

## Appendix 4 E

### Preliminary Final Report

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Name of entity : **LIONHUB GROUP LIMITED**  
 ABN : **29 119 999 441**

#### 1. DETAILS OF THE REPORTING PERIOD

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Reporting period (“current period”) : 1 January 2017 – 31 December 2017  
 Previous corresponding period : 1 January 2016 – 31 December 2016

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2017 \$'000	2016 \$'000	Amount change \$'000	Change %
Revenue from ordinary Activities	1	10	9	(90%)
Profit/(Loss) from ordinary activities after tax attributable to members	(15,568)	(3,461)	12,107	350%
Profit/(Loss) for the period attributable to members	(15,568)	(3,461)	12,107	350%

Dividend	Amount per share (cents)	Franked amount per share (cents)
Final	-	-
Interim	-	-

Record date for determining entitlements to dividends: N/A

#### Explanation of revenue

The Company's revenue for the financial year ended 31 December 2017 amounted to \$1k as compared to \$10k in the previous corresponding period. Revenue comprised solely of interest income earned on fixed deposits. In year 2016, the Company had entered into a joint venture with KSL (XC) Pte Ltd for the purpose of acquiring land for development in its project at Xuancheng, and on 28 June 2017 the company had successfully completed the acquisition of 40 mu (2.67 hectare) of land within the Xuancheng Singapore Technology Park site for industrial development for a total consideration of 4.89 m China Yuan (A\$934k). The development of this site is expected to generate future revenue for the Group.

## **2. RESULTS FOR ANNOUNCEMENT TO THE MARKET (Cont)**

### **Explanation of losses from ordinary activities after tax attributable to members**

Losses from ordinary activities after tax attributable to members amounted to \$15,568k as compared with \$3,483k in the previous corresponding period. The losses for the year of \$15,568k comprised mainly of expenses relating to staff costs, directors' fees, professional fees and other operating expenses. Also included in the loss for the year, was an impairment charge of \$1m against the Group's intangible assets following an updated independent impairment valuation of the Xuancheng project, and a Provision for impairment of Development Rights for the Lu'an project which amounted to A\$13m.

In January 2018 the Company advised that it has received notice from the Lu'an Development Zone Management Committee purporting to terminate the Company's Investment Agreement with the Lu'an City People's Government and its related entities in respect of the Lu'an Singapore Eco-Park of which are located in Anhui Province, China.

Nevertheless, the Company believes that it is entitled to pursue development within the masterplan area and is seeking legal advice in respect of this matter. However, under the present circumstances the directors of the Company have decided that it would be prudent to make a full provision for the carrying value of the Lu'an Development Rights, being A\$13m, until such time that the dispute is resolved.

In the previous corresponding period, the loss of \$3,461k comprised mainly of expenses relating to the similar operating expenses such as staff costs, directors' fees, marketing and promotion expenses, professional fees, and other operating expenses. It included an impairment charge of \$1.1m in relation to the XuanCheng project.

### **Explanation of net losses**

Please refer to above.

### **Explanation of dividends**

No dividends have been paid, declared or recommended since the end of the preceding financial year.

### 3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		<b>Consolidated Group</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>			
Other income	3a	1	10
<b>Expense</b>			
Depreciation		(244)	(273)
Entertainment		(56)	(77)
Employee benefits		(754)	(1,103)
Exchange gain/(loss)		(22)	85
Filing and Share register fees		(61)	(140)
Impairment loss on intangible assets		(1,000)	(1,100)
Provision for impairment – Development right		(13,000)	-
Legal fees		(50)	(39)
Marketing & promotion expenses		(11)	(108)
Professional fees		(34)	(103)
Rental		(46)	(83)
Travelling expenses		(33)	(75)
Other expenses		(256)	(445)
<b>Losses before income tax</b>		<b>(15,566)</b>	<b>(3,451)</b>
Income tax expense	3b	(1)	(10)
<b>Losses for the year</b>		<b>(15,568)</b>	<b>(3,461)</b>
<b>Other comprehensive income:</b>			
Exchange differences on translation of financial statements of foreign subsidiaries		(89)	(47)
<b>Total comprehensive income for the year</b>		<b>(15,657)</b>	<b>(3,508)</b>
<b>Loss attributable to:</b>			
- owners of the parent		(15,568)	(3,461)
<b>Total comprehensive loss attributable to:</b>			
- owners of the parent		(15,657)	(3,508)
<b>Earnings per share</b>			
Basic losses per share (cents)	3c	(1.88)	(0.42)
Diluted losses per share (cents per share)		(1.89)	(0.42)

### 3a. Revenue and Other Income

	Consolidated Group	
	2017	2016
	\$000	\$000
<b>Other Income</b>		
Interest received	1	10

### 3b. Income Tax

#### i. The components of tax expense/(benefit) include :

Income tax in prior year	1	10
	1	10

#### ii. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on losses from ordinary activities before income tax at 30% (2016: 30%)	(4,670)	(1,035)
Effect of tax rates in foreign jurisdiction	(22)	(86)
Tax losses not recognised	4,692	1,121
Income tax in prior year	1	10
	1	10

### 3c. Earnings Per Share

Basic loss per share amounts are calculated by dividing net losses for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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

	Consolidated Group	
	2017	2016
	\$000	\$000
Loss for the year attributable to members	(15,568)	(3,461)
Weighted average number of ordinary shares for basic earnings per share	826,349,731	826,349,731
Weighted average number of ordinary shares adjusted for the effect of dilution	826,349,731	826,349,731

#### 4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated Group	
		2017	2016
		\$000	\$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4a	143	590
Trade and other receivables	4b	21	6
Other current assets	4c	54	45
<b>TOTAL CURRENT ASSETS</b>		<u>218</u>	<u>641</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4d	729	861
Intangible assets and goodwill	4e	5,717	19,717
Development expenditure		1,730	1,601
Deferred tax assets		4	4
<b>TOTAL NON-CURRENT ASSETS</b>		<u>8,180</u>	<u>22,183</u>
<b>TOTAL ASSETS</b>		<u>8,398</u>	<u>22,824</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4f	1,520	1,385
Amounts due to ultimate parent and its subsidiaries	4g	1,457	414
<b>TOTAL CURRENT LIABILITIES</b>		<u>2,977</u>	<u>1,799</u>
<b>TOTAL LIABILITIES</b>		<u>2,977</u>	<u>1,799</u>
<b>NET ASSETS</b>		<u>5,421</u>	<u>21,025</u>
<b>EQUITY</b>			
Issued capital	4h	187,028	187,028
Reserves		(43)	(7)
Retained earnings	6	(181,564)	(165,996)
<b>TOTAL EQUITY</b>		<u>5,421</u>	<u>21,025</u>

#### 4a. Cash and Cash Equivalents

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Cash at bank and on hand	143	590
	143	590

#### Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank and on hand	143	590
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#### 4b. Trade and Other Receivables

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current</b>		
Other receivables	21	6
Total current trade and other receivables	21	6

#### 4c. Other Current Assets

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Prepayments	43	31
Deposits paid	8	11
Inventory	3	3
	54	45

#### 4d. Property, Plant and Equipment

	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>Cost</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 1 January 2016	1,311	69	106	1,486
Additions	68	3	-	71
Effect of movements in exchange rates	(76)	(2)	(6)	(84)
Balance at 31 December 2016	1,303	70	100	1,473
Balance at 1 January 2017	1,303	70	100	1,473
Additions	20	-	-	20
Effect of movements in exchange rates	91	(1)	(1)	89
Balance at 31 December 2017	1,414	69	99	1,582
<b>Accumulated Depreciation</b>				
Balance at 1 January 2016	305	25	34	364
Depreciation	228	21	24	273
Effect of movements in exchange rates	(22)	(1)	(2)	(25)
Balance at 31 December 2016	511	45	56	612
Balance at 1 January 2017	511	45	56	612
Depreciation	210	13	21	244
Effect of movements in exchange rates	(1)	(1)	(1)	(3)
Balance at 31 December 2017	720	57	76	853
<b>Carrying amounts</b>				
At 31 December 2016	792	25	44	861
At 31 December 2017	694	12	23	729

#### 4e. Intangible Assets and goodwill

	<b>Goodwill</b>	<b>Development</b>	<b>Total</b>
	<b>\$000</b>	<b>Rights</b>	<b>\$000</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Fair value</b>			
Balance at 1 January 2016	317	21,500	21,717
Balance at 31 December 2016	317	21,500	21,817
Balance at 1 January 2017	317	21,500	21,817
Balance at 31 December 2017	317	21,500	21,817
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 January 2016	-	1,000	1,000
Impairment losses	-	1,100	1,100
At 31 December 2016	-	2,100	2,100
Balance at 1 January 2017	-	2,100	2,100
Impairment losses	-	1,000	1,000
Provision of impairment for Lu'an	-	13,000	13,000
Balance at 31 December 2017	-	16,100	16,100
<b>Carrying amounts</b>			
At 31 December 2016	317	19,400	19,717
At 31 December 2017	317	5,400	5,717

#### Development Rights

The development rights were acquired as part of an asset acquisition (see Note 4h for details). They are recognised at their fair value at the date of acquisition.

#### Goodwill

Goodwill arose on the acquisition of a subsidiary in 2015.

#### 4f. Trade and Other Payables

	<b>Consolidated Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$000</b>	<b>\$000</b>
Other payables	623	500
Accrued expenses	897	885
	1,520	1,385



#### 4g. Amounts due to ultimate parent and its subsidiaries

	Consolidated Group	
	2017	2016
	\$000	\$000
Balance at beginning of year <sup>(i)</sup>	-	1
Loans advanced – Lian Huat Management Services Pte Ltd <sup>(i)</sup>	414	414
Loan through Shareholder loan <sup>(ii)</sup>	1,043	-
Balance at end of financial year	1,457	414

- (i) The borrowings from Lian Huat Management Services Pte Ltd are non-trade in nature, unsecured, with no fixed terms of repayment and interest free.
- (ii) The borrowing through Shareholder Loan represents working capital funding from Lian Huat Management Services Pte Ltd for Lionhub Group Ltd.

#### 4h. Issued Capital

	2017	2016
	No.	No.
Balance at beginning of year	826,349,731	826,349,731
Balance at end of financial year	826,349,731	826,349,731

On 18 August 2015, the Company issued 59,090,909 shares under the Share Sale Agreement between the Company and Lian Keng. Lian Keng agreed to sell and the Company agreed to purchase Lian Keng's one sole share interest in Lian Huat (Lu'an) Pte Ltd, which holds the right to develop the proposed Lu'an Singapore Creative Ecological and Industrial Park in Anhui Province, China for a consideration of \$13,000,000 satisfied by the issue of these 59,090,909 fully paid Ordinary Shares. This increased Lian Keng's total number of shares to 522,970,588, giving it a voting power of 64.08%.

On 8 December 2015, the Company issued 10,201,848 shares at \$0.135 per share for a total consideration of approximately \$1,377,249 through the Renounceable Rights Issue. Each share with two attaching Listed Option and exercisable at \$0.22, expiring on the 4 December 2020.

	2017	2016
	\$000	\$000
Fully paid ordinary shares at the beginning of the year	187,028	187,028
Fully paid ordinary shares at end of the year	187,028	187,028

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 Company's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. The Company is not subject to any externally imposed capital requirements.

## 5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	<b>Consolidated Group</b>	
		<b>2017</b>	<b>2016</b>
		<b>\$000</b>	<b>\$000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payment to employees		(689)	(1,127)
Payments to other administration costs		(464)	(903)
Interest received		1	10
Income tax paid		(1)	(10)
<b>Net cash provided by (used in) operating activities</b>		<b>(1,153)</b>	<b>(2,030)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Development expenditure		(1,149)	(211)
<b>Net cash provided by (used in) investing activities</b>		<b>(1,149)</b>	<b>(211)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Receipt from a director related company		1,870	-
Payment on behalf of a director related company		-	(16)
<b>Net cash in financing activities</b>		<b>1,870</b>	<b>(16)</b>
Net increase / (decrease) in cash held		(432)	(2,257)
Cash and cash equivalents at beginning of financial year	4a	590	2,888
Effect of exchange rates on cash holdings in foreign currencies		(15)	(41)
<b>Cash and cash equivalents at end of financial year</b>	4a	<b>143</b>	<b>590</b>

## 6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital Ordinary \$000	Accumulated losses \$000	Foreign currency translation reserve \$000	Total \$000
<b>Balance at 1 January 2016</b>	187,028	(162,535)	40	24,533
Total Comprehensive Income	-	(3,461)	-	(3,461)
Movement in reserve	-	-	(47)	(47)
<b>Balance at 31 December 2016</b>	187,028	(165,996)	(7)	21,025
<b>Balance at 1 January 2017</b>	187,028	(165,996)	(7)	21,025
Total Comprehensive Income	-	(15,568)	-	(15,568)
Movement in reserve	-	-	(36)	(36)
<b>Balance at 31 December 2017</b>	187,028	(181,564)	(43)	5,421

## 7. DIVIDEND REINVESTMENT PLANS

The dividend reinvestment plans shown below are in operation: None

Last date for receipt of election notices  
for the dividend reinvestment plan: N/A

## 8. NET TANGIBLE ASSETS PER SECURITY

	2017	2016
Net tangible assets per share (cents)	0.09	0.16

## 9. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Nil

## 10. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

N/A

## 11. RESULTS FOR THE PERIOD

### 11.1. The Earnings per security and the nature of any dilution aspects

Refer to **Note 3c** in page 5.

### 11.2. Returns to Shareholders including distributions and buy backs

The company had no on-market buy back in operation during the reporting period and the previous corresponding period.

### **11.3. Significant features of operating performance**

Refer to **Note 2** in page 1 and page 2.

### **11.4 Trends in performance**

Refer to **Note 2** in page 1 and page 2.

### **11.5 Events subsequent to Report Date**

In January 2018 the Company advised that it has received notice from the Lu'an Development Zone Management Committee purporting to terminate the Company's Investment Agreement with the Lu'an City People's Government and its related entities in respect of the Lu'an Singapore Eco-Park of which are located in Anhui Province, China.

The Company has previously experienced significant delays in finalising land approval issues within the master plan area in accordance with the terms of its development rights causing the Lu'an project to progress slower than expected.

Nevertheless, the Company believes that it is entitled to pursue development within the masterplan area and is seeking legal advice in respect of this matter. However, under the present circumstances the directors of the Company have decided that it would be prudent to make a full provision for the carrying value of the Lu'an Development Rights, being A\$13m, until such time that the dispute is resolved.

### **12. Whether the report is based on <sup>+</sup> accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.**

This report is based on accounts that are in the process of being audited.

**On behalf of the Board of Directors**



**Charles Lim Chow Cher**  
**Chief Executive Officer**  
**28 February 2018**