



LionHub
联发狮城

LionHub Group Limited

ACN 119 999 441

ANNUAL REPORT 2017

LionHub Group Limited (ASX: LHB) offers investors direct access to the high potential industrial/technology park sector in China.

- *Managed by a team of experienced real estate and finance professionals, the Company also benefits from the extensive commercial property experience and networks of its major shareholder, the Singapore-based Lian Huat Group.*
- *LionHub is well positioned to service the continued demand for technology parks and logistics property in China. LionHub's is pursuing the development of two technology park projects in the Anhui Province in China.*
- *The parks will include a mix of property types including logistics, industrial, commercial, residential and accelerator/incubator space for startups.*
- *The Company's first project, the Singapore Xuancheng Technology Park, is situated within the Xuancheng Economic and Technological Development Zone. Its second project, the Lu'An Singapore Creative Ecological and Industrial Park is also based in Anhui Province, adjacent to Hefei which is the capital city of the province.*
- *Each of the technology parks being developed by LionHub have substantial residential components which offer further potential upside for shareholders.*

CHAIRMAN'S REVIEW

2017 Annual Report

China maintained modest economic growth throughout the course of 2017. During the same period the Company achieved some of its goals but also experienced some significant headwinds.

On the one hand the Company made significant progress with the Xuancheng Singapore Technology Park while on the other hand the Company was unable to advance the Lu'An Singapore Creative Ecological and Industrial Park as it had hoped.

The Company's board and a new management team have renewed efforts to materially advance both projects throughout the course of 2018.

Xuancheng Singapore Technology Park

The Company's first project, the Singapore Xuancheng Technology Park, is situated within the Xuancheng Economic and Technological Development Zone which the Company proposes to develop to provide investors and the park's tenants with strategic access to the Chinese market without the higher costs typically associated with real estate and industrial parks along China's highly developed coastline.

In April 2017 the Company announced that it had won the tender to acquire 40 mu (2.67 hectare) of land in joint venture with KSL (XuanCheng) Metal Industries Co. Ltd for industrial development for 4.89 m China Yuan Renminbi (~A\$933,500). This was the first land acquisition by the Company and represented a significant milestone for the Company. The acquisition of this land and the associated land use rights to develop the property was completed in June 2018.

There have been delays in receiving rebates that the Company is entitled to receive from the Xuancheng City Economic and Technological Development Zone Management Committee. The Company is pursuing the disbursement of these rebates, but nevertheless, is continuing with the development of this project and has submitted applications for further land acquisitions.

Lu'An Singapore Creative Ecological and Industrial Park

The Company acquired its interest in the development of the Lu'an Singapore Creative Ecological and Industrial Park in August 2015. Throughout the course of 2017 the Company experienced significant delays in finalising land approval issues within the master plan area in accordance with the terms of its development rights. Whilst the Company believes that it is entitled to pursue development within the masterplan area, regrettably the Development Zone Management Committee issued a notice to the Company purporting to terminate the Company's Investment Agreement with the Lu'an City People's Government and its related entities. The Company has obtained legal advice in respect of this matter and filed a protest and submissions to the Hefei High Court on 15 March 2018 to pursue its legal rights and entitlements in accordance with the terms of its initial agreement with the Lu'an authority.

We remain confident that this park will form part of Lu'an city's vision to become a world class business and technology centre and a key component of the Company's future development plans.

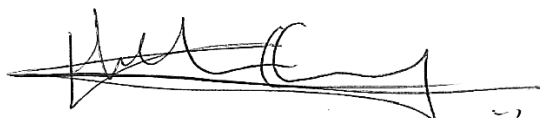
Strategic Co-Operation Agreement with Anhui Agricultural University

In March 2017 the Company announced that it had entered into a Strategic Co-operation Agreement with Anhui Agricultural University which provides for the parties to combine their expertise in the development of new "incubator" business opportunities that will complement development of LionHub's technology parks.

Outlook for 2018

Mr Joseph Bek was appointed as Acting Chief Executive Officer in February 2018. Mr. Bek has over 20 years of experience in real estate and operations management in China, including the management of several large scale projects. Mr. Bek will be based in Anhui which the Company expects will enhance its prospects for advancing the development of its Xuancheng Singapore Techno Park and assist the Company to resolve an appropriate outcome in respect of Lu'an Singapore Creative Ecological and Industrial Park.

I would also like to acknowledge the continued support of my fellow directors who, like me, have confidence in the Company's vision and strategies for the future.

A handwritten signature in black ink, appearing to read 'Choon Keng Kho', with a long horizontal flourish extending to the right.

CHOON KENG KHO
Non-Executive Chairman
17 April 2018

CEO's REVIEW

2017 Annual Report

Financial Performance for the Year

For the financial year ended 31 December 2016, the Group's reported net loss amounted to \$15,568,000 (2016: Loss of \$3,461,000). The losses for the year of \$15,568,000 were comprised mainly of impairment charges of \$14m and expenses relating to staff costs, directors' fees, professional fees and other operating expenses.

In December 2017 the Company 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. The Company believes that it is entitled to pursue development within the masterplan area and has obtained legal advice in respect of this matter. However, under the present circumstances the Company has decided that it would be prudent to make a full provision for the carrying value of the Lu'an Development Rights in its Financial Report for FY2017, about \$13m, until such time that the dispute is resolved. In addition, the Company also made an impairment charge of \$1m against the Group's intangible assets following an updated independent impairment valuation of the Xuancheng project.

The Company's revenue for the financial year ended 31 December 2017 was marginal and comprised solely of interest income earned on fixed deposits.

Xuancheng Singapore Techno Park - Acquisition of Land

On 23 June 2017, the company obtained the Land Title for the 40 mu (2.67 hectare) of land within the Xuancheng Singapore Techno Park site in joint venture with KSL (XC) Pte Ltd. The payment made amounted to RMB 4.89m excluding deed tax and stamp duty.

In accordance to the Investment Agreement, the company will receive the rebate for the land price and the deed tax excluding stamp duty amounting to RMB 5.08m. On 10 July 2017, application was made to the Xuancheng City Economic and Technological Zone Management Committee for the release of the rebate. The Company is still working closely with the relevant department to obtain release of the payment.

Nevertheless, the Company is continuing with the development of this project and is in the midst of acquiring its second parcel of land of about 42 mu (approximately 28,000 sqm) for industrial development. The Company has entered into a joint venture to acquire this second parcel of land with Hui Xin Industrial Private Ltd. Hui Xin Industrial Private Ltd. is a substantial steel manufacturing company incorporated in Singapore.

Lu'an Residential Project

The Company received a notice from the Lu'An Development Zone Management Committee in December 2017 purporting to terminate the Company's Investment Agreement with the Lu'an City People's Government and its related entities. The Company issued a letter of protest against the termination and appointed Anhui Greatel Law Firm to provide legal advice in respect of this matter. A protest and submissions were filed with and accepted by the Hefei High Court on 15 March 2018.

In the meantime, the Company has continued to negotiate with the Development Zone Committee however the proposed Lu'an residential development has been deferred until such time as this matter has been resolved.

Anhui Agricultural University

The Company entered into a Strategic Co-operation Agreement with Anhui Agricultural University ("AAU") on 7 March 2017 and since that date has been close liaison with AAU to identify/explore potential co-operation opportunities. Under the agreement, both parties will work together to promote the development of early start up high-tech companies in Anhui Province and LionHub is in the process to develop potential pipeline to AAU.

Working Capital Loan

On 24 February 2017, the Company secured a \$1 million (Singapore dollar) loan facility from its major shareholder, Lian Keng Enterprises Ltd ("LKE"), to assist with working capital whilst the Company pursued other long term funding alternatives for the development of its two technology parks in China. To further support the Company, LKE has agreed to terms for the extension and repayment of this loan over a further period of 12 months.

Outlook

China's gross domestic product increased by 6.9% in 2017 as the country progressed with ongoing reforms to restructure its economy. The growth rate for 2018 is expected to be stable. Despite cooling measures that have been implemented by the Chinese government thus far, Chinese property developers reported surging sales in 2017. 31 listed property developers who disclosed their sales performance in 2017 recorded total sales volume of about RMB3.38 trillion (USD518.1 billion), representing a 54% year-over-year increase. The property and construction markets are expected to remain stable in 2018.

Therefore, the Company shall continue to move ahead with its development projects in China and work forward to resolve the dispute and differences with the Lu'an government authorities. The Company proposes to expedite the development of each of its projects and will also actively continue to pursue fundraising which will allow the Company to commence and move forward the new stages of its projects.

JOSEPH BEK
ACTING CHIEF EXECUTIVE OFFICER
17 April 2018

LIONHUB GROUP LIMITED

ABN 29 119 999 441

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2017

This Financial Report was authorised for issue by the Directors on 29 March 2018. The Company has the power to amend and re-issue the financial report.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2017.

DIRECTORS

The names and details of the company's directors in office during the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Choon Keng Kho (Non-Executive Chair) Appointed 24 September 2014

Mr Kho is the Executive Chairman of the Singapore-based Lian Huat Group. He graduated with First Class Honours in BSc (Engineering) from King's College University of London. Mr Kho also holds strong belief in corporate social responsibility and commits the Lian Huat Group and himself to various honourable charity and community works in Singapore and Australia.

Mr Kho is Chair of the Remuneration and Nomination Committee.

Ms Kwee Jee Lee (Non-Executive Director) Appointed 26 November 2013

Ms Lee spent 20 years working in the Singapore Public Sector formulating and overseeing policies in the Ministries of Finance, the Environment and Defence. She also spent a year in IE Singapore promoting Singapore companies and products. Ms Lee has additionally spent 20 years working for large multinational corporations such as GE, Singapore Technologies Pte Ltd and ST Telemedia, focussing on human capital development and building strategic relations for business expansion. She is a Board Member of MOV Corporation Ltd.

Ms Lee is Chairman of the Audit and Risk Committee and Member of the Remuneration and Nomination Committee.

Mr Patrick Chuan Thye Kho (Non-Executive Director) Appointed 24 September 2014

Mr Kho is the Group Managing Director of Lian Huat Group. He graduated in 1988 with a Second Class Upper BA degree from the University of Cambridge. He subsequently obtained an MA from the University of Cambridge in 1991. Mr Kho is also a Chartered Financial Analyst.

As the Managing Director of Lian Huat Group, Mr Kho manages the Lian Huat Group's Singapore property development and investment businesses as well as the Lian Huat Group's property investments and hotel businesses in Australia and China. In recent years, he spearheaded property development projects in Singapore with a Gross Development Value ("GDV") of close to \$645m.

Ms Jamie Gee Choo Khoo (Non-Executive Director) Appointed 26 November 2013

Ms Khoo graduated with a MBA from University of Hull, UK and is a fellow member of the Institute of Singapore Chartered Accountants and a Member of Singapore Institute of Directors. Ms Khoo has over 20 years' experience in accounting and corporate finance with extensive experience in corporate funding, investment evaluation, due diligence and corporate structuring. Ms Khoo holds directorships in ASX-listed Stemcell United Limited and Invitrocue Limited. She is currently the Deputy COO of a China-Based Info technology Company.

Ms Khoo is a member of the Audit and Risk Committee.

Mr Kim Huat Koh (Non-Executive Director) Appointed 15 May 2014

Mr Koh has extensive experience as a member on the boards of many private and publicly listed companies, including Singapore and/or Hong Kong-listed Rowsley Ltd, UPP Holdings Ltd, Eagle Brand Holdings Ltd and Hong Kong Fortune Ltd. He was Executive Director of Hong Kong Fortune Ltd in 1994 and retired in May 2013 as Executive Chairman of UPP Ltd.

Mr Koh also has intimate knowledge of China and of property development. He was Head of Singapore's diplomatic mission(s) in Shanghai from 1991 till 1994. He then went on to head up the property businesses for Chia Tai group in China. Chia Tai was then one of the largest foreign investors in China. Its property investments include the commercial downtown of Pudong, Shanghai and other cities. Prior to his retirement last year, he was also a director of Vantage Bay, a company involved in property development in Iskandar Johor.

Mr Koh was a Singapore Government scholar. He graduated from National University of Singapore with a Bachelor of Engineering (civil), 2nd Upper Honours. He spent many years serving the Singapore government in different departments. These included administrative service of Singapore Government, its diplomatic mission in Shanghai and Government of Singapore Investment Corporation (GIC).

Mr Koh is a member of the Audit and Risk Committee.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Company Secretary

Mr. Andrew J. Cooke LLB. (Appointed 1 March 2016)

Mr Cooke has extensive experience in law, corporate finance and as company secretary of ASX listed companies. He is responsible for the company secretarial function including stock exchange and regulatory compliance.

DIRECTORS' MEETINGS

The number of Directors' and committee of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below.

Director	Directors' Meetings		Audit & Risk Committee Meetings		Remuneration and Nomination Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Mr Choon Keng Kho	8	8	-	-	1	1
Mr Patrick Chuan Thye Kho	8	8	-	-	-	-
Ms Kwee Jee Lee	9	9	8	8	1	1
Mr Kim Huat Koh	9	8	8	8	-	-
Ms Jamie Gee Choo Khoo	9	8	8	8	-	-

DIRECTORS' INTERESTS IN SHARES

Shares in LionHub Group Limited in which Directors have a relevant interest at the date of this report were:

Director	Number of Shares	Number of Listed Options
Mr Choon Keng Kho	530,546,154	15,151,132
Mr Patrick Chuan Thye Kho	527,415,032	8,888,888
Ms Kwee Jee Lee	200,000	-

Lian Keng Enterprises Pte Ltd ("Lian Keng") is the holder of 527,415,032 fully paid Ordinary Shares and 8,888,888 December 2020 Listed Options exercisable at \$0.22 and both Mr Choon Keng Kho and Mr Patrick Chuan Thye Kho are Directors and Shareholders of Lian Keng.

DIVIDENDS

No dividends were paid or declared during the year (2017: \$Nil). No recommendation for future payment of dividends has been made at the date of this report.

REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES

LionHub Group Limited is a real estate development company listed on the Australian Stock Exchange ("ASX"), focusing on technology park developments in China. The Company's portfolio provides Australian investors with an early mover advantage in the mainland Chinese property sector.

LionHub's focus is to provide an avenue for investors to exploit the potential offered by technology park developments in China. LionHub currently has two projects in the cities of Lu'an and Xuancheng, namely the Lu'an Singapore Eco-Park and the Singapore Xuancheng Technology Park, both of which are in the Anhui Province. Anhui Province is located in central China, with a large population of 60 million in an area of 139,600 km². It lies in the hinterland of the Yangtze Delta, and has great economic development potential.

LionHub enjoys the support of its major shareholder, the Lian Huat Group which has a 20 year history and extensive property interests across Singapore, Australia and China.

The Group's reported net loss amounted to \$15,568,000 (2016: Loss of \$3,461,000)

The Company's revenue for the financial year ended 31 December 2017 amounted to \$1,000 as compared to \$10,000 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 (\$934k). The development of this site is expected to generate future revenue for the Group.

Losses from ordinary activities after tax attributable to members amounted to \$15,568k as compared with \$3,461k in the previous corresponding period. The losses for the year of \$15,568k comprised mainly of expenses relating to staff costs, directors' fees,

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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 \$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.

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 in its Financial Report for FY2017, being \$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

On 24 February 2017, the Company announced that it had secured a \$1 million (Singapore dollar) loan facility from its major shareholder, Lian Keng Enterprises Ltd ("LKE"), to assist with working capital whilst the Company pursues other long term funding alternatives for the development of its two technology parks. The loan facility was arranged on arm's length terms or better from the point of view of LionHub.

On 7 March 2017, LionHub entered into a Strategic Co-operation Agreement with Anhui Agricultural University ("AAU") which will draw on the expertise of both parties to facilitate the development of new "incubator" business opportunities that will complement both of LionHub's technology parks. It is anticipated that under the Strategic Co-operation Agreement, AAU and LionHub will work together to promote the development of early stage high-tech "incubator" companies in Anhui Province which will in turn attract innovators, entrepreneurs and investors to the region.

On 28 June 2017, the Company announced that it had successfully completed the acquisition of 40mu (2.67 hectare) of land within the Xuancheng Singapore Technology Park site for industrial development in joint venture with KSL (XC) Pte Ltd ("KSL") for a total consideration of 4.89m China Yuan (\$933,500). KSL, a company incorporated in Singapore, is a leading specialist in the design, engineering, fabrication and installation of quality aluminum building facade systems. The industrial group currently has one manufacturing facility in Singapore and two in the greater Shanghai area in China. Together with KSL, the Company proposes to develop the Xuancheng Singapore Techno-Park to offer a mixture of logistical, industrial, commercial, incubator and residential properties for buyers, investors and tenants seeking to position themselves in one of China's most important emerging provinces without the higher costs typically associated with real estate and industrial parks along China's highly developed coastline. The Company is also contemplating the possibility of further land acquisitions within the Xuancheng Economic and Technological Development Zone in conjunction with other joint venture parties.

On 8 August 2017, the Company announced that it would be conducting a private placement of Convertible Notes to sophisticated investors initially to raise up to \$3.5 million. During the course the year, 3,500,000 Class A Notes and 4,000,000 Class B Notes were issued for total proceeds amounting to \$375,000.

SIGNIFICANT EVENTS AFTER THE REPORTING 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 \$13m, until such time that the dispute is resolved.

On 5 February 2018, the Company announced that it had changed its Auditor from HLB Mann Judd Assurance (NSW) Pty Ltd to DFK Laurence Varnay.

On 8 February 2018, a further tranche of Convertible Notes were issued comprising 7,800 Class A Notes with proceeds received amounting to \$390,000.

On 19 March 2018, the Company announced the appointment of Mr Joseph Bek as Acting Chief Executive officer of the Group.

The company is in process of receiving funding of \$500,000 from a third party for subscription of convertible notes. Agreement has been generated and is in process of being executed by the respective parties.

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FOR THE YEAR ENDED 31 DECEMBER 2017

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any specific environmental regulation in its operations under the law of a State, Territory or the Commonwealth of Australia.

OPTIONS

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 the holder to one Ordinary Share.

During the year ended 31 December 2017, no fully paid Ordinary Shares were issued on the exercise of options. There have been no unissued shares or interests under option of any controlled entities within the Group during or since reporting date.

No further shares have been issued since year-end and no amounts are unpaid on any of the shares.

Option holders do not have any right, by virtue of the listed option, to participate in any share issue of the Company or any related body corporate. No options were issued to directors and executives as remuneration.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company holds an insurance policy to insure the Directors and Officers of the Company and its controlled entities against liabilities to other persons that may arise from their position. The insurance policy prohibits disclosure of the amount of the premium paid.

In accordance with the Constitution of the Company, to the extent permitted by the law the Company indemnifies every Director, executive officer or Secretary of the Company against any liability to another person provided that the liability does not arise in respect of conduct involving a lack of good faith on the part of the officer.

ROUNDING OF AMOUNTS

The Group is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that instrument, unless otherwise indicated.

REMUNERATION REPORT - AUDITED

This report outlines the remuneration arrangements in place for directors and key management personnel of LionHub Group Limited and controlled entities, collectively "the Group".

Remuneration philosophy

The Board is responsible for determining remuneration policies applicable to directors and key management personnel of the Group. The Board's policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration, consideration is given by the Board to the Group's financial performance.

The Board's policy is to remunerate non-executive directors at market rates based on comparable companies for time, commitment and responsibilities. The Board determines payments to non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

Relationship between Remuneration Policy and Company Performances

At present, the remuneration of key management personnel is not linked to the Group's performance and is not dependent on the satisfaction of a performance condition. This is due to the Company's operations not having reached a stage where revenue is generated.

The table below shows the gross revenue, profits and dividends for the last five years for the Company, as well as the share prices at the end of the respective financial year for this period. Where financial records are not available from the time that the Company was in Administration (the Company was relisted on the ASX on 11 June 2014), n/a is shown. As mentioned above, the Company was not trading during this time and so it is difficult to make any inferences regarding the Company's performance on shareholder wealth.

Relationship between Remuneration Policy and Company Performances (cont.)

	2013	2014	2015	2016	2017
	\$	\$	\$	\$	\$
Revenue	n/a	63,000	62,000	10,000	1,000
Net profit/(loss)	(649,000)	(1,337,000)	(3,483,000)	(3,461,000)	(15,568,000)
Share price at year-end	n/a	0.17	0.14	0.13	(1.88)
Dividends paid	n/a	-	-	-	-

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of key management personnel (“KMP”) of the Company. No remuneration was based on performance.

Key Management Personnel	Position held as at 31 December 2017 and any change during the year	Contract detail (duration & termination)
Mr Choon Keng Kho	Chair (Non-Executive)	No fixed term
Ms Kwee Jee Lee	Director (Non-Executive)	No fixed term
Mr Patrick Chuan Thye Kho	Director (Non-Executive)	No fixed term
Ms Jamie Gee Choo Khoo	Director (Non-Executive)	No fixed term
Mr Kim Huat Koh	Director (Non-Executive)	No fixed term
Mr Charles Chow Cher Lim	Chief Executive Officer	No fixed term

Table of Benefits and Payments for the Year Ended 31 December 2017

Group Key Management Personnel		Short-term benefits	Post-employment benefits	Total
		Salary, fees & leave	Superannuation and Central Provident Fund	
		\$000	\$000	\$000
Mr Choon Keng Kho	2017	37	-	37
	2016	70	-	70
Ms Kwee Jee Lee	2017	33	3	36
	2016	45	4	49
Mr Patrick Chuan Thye Kho	2017	30	-	30
	2016	30	-	30
Ms Jamie Gee Choo Khoo	2017	31	3	34
	2016	35	3	38
Mr Kim Huat Koh	2017	31	-	31
	2016	35	-	35
Mr Geoffrey Ellison McIntyre	2017	-	-	-
	2016	24	2	26
Mr Charles Chow Cher Lim	2017	-	-	-
	2016	176	11	187
Total Key Management Personnel	2017	162	6	168
	2016	415	20	435

Options granted as part of remuneration

No options have been granted to any KMP as part of their remuneration.

NON-AUDIT SERVICES

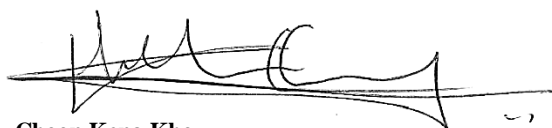
The Group has not engaged the services of its auditors, DFK Laurence Varnay, on any assignment other than for audit and review services.

AUDITOR’S INDEPENDENCE DECLARATION

The lead auditor’s independence declaration for the year ended 31 December 2017 has been received and a copy can be found on page 6 of the Financial Report.

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Signed by



Choon Keng Kho
Non-Executive Chairman
29 March 2018

LionHub Group Limited

ACN: 119 999 441

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of LionHub Group Limited

As lead auditor of LionHub Group Limited for the year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

DFK Laurence Varnay



Faizal Ajmat
Partner

Sydney
29 March 2018

We make it happen!



A member firm of DFK International a worldwide association of independent accounting firms and business advisers

Liability Limited by a scheme approved under Professional Standards Legislation

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LIONHUB GROUP LIMITED – FINANCIAL REPORT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Group	
		2017 \$000	2016 \$000
Revenue			
Other revenue	4	1	10
Operating Expenses			
Depreciation	10	(244)	(273)
Entertainment		(56)	(77)
Employee benefits expense	4	(754)	(1,103)
Exchange gain/(loss)		(22)	(85)
Filing fees		(61)	(140)
Impairment loss on intangible assets	11	(1,000)	(1,100)
Provision for impairment – Development right	11	(13,000)	-
Legal fees		(50)	(39)
Marketing & promotion expenses		(11)	(108)
Professional fees		(141)	(211)
Rental		(46)	(83)
Travelling expenses		(33)	(75)
Other expenses		(150)	(167)
Loss before income tax	4	(15,567)	(3,451)
Income tax	5	(1)	(10)
Loss for the year		(15,568)	(3,461)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries		(89)	(47)
Total comprehensive loss for the year		(15,657)	(3,508)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	6	(1.88)	(0.42)
Diluted loss per share (cents)	6	(1.89)	(0.42)

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 – FINANCIAL REPORT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Group	
		2017	2016
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	143	590
Trade and other receivables	8	21	6
Other current assets	9	55	45
TOTAL CURRENT ASSETS		219	641
NON-CURRENT ASSETS			
Property, plant and equipment	10	729	861
Intangible assets	11	5,717	19,717
Development expenditure		1,730	1,601
Deferred tax assets		4	4
TOTAL NON-CURRENT ASSETS		8,180	22,183
TOTAL ASSETS		8,399	22,824
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,541	1,385
Borrowings	13	1,436	414
TOTAL CURRENT LIABILITIES		2,977	1,799
TOTAL LIABILITIES		2,977	1,799
NET ASSETS		5,422	21,025
EQUITY			
Issued capital	14	187,028	187,028
Foreign currency translation reserve		(41)	(6)
Accumulated losses		(181,565)	(165,997)
TOTAL EQUITY		5,422	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 – FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated Group

	Issued capital	Foreign currency translation reserve	Accumulated losses	Total
	\$000	\$000	\$000	\$000
Balance at 1 January 2016	187,028	40	(162,536)	24,532
<i>Comprehensive income</i>				
Loss for the year	-	-	(3,461)	(3,461)
Other comprehensive income	-	(46)	-	(46)
Total comprehensive income / (expenses)	-	(46)	(3,461)	(3,507)
Balance at 31 December 2016	187,028	(6)	(165,997)	21,025
Balance at 1 January 2017	187,028	(6)	(165,997)	21,025
<i>Comprehensive income</i>				
Loss for the year	-	-	(15,568)	(15,568)
Other comprehensive income	-	(35)	-	(35)
Total comprehensive income / (expenses)	-	(35)	(15,568)	(15,603)
Balance at 31 December 2017	187,028	(41)	(181,565)	5,422

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

LIONHUB GROUP LIMITED – FINANCIAL REPORT

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Group	
		2017	2016
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,152)	(2,030)
Interest received		1	10
Income tax paid		(1)	(10)
Net cash used in operating activities	16	<u>(1,152)</u>	<u>(2,030)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,004)	-
Development expenditure		(145)	(211)
Net cash used in investing activities		<u>(1,149)</u>	<u>(211)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt from directors related company		935	-
Receipt from a director related company		556	(16)
Proceeds from Convertible Note		375	-
Net cash provided by financing activities		<u>1,866</u>	<u>(16)</u>
Net (decrease) increase in cash held		(435)	(2,257)
Cash and cash equivalents at beginning of year	7	590	2,888
Effect of exchange rates on cash holdings in foreign currencies		12	(41)
Cash and cash equivalents at end of year	7	<u>143</u>	<u>590</u>

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

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of LionHub Group Limited and its controlled entities (collectively “the Group”).

(a) Basis of accounting

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. LionHub Group Limited is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, for the measurement of selected non-current assets at fair value.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by LionHub Group Limited at the end of the reporting period. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 22 to the financial statements.

In preparing the consolidated financial statements, all intra-group balances, transactions and unrealised gains on transaction between group companies have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity.

Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

All transaction costs incurred in relation to the business combination are expensed to profit or loss.

The excess of the:

- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (benefit) is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

(e) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST (including similar taxes in foreign jurisdictions), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (“ATO”) or foreign equivalent.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity’s functional currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow, qualifying net investment hedge or are attributable to part of the net investment in a foreign operation.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

Depreciation is calculated using the straight-line method to allocate the cost, net of residual values, over the estimated useful lives, or in the case of leasehold improvements and certain leased plant and equipment, the shorter of the lease term, as follows:

<i>Class of Fixed Asset</i>	<i>Useful Life</i>
Buildings	5-20 years
Vehicles	4 years
Plant and equipment	3-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(g) Intangible assets and goodwill

Intangible assets include the development rights in the Xuancheng and Lu'an Projects that were acquired by the Group and have finite useful lives. They are measured at cost, being their fair value at acquisition date, less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the asset to which it relates. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful lives, and is recognised in profit or loss. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised but is tested for impairment at least annually.

(h) Development Costs

Costs incurred in relation to the property developments are capitalised to the extent that they are recoverable out of future sales.

(i) Financial instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

(j) Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected use of the financial asset.

(l) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash on hand and short-term deposits with an original maturity of 3 months or less.

(m) Trade and other payables

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. They are recognised initially at fair value and subsequently measure at amortised cost using the effective interest method.

(n) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(p) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, which are expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Amounts expected to be settled after 12 months have been recognised as non-current liabilities at their present value.

(q) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(r) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has not identified any critical accounting policies for which significant judgements, estimates and assumptions are made other than in relation to the recognition of fair value of rights to real estate developments – refer to Note 11.

(s) Rounding of amounts

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that instrument, unless otherwise indicated.

(t) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 2: GOING CONCERN

The Group incurred a loss for the year ended 31 December 2017 of \$15,568,000 and the statement of financial position as at 31 December 2017 shows a deficiency of current assets in relation to current liabilities of \$2,758,000.

The financial report has been prepared on a going concern basis. The Group's ability to implement its business strategy depends on its ability to raise funds for its property development program. In keeping with the Company's business model, the Directors expect to raise funds through arranging for the sale of land in its development areas, and/or through raising equity and/or debt funding. Without this funding there is a 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.

NOTE 3: SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded at this time that there are no separately identifiable segments. The Group operates solely as a real estate developer, in China.

NOTE 4: REVENUE AND EXPENSES

	Consolidated Group	
	2017	2016
	\$000	\$000
Revenue		
Interest received	1	10
Expenses		
Employee benefits expense includes:		
Directors' fees and superannuation	168	257
Staff salaries and other remuneration	586	846
	<u>754</u>	<u>1,103</u>

NOTE 5: INCOME TAX

	Consolidated Group	
	2017	2016
	\$000	\$000
a. The components of tax expense/(benefit) comprise:		
Income tax in prior year	1	10
	<u>1</u>	<u>10</u>
b. The prima facie tax on loss before income tax is reconciled to the income tax expense/(benefit) as follows:		
Prima facie tax benefit on loss 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)	949
Income tax of prior year	1	10
	<u>1</u>	<u>10</u>

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 6: LOSS PER SHARE

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

Diluted loss per share is calculated by dividing the net 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. As at 31 December 2017, there were no dilutive potential ordinary shares on issue.

The following reflects the income and share data used in the basic and diluted 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

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2017	2016
	\$000	\$000
Cash at bank and on hand	143	590

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2017	2016
	\$000	\$000
Other receivables	21	6

NOTE 9: OTHER CURRENT ASSETS

	Consolidated Group	
	2017	2016
	\$000	\$000
Prepayments	43	31
Deposits paid	9	11
Inventory	3	3
	55	45

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group			Total
	Buildings	Plant and Equipment	Motor Vehicles	
Cost	\$000	\$000	\$000	\$000
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
Accumulated Depreciation				
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
Carrying amounts				
At 31 December 2016	792	25	44	861
At 31 December 2017	694	12	23	729

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 11: INTANGIBLE ASSETS

	Goodwill \$000	Development Rights \$000	Total \$000
Cost (including fair value at acquisition date)			
Balance at 1 January 2016	317	21,500	21,817
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
Accumulated amortisation and impairment loss			
Balance at 1 January 2016	-	1,000	1,000
Impairment loss	-	1,100	1,100
Balance at 31 December 2016	-	2,100	2,100
Balance at 1 January 2017	-	2,100	2,100
Impairment loss	-	1,000	1,000
Provision of impairment for Lu'an		13,000	13,000
Balance at 31 December 2017	-	16,100	16,100
Net book value			
At 31 December 2016	317	19,400	19,717
At 31 December 2017	317	5,400	5,717

Development rights

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.

	Xuancheng	Lu'an
Revenue		
Based on expected selling prices of planned development, determined by reference to the particular types of development in different areas and market prices for similar development components.		
EBIT margin	16.56%	16.56%
Based on margins earned by comparable developers in China.		
Revenue growth	5.21%	8.08%
EBIT growth	5.21%	8.08%
Present value factor	28%	30%
Useful life	5 years *	5 years *

* From commencement of development, after required approvals are received. The valuation estimates revenue only over this period, as estimates beyond that period are not considered to be sufficiently reliable, due to the lapse of time. Directors expect the developments to continue beyond five years.

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 on at least one land parcel or the unsuccessful bids are directly caused by LionHub. If this were to occur, it would result in LionHub cancelling shares issued as consideration for the acquisitions.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

In compliance with the Group's accounting policy, the Group commissioned an independent valuer, Censere Holdings Limited, to assess the value of the intangible assets associated with the Xuancheng and Lu'an development rights as at 31 December 2017. Based on impairment test reports as at 31 December 2017 by Censere Holdings Limited, the Group has recognised an impairment loss of \$1,000,000 for the financial year ended 31 December 2017 (2016: \$1,100,000) in relation to the Xuancheng development.

Development rights are to be amortised over the life of the projects, based on the projected revenues, commencing when the development starts. Increases in the value of the Group's intangible assets above cost cannot be recognised in the statement of financial position. As the developments have not yet started, no amortisation has been recorded for the year.

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 \$13m, until such time that the dispute is resolved.

Goodwill

The goodwill recognised arose on the acquisition of a subsidiary in 2015.

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2017	2016
	\$000	\$000
Convertible Note (i)	375	-
Other payables	334	500
Accrued expenses	832	885
	<u>1,541</u>	<u>1,385</u>

(i) On 8 August 2017, the Company announced that it would be conducting a private placement of Convertible Notes to sophisticated investors initially to raise up to \$3.5 million. During the course of the year, 3,500,000 Class A Notes and 4,000,000 Class B Notes were issued for total proceeds amounting to \$375,000.

NOTE 13: BORROWINGS

	Consolidated Group	
	2017	2016
	\$000	\$000
Balance at beginning of year	414	414
Loan received through directors related company (i)	935	-
Loan received through a director related company (ii)	87	-
Balance at end of year	<u>1,436</u>	<u>414</u>

(i) The loan is arranged between LionHub Group Limited and its parent company Lian Keng Enterprises Pte Ltd, which is the beneficial owner of 63.82% of the total issued share capital, as at December 29, 2017. The loan was intended for the funding of the Company overhead expenses. The interest rate on this loan is 1-month SIBOR plus 1.4%.

(ii) The loan from a director related company, is mainly for the funding of the land purchase and relevant expenses. And the interest rate on this loan is "1-month SIBOR plus 1.4%".

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 14: ISSUED CAPITAL

	Consolidated Group			
	2017	2016	2017	2016
	\$000	\$000	No of shares	No of shares
Balance at beginning of year	187,028	187,028	826,349,731	826,349,731
Balance at end of year	187,028	187,028	826,349,731	826,349,731

Fully paid ordinary shares

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 Group 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.

NOTE 15 : OPTIONS

As at 31 December 2017 there were 21,903,698 Listed Options exercisable on or before 4 December 2020 at 22 cents each. On exercise each Listed Option entitles the holder to 1 share in the Company.

During the year ended 31 December 2017, no shares were issued on the exercise of options.

NOTE 16 : CASH FLOW INFORMATION

Reconciliation of profit after income tax to net cash inflow from operating activities:

	Consolidated Group	
	2017	2016
	\$000	\$000
Loss for the year	(15,568)	(3,461)
Depreciation	244	273
Impairment loss on intangible assets	1,000	1,100
Provision of impairment for Lu'an	13,000	-
(Increase)/decrease in trade and other receivables	25	(16)
Increase in trade and other payables	147	74
Net cash used in operating activities	(1,152)	(2,030)

NOTE 17 : AUDITOR'S REMUNERATION

	Consolidated Group	
	2017	2016
	\$000	\$000
Remuneration of the auditor of the parent entity for:		
Auditing and review of the financial statements	38	43

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 18 : INTEREST OF KEY MANAGEMENT PERSONNEL (“KMP”)

Refer to the Remuneration Report contained in the Directors’ Report for details of the remuneration paid or payable to each member of the Group’s key management personnel for the year ended 31 December 2017. The total remuneration paid to KMP of the Company during the year is as follows:

	Consolidated Group	
	2017	2016
	\$000	\$000
Short-term employee benefits	162	415
Post-employment benefits	6	20
	<u>168</u>	<u>435</u>

NOTE 19: OPERATING LEASES

	Consolidated Group	
	2017	2016
	\$000	\$000
At 31 December the Group had minimum commitments in respect of non-cancellable operating leases relating to rental of property, payable as follows:		
Within one year	23	49
Between one and five years	-	23
	<u>23</u>	<u>72</u>

NOTE 20 : FINANCIAL RISK MANAGEMENT

Objectives and policies and financial instruments

The Group’s financial instruments consist mainly of deposits with banks, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
	Note	2017	2016
		\$000	\$000
Financial assets			
Cash and cash equivalents	7	143	590
Total financial assets		<u>143</u>	<u>590</u>
Financial liabilities			
Trade and other payables	12	1,541	1,385
Borrowings	13	1,436	414
Total financial liabilities		<u>2,977</u>	<u>1,799</u>

Financial risk management policies

The Board of Directors monitors the Group’s financial risk management policies and exposures and approves financial transactions. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

Specific financial risk exposures and management

The main risks that the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

Credit risk

There are no significant concentrations of credit risk within the Group.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group’s exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Directors manage this risk by reviewing cash flows.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

Market risk (Interest rate risk)

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings and cash and cash equivalents. The Group is not aware of any significant risk relating to interest rates.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movements in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the Australian dollar functional currency of the Group.

Sensitivity analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit \$000	Equity \$000
Year to 31 December 2017 +/- 1% in interest rates	5	5
Year to 31 December 2016 +/- 1% in interest rates	6	6

NOTE 21: PARENT INFORMATION

The following information has been extracted from the books and records of the parent company and has been prepared in accordance with Australian Accounting Standards.

	2017 \$000	2016 \$000
Statement of financial position		
Current assets	1	52
Total assets	219	25,015
Current liabilities	65	75
Total liabilities	2,977	75
Equity		
Issued capital	187,028	187,028
Accumulated losses	(181,606)	(166,003)
Total equity	5,422	21,025
Statement of profit and loss and other comprehensive income		
Total comprehensive loss for the year	(15,603)	(732)

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 22 : INTEREST IN SUBSIDIARIES

	Country of incorporation	Percentage Owned*	
		2017 %	2016 %
Parent entity			
LionHub Group Limited			
Subsidiaries			
LionHub (Xuancheng) Pte Ltd ⁽ⁱ⁾ (formerly known as Lian Huat (Xuancheng Pte Ltd)	Singapore	100	100
LionHub (Lu'an) Pte Ltd ⁽ⁱⁱ⁾ (formerly known as Lian Huat (Lu'an) Pte Ltd)	Singapore	100	100
Vanda Investment Holding Pte Ltd ⁽ⁱⁱⁱ⁾ (formerly known as LionHub JV1 Pte Ltd)	Singapore	100	100
LHB Ventures Pte Ltd	Singapore	100	100
Subsidiaries of LionHub (Xuancheng) Pte Ltd ⁽ⁱ⁾			
LionHub (XC) Pte Ltd (formerly known as Lian Huat (XC) Pte Ltd)	Singapore	100	100
Jade Rabbit (Xuancheng) Management Services Pte Ltd	Singapore	100	100
Xuancheng LionHub TechnoPark Ltd	China	100	100
Subsidiaries of LionHub (Lu'an) Pte Ltd ⁽ⁱⁱ⁾			
LionHub (LA) Pte Ltd	Singapore	100	100
Lu'an Lionhub Link Pte Ltd	Singapore	100	100
Lu'an Lionhub Fortune Pte Ltd	Singapore	100	100
Lu'an LionHub Eco Park Ltd	China	100	100
Subsidiaries of Vanda Investment Holding Pte Ltd ⁽ⁱⁱⁱ⁾			
Vanda (XC) Pte Ltd	Singapore	100	100
KSL (XC) Metal Industries Pte Ltd	Singapore	50	50
KSL (Xuan Cheng) Metal Industries Ltd	China	50	50

* Percentage of voting power is in proportion to ownership.

⁽ⁱ⁾ Shares in LionHub (Xuancheng) Pte Ltd were acquired on 5 June 2014 for \$8,500,000. Consideration was given by way of issuing 42,500,000 ordinary shares valued at \$0.20 each to Lian Keng.

⁽ⁱⁱ⁾ Shares in LionHub (Lu'an) Pte Ltd were acquired on 18 August 2015 for \$13,000,000. Consideration was given by way of issuing 59,090,909 ordinary shares valued at \$0.22 each to Lian Keng.

⁽ⁱⁱⁱ⁾ Vanda Investment Holding Pte Ltd, Vanda (XC) Pte Ltd and KSL (XC) Metal Industries Pte Ltd were incorporated during the year ended 31 December 2015.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 23: SUBSEQUENT EVENTS

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 \$13m, until such time that the dispute is resolved.

On 5 February 2018, the Company announced that it had changed its Auditor from HLB Mann Judd Assurance (NSW) Pty Ltd to DFK Laurence Varnay.

On 8 February 2018, a further tranche of Convertible Notes were issued comprising 7,800,000 Class A Notes with proceeds received amounting to \$390,000.

On 19 March 2018, the Company announced the appointment of Mr Joseph Bek as Acting Chief Executive officer of the Group.

The company is in process of receiving funding of \$500,000 from a third party for subscription of convertible notes. Agreement has been generated and is in process of being executed by the respective parties.

NOTE 24: RELATED PARTIES

The Company's main related parties are as follows:

(i) *Entities exercising control over the Group*

The ultimate parent entity that exercises control over the Group is Lian Keng, which is incorporated in Singapore.

(ii) *Key management personnel:*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, are considered key management personnel.

For details relating to key management personnel remuneration, refer to Note 18.

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	
	2017	2016
	\$000	\$000
Rent paid	48	83
Loans from other related parties:		
Beginning of the year	414	414
Loan through directors related company (i)	935	-
Loan through a director related company	87	-
Interest charged	14	-
End of the year	1,450	414

(i) On 22 February 2017, the Company signed a Shareholder Loan Agreement with Lian Keng Enterprises Pte Ltd which has a beneficial interest of 63.82% in the LionHub Group. The purpose of the loan is to provide LionHub Group with a working capital facility of S\$1m (A\$ 935k) for up to one year. This facility is unsecured and the terms of the loan are on an arm's length basis, with an interest rate of "1 month Singapore Interbank Offered Rate" ("SIBOR") plus 1.4% per annum.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

DIRECTORS' DECLARATION

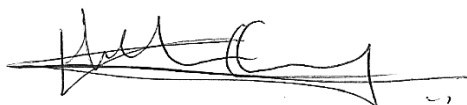
In the opinion of the directors of LionHub Group Limited:

- 1 the financial statements and notes of the consolidated entity as set out on pages 6 to 23 are in accordance with the Corporations Act 2001, including:
 - (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
 - (b) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- 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 financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(a).

The directors have been given the declaration by the Chief Executive Officer and Finance Manager required by Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the board of directors of LionHub Group Limited.



Choon Keng Kho
Non-Executive Chairman

Sydney
29 March 2018

Independent Audit Report to the members of LionHub Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of LionHub Group Limited ("the Company") and its controlled Entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration for the Group.

In our opinion:

- a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the Financial Report, which indicates that the Group incurred a net loss of \$15,567,000 during the year ended 31 December 2017, and that the statement of financial position as at 31 December 2017 shows a deficiency in net working capital of \$2,758,000. As stated in Note 2, in keeping with the Company's business model the ability of the Group 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 future successful raising of necessary funding through debt and/or equity. These events or conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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Independent Audit Report to the members of LionHub Group Limited (Cont'd)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the year ended 31 December 2017. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Valuation of Development Rights</p> <p>The major assets of the Group shown on the statement of financial position at balance date are the development rights as described in Note 11. We consider this to be a Key Audit Matter because of the subjectivity involved in determining fair value, and because of the materiality of these assets to the Group financial report.</p>	<p>Directors obtained updated external valuations of the development rights as at 31 December 2017. Our audit work included:</p> <ul style="list-style-type: none"> • Discussing the development rights status with management including verifying ownership. • Reviewing the valuation reports, including the valuation methodology used, the assumptions used, and the calculation made. • Comparing the abovementioned factors to previous valuations prepared by the external valuers, and obtaining explanations for any changes. • Considering whether the valuation method was appropriate, and whether alternate valuation methodologies were more suitable. • Assessing the qualification and independence of the external valuer. • Discussing the abovementioned matters with the external valuer and with management. • Reviewing disclosures in the financial report including the impairment taken up.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Audit Report to the members of LionHub Group Limited (Cont'd)

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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Independent Audit Report to the members of LionHub Group Limited (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Report (Cont'd)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 4-5 of the directors' report for the year ended 31 December 2017.

In our opinion, the Remuneration Report of LionHub Group Limited, for the year ended 31 December 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

DFK Laurence Varnay



Faizal Ajmat
Partner
Sydney
29 March 2018

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Additional Information for Listed Public Companies as at 29 March 2018

- (a) Number of LHB shareholders: 3,789
- (b) Total shares issued: 826,349,731
- (c) Percentage of total holdings by or on behalf of the 20 largest shareholders: 95.62%

(d) Distribution schedule of the number of holders - Ordinary Shares

1-1,000	2,771
1,001-5,000	634
5,001-10,000	135
10,001-100,000	166
100,001 and over	83

- (e) The number of holders holding less than marketable parcel: 3,470
- (f) Voting rights: Every member present personally or by proxy or attorney shall, on a show of hands, have one vote and on a poll shall have one vote for every share held.
- (g) Top 20 Holders of Ordinary Shares:

Rank	Name	Number of Shares Held	% of Total Issued Capital
1	Lian Keng Enterprises Pte Ltd	527,415,032	63.82
2	Lontury Pte Ltd	56,000,000	6.78
3	Mount Gibson Pte Ltd	41,002,500	4.96
4	New Gold Pte Ltd	35,002,500	4.24
5	Gloucester Pte Ltd	30,002,500	3.63
6	Starkorp Pte Ltd	25,000,000	3.03
7	Farmmous Pte Ltd	25,000,000	3.03
8	Citicorp Nominees Pty Ltd	13,624,686	1.65
9	HSBC Custody Nominees Australia Ltd	5,242,431	0.63
10	Fanny Seah G S + Huat K C	4,860,000	0.59
11	Saw Gek Hua	4,302,500	0.52
12	Hing J Y P + Wong B K	4,000,000	0.48
13	J P Morgan Nominees Australia Ltd	3,238,790	0.39
14	Kho Chuan Huat	3,190,000	0.39
15	Khosland Management Pte Ltd	3,131,122	0.38
16	BNP Paribas Nominees Pty Ltd	2,441,349	0.30
17	Johnstone Simon Peter	1,800,000	0.22
18	Wang Dafa	1,800,000	0.22
19	Loh Tai Min	1,506,250	0.18
20	Yeow Wee Joo	1,500,000	0.18

- (h) The names of Substantial Holders and the number of shares held

Lian Keng Enterprises Pte Ltd	527,415,032
Lontury Pte Ltd	56,000,000

- (i) The Company's securities are traded on the Australian Securities Exchange: ASX Code: LHB
- (j) The Company's 2017 Corporate Governance Statement is located on the Company's website at:
www.lionhub.com.au/irm/content/corporate-governance.aspx?RID=327

CORPORATE DIRECTORY

Directors

Choon Keng Kho
Patrick Chuan Thye Kho
Kwee Jee Lee
Kim Huat Koh
Jamie Gee Choo Khoo

Company Secretary

Andrew J. Cooke

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Auditors

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