the development rights to be lower than \$19,400,000.

The directors note however, that recent personnel changes in the local government authorities in Lu'an, has resulted in delays in finalising land approval issues causing the Lu'an project to progress slower than expected. The Company will continue to monitor the situation closely and review the carrying value of the Development Rights pertaining to the Lu'an project should circumstances change.

LIONHUB GROUP LIMITED

Note 4: Issued capital

	30 June 2017	31 December 2016
	No.	No.
Balance at beginning and end of period	826,349,731	826,349,731

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares participate in the winding up of the parent entity in proportion to the number of securities held.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the company can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Note 5: Related Party Transactions

Transactions with other related parties:

Transactions between other related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

	Consolidated Group	
	30 June 2017	31 December 2016
<i>Loans from related companies and subsidiaries of ultimate parent entity (Lian Keng Enterprise Pte Ltd):</i>	\$000	\$000
Beginning of the period	414	414
Loan received from related companies	1,309	-
Payments on behalf of related companies	(15)	-
Effect of movements in exchange rates	18	-
End of the period	1,170	414

The loans received through business combination represents working capital funding from Lian Huat Management Services Pte Ltd for the Lu'an project. The loans are non-trade in nature, unsecured, with no fixed terms of repayment and are non-interest bearing.

Other loans from related companies included –

i) Unsecured Shareholder loan of S\$1,000,000 (approximately A\$935,000) signed on 22 February 2017 and interest rate at SIBOR plus 1.4%.

ii) Unsecured Shareholder loan of \$556,000 signed on 1 June 2017 and interest rate at SIBOR plus 1.4%

Payments made to subsidiaries of ultimate parent entity (Lian Keng Enterprise Pte Ltd):

During the period ended 30 June 2017, the Group paid / incurred rental expenses of \$24,000 to a subsidiary of the ultimate parent entity.

LIONHUB GROUP LIMITED

Note 6: Investment in Joint Venture

	30 June 2017 \$000	31 December 2016 \$000
Investment in KSL (XC) Metal Industries Pte Ltd	488	-

This investment represents funds invested by LionHub Group Limited into the KSL (XC) Metal Industries Pte Ltd Joint Venture. The Joint Venture is owned as to 50% by LionHub Group Limited and 50% by KSL (XC) Pte Ltd.

During the half-year the joint venture acquired land in the Xuancheng development area at a cost of approximately \$976,000.

Note 7: Events Subsequent to Reporting Date

On 8 August 2017, the Company announced that it will be conducting a private placement of Convertible Notes to sophisticated investors, initially to raise up to \$3.5 million.

LIONHUB GROUP LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors' of LionHub Group Limited ("the Group"):

- 1 The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year then ended; and
- 2 There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the board of directors made pursuant to s.303(5) of the Corporations Act 2001.



Choon Keng Kho
Non-Executive Chairman

Sydney, NSW
31 August 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of LionHub Group Limited

Opinion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of LionHub Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of LionHub Group Limited ("the company") which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration for the consolidated entity, comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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LIONHUB GROUP LIMITED

ABN 29 119 999 41

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Auditor's Responsibility (continued)

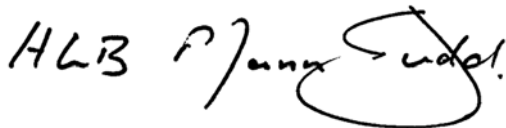
A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Material Uncertainty Relating to Going Concern:

We draw attention to Note 1 in the financial report which indicates that the ability of the Consolidated Entity to continue as a going concern depends on its ability to raise funds through arranging for the sale of land in its property development areas, and/or raise equity and/or debt funding. As stated in Note 1 these conditions, along with other matters as set out in Note 1, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
31 August 2017



D K Swindells
Director