



LionHub
联发狮城

LionHub Group Limited

ACN 119 999 441

ANNUAL REPORT 2019

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Website
www.lionhub.com.au

CHAIRMAN'S REVIEW OF OPERATIONS

2019 Annual Report

LionHub Group Limited is a real estate development company focusing on technology park developments in the Peoples Republic of China.

The Company currently has one project in the city of Xuancheng in Anhui Province known as the Singapore Xuancheng Technology Park. 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 significant economic development potential.

Despite the Company experiencing ongoing difficulties in terms of advancing its assets in China during the course of 2019, it has received rebates in the amount of ~A\$1 million from the Xuancheng City Economic and Technological Development Zone Management Committee that it was entitled to receive in accordance with the terms of its Investment Agreement relating to the Xuancheng project.

Xuancheng Singapore Technology Park

This project 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 June 2017 the Company announced that it had acquired 40 mu (2.67 hectares) 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). The Company now wholly owns this land as KSL withdrew from the joint venture during the course of 2019. This was the first land acquisition by the Company and remains a significant milestone for the Company.

The receipt of the land rebate in the amount of ~A\$1 million coupled with the introduction of China's new Foreign Investment Protection Law (which took effect from 1 January 2020) has seen a notable improvement in our working relationship with the authorities overseeing the development of the Xuancheng project.

The Company's strategy for the ongoing development of the Xuancheng project include:

- Networking in collaboration with other experienced property developers;
- Submitting plans for the construction of a warehouse/logistic facility on the 40 mu industrial site;
- Pursuing potential external sources of funding for the project;
- Pursuing the potential to acquire 2-3 sites for similar warehousing logistic facilities;
- Advancing preliminary negotiations have potential investors for either leasing or purchasing the facility or a combination of both;
- Determining an appropriately commercial basis on which to advance this project.

Despite cooling measures that have been implemented by the Chinese government the Chinese property and construction market are expected to remain challenging but stable in 2020 subject to the impact of the global COVID-19 pandemic.

Lu'an Singapore Creative Ecological and Industrial Park

The Company acquired an interest in the development of the Lu'an Singapore Creative Ecological and Industrial Park in August 2015. The Company experienced significant challenges in finalising land approval issues within the master plan area in accordance with the terms of its development rights. Whilst the Company continues to believe 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 in relation to this project. Following legal advice obtained by the Company a protest and submissions were filed with 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. This legal action is still in progress and pending a final verdict. The Company believes that an appropriate legal or commercial outcome remains achievable.

As previously reported the Lu'an project has been fully impaired in prior financial years.

Arising from the introduction of Foreign Investment Protection Law, and through the assistance of Enterprise Singapore (a statutory board of the Singapore Government) and the China Embassy in Singapore, the Company has been in negotiations with the Lu'an Authority to provide the Company with 40 mu of industrial land and 100mu of residential land under on the same terms and conditions as the original investment agreement, and a draft agreement has been issued in this regard. The Company is in the process of refining the terms and conditions of the draft agreement, which remains confidential and incomplete at the date of this report.

Financial Results for the Year Ended 31 December 2019

Pleasingly, the Company's revenue for period included development income of \$1,056k received from the Xuancheng City Economic and Technological Development Zone Management Committee relating to the acquisition in 2017 of 40 mu (2.67 hectare) of land for industrial development within the Xuancheng Singapore Technology Park.

The Group's losses from ordinary activities (after tax attributable to members) amounted to \$735k as compared with \$3,752k in the previous corresponding period. The losses for the year of \$735k 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 \$298k against the Group's intangible assets following an updated independent impairment valuation of the Xuancheng project, and a further goodwill impairment in respect of the Lu'an project which amounted to \$317k.

Listing on the Australian Stock Exchange (ASX)

During the year the ASX formed the view that the Company's operations were not sufficient to warrant continued quotation of its securities and advised that the Company's securities would be suspended from official quotation in February 2020 if the Company could not satisfy ASX requirements in this regard.

The Company engaged in dialogue with the ASX and submitted an expanded Business Plan for its consideration. Unfortunately the ASX suspended the securities of LHB from official quotation on Friday 21 February 2020 in accordance with Listing Rule 17.3. The Company intends to continue its consultations with the ASX in respect and, subject to meeting ASX requirements, hopes to achieve re-quotation of its securities at the earliest practicable opportunity.

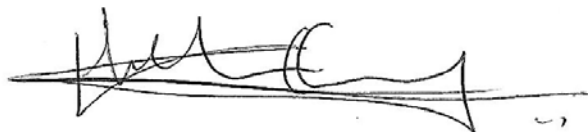
Outlook for 2020

Looking forward, the Company will focus on:

- achieving an appropriate outcome in respect of the termination of its Investment Agreement relating to the Lu'An Singapore Creative Ecological and Industrial Park;
- advancing the Xuancheng Singapore Technology Park; and
- reviewing other potential property investment and development opportunities in Australia / China to generate recurring income for the Company.

The Chinese property and construction markets are expected to remain challenging but stable in 2020. The new Foreign Investment Law aims to create a more level playing field between domestic and foreign businesses in an effort to improve the foreign investment climate. The objective of the new law is to promote transparency and professionalism in dealings with foreign enterprises. It is anticipated that local authorities will use their best efforts to ensure that dealings with foreign enterprises are advanced on reasonable terms and without delay.

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



CHOON KENG KHO
Non-Executive Chairman
28 April 2020

LIONHUB GROUP LIMITED

ABN 29 119 999 441

FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2019

This Financial Report was authorised for issue by the Directors on 31 March 2020. The Company has the power to amend and re-issue the financial report.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2019.

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 Land & Homes Group Limited.

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 and resigned 7 March 2019

Mr Kho is the Group Managing Director of Lian Huat Group and manages the group's Singapore property development and investment businesses in Australia and China. 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.

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.

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.

Ms. Siew Goh (Non-Executive Director) Appointed 27 August 2018

Ms Siew Goh has extensive experience working in regional corporate environment. She has a diverse range of industry skills and experience in the areas of international corporate events management, marketing communication and strategic relations.

Ms Goh was an Associate Director in a Singapore based investment company, Temasek Holdings Limited (one of the biggest sovereign fund managers in the world) and has also spent several years working in Temasek's subsidiaries, Temasek Management Services Pty Ltd and Singapore Technologies Pte Ltd. Ms Goh led a team to plan, organise and manage high profile events in Singapore, Asia and Europe for diplomats and senior regional corporate leaders. Ms Goh is not an independent director.

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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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	7	7	-	-	1	1
Mr Patrick Chuan Thye Kho (resigned 7 March 2019)	1	1	-	-	-	-
Ms Kwee Jee Lee	12	12	7	7	1	1
Mr Kim Huat Koh	12	11	7	7	-	-
Ms Siew Goh	12	12	-	-	-	-

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 (resigned 7 March 2019)	527,415,032	8,888,888
Ms Kwee Jee Lee	200,000	-
Ms Siew Goh	130,000	-

Lian Keng Enterprises Pte Ltd ("LKE") is the holder of 527,415,032 fully paid Ordinary Shares and 8,888,888 Listed Options exercisable at \$0.22 on or before 4 December 2020. Both Mr Choon Keng Kho and Mr Patrick Chuan Thye Kho are Directors and Shareholders of LKE.

DIVIDENDS

No dividends were paid or declared during the year (2018: \$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 Securities Exchange ("ASX"), focusing on technology park developments in China. The Company's aims to provide 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 one project in the city of Xuancheng in Anhui Province known as the Singapore Xuancheng Technology Park. 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 significant economic development potential.

The Group's reported net loss amounted to \$735k (2018: Loss of \$3,752k). The Company's revenue for the financial year ended 31 December 2019 amounted to \$1,057k (FY2018: \$1k). Revenue comprised development income of \$1,056k received from the Xuancheng City Economic and Technological Development Zone Management Committee relating to the acquisition in 2017 of 40 mu (2.67 hectare) of land for industrial development within the Xuancheng Singapore Technology Park site located in Anhui Province, China; and interest income of \$1k (2018:\$1k) earned on fixed deposits.

Losses from ordinary activities after tax attributable to members amounted to \$735k as compared with \$3,752k in the previous corresponding period. The losses for the year of \$735k 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 \$298k against the Group's intangible assets following an updated independent impairment valuation of the Xuancheng project, and a further goodwill impairment in respect of the Lu'an project which amounted to \$317k.

In the previous corresponding period, the loss of \$3,752k 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 also included an impairment charge of \$989k in the Xuancheng project, and an impairment amount of \$787k in Lu'an project.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

LU'AN SINGAPORE ECO-PARK

The Company previously held another project in the city of Lu'an in Anhui province known as the Lu'an Singapore Eco-Park. On 19 December 2018 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 sought legal advice in respect of this matter and is continuing to negotiate with appropriate authorities to finalise a mutually acceptable settlement. The Company also filed a legal action in the Anhui court in March 2019 which is still in progress and pending judgement. As a result of these circumstances the Company made an impairment charge of 317k in the current year and in the previous financial years in the amount of \$13,787k relating to the Lu'an Singapore Eco-Park.

XUANCHENG SINGAPORE TECHNOLOGY PARK

On 18 September 2019, the Company received rebate in the amount of \$RMB5.09m (\$A1.06m) from the Xuancheng City Economic and Technological Development Zone Management Committee relating to the acquisition in 2017 of 40 mu (2.67 hectare) of land for industrial development within the Xuancheng Singapore Technology Park site located in Anhui Province, China. The receipt of these rebates has been treated as revenue (development income) in the statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

Despite cooling measures that have been implemented by the Chinese government the Chinese property and construction market are expected to remain challenging but stable in 2020 subject to the impact of the global COVID-19 pandemic.

WORKING CAPITAL

On 22 February 2017, the Company secured a \$1,000,000 (Singapore dollar) loan facility from its major shareholder, Lian Keng Enterprises Ltd ("LKE"). The interest rate is 5.50% per annum. The Company was seeking a further extension of this loan and capitalisation of interest to 30 June 2021.

Throughout the course of 2019 the Company issued a total of 26,460,000 Class A Convertible Notes. The total subscription monies received for the issue of these notes amounted to \$1,323k.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The COVID-19 pandemic has adversely impacted the Company's ability to negotiate with various regulatory authorities in China to finalise a mutually acceptable settlement in respect of the Lu'an Singapore Eco-Park and is likely to impact the timely development of the Xuancheng Singapore Techno Park.

On Friday 21 February 2020 the ASX suspended the securities of the Company from official quotation at close of business that day in accordance with Listing Rule 17.3 as the ASX had formed the view that the Company's operations were not sufficient to warrant continued quotation of its securities. The Company has been in dialogue with ASX to seek to satisfy ASX, including with respect to an expanded Business Plan. The Company intends to seek re-quotation of its securities at the earliest practicable opportunity.

Since balance date the Company has issued a further 3,500,000 Class A Convertible Notes and received the subscription monies in the amount of \$175k.

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 2019, 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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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.

	2014	2015	2016	2017	2018	2019
	\$	\$	\$	\$	\$	\$
Revenue	63,000	62,000	10,000	1,000	1,000	1,057,000
Net profit/(loss)	(1,337,000)	(3,483,000)	(3,461,000)	(15,568,000)	(3,752,000)	(\$735,000)
Share price at year-end	0.17	0.14	0.13	(1.88)	(0.45)	(0.09)
Dividends paid	-	-	-	-	-	-

LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019 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) (resigned 7 March 2019)	No fixed term
Mr Kim Huat Koh	Director (Non-Executive)	No fixed term
Ms Siew Goh	Director (Non-Executive)	No fixed term
Mr Joseph Bek	Chief Executive Officer (resigned 12 March 2019)	No fixed term

Table of Benefits and Payments for the Year Ended 31 December 2019

Group Key Management Personnel		Short-term benefits	Post-employment benefits	Total
		Salary, fees & leave \$000	Superannuation and Central Provident Fund \$000	\$000
Mr Choon Keng Kho	2018	30	-	30
	2019	30	-	30
Ms Kwee Jee Lee	2018	30	3	33
	2019	30	-	30
Mr Kim Huat Koh	2018	30	-	30
	2019	30	-	30
Ms Siew Goh	2018	56	5	61
	2019	75	5	80
Mr Patrick Chuan Thye Kho (resigned 7/3/2019)	2018	30	-	30
	2019	5	-	5
Ms Jamie Gee Choo Khoo (resigned 16/8/2018)	2018	19	2	21
	2019	-	-	-
Mr Joseph Bek (resigned 12/3/2019)	2018	225	16	241
	2019	33	1	34
Total Key Management Personnel	2018	420	26	446
	2019	203	6	209

Options granted as part of remuneration

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

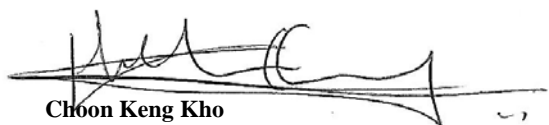
NON-AUDIT SERVICES

The Group has not engaged the services of its auditors, DFK Laurence Varnay Audit Pty Ltd, 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 2019 has been received and a copy and is attached in this Financial Report immediately following this Report of the Directors.

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



Choon Keng Kho
Non-Executive Chairman
31 March 2020

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 2019, 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 Audit Pty Ltd



Faizal Ajmat
Director

Sydney
31 March 2020

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 2019

	Note	Consolidated Group	
		2019 \$000	2018 \$000
Revenue			
Other revenue	4	1,057	1
Operating Expenses			
Depreciation	10	(54)	(143)
Entertainment		(6)	(29)
Employee benefits expense	4	(340)	(838)
Exchange gain/(loss)		-	23
Filing fees		(32)	(36)
Impairment loss on intangible assets	11	(317)	(787)
Provision for impairment	11	(298)	(989)
Legal fees		(25)	(32)
Marketing & promotion expenses		(9)	(5)
Professional fees		(125)	(154)
Rental		(36)	(52)
Travelling expenses		(23)	(52)
Other expenses		(527)	(659)
Loss before income tax		(735)	(3,752)
Income tax	5	-	-
Loss for the year		(735)	(3,752)
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign subsidiaries			
		-	-
Total comprehensive loss for the year		(735)	(3,752)
Loss per share			
From continuing operations:			
Basic loss per share (cents)	6	(0.09)	(0.45)
Diluted loss per share (cents)	6	(0.09)	(0.45)

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 2019

	Note	Consolidated Group	
		2019	2018
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	209	22
Trade and other receivables	8	-	1
Other current assets	9	159	85
TOTAL CURRENT ASSETS		368	108
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,531	539
Intangible assets	11	4,060	5,776
Development expenditure		881	886
TOTAL NON-CURRENT ASSETS		6,472	7,201
TOTAL ASSETS		6,840	7,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	1,198	1,193
Borrowings	13	1,834	2,815
Convertible note	14	2,990	1,667
TOTAL CURRENT LIABILITIES		6,022	5,675
NON-CURRENT LIABILITIES		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		6,022	5,675
NET ASSETS		818	1,634
EQUITY			
Issued capital	15	187,028	187,028
Foreign currency translation reserve		47	128
Accumulated losses		(186,257)	(185,507)
Equity attributable to owners of the company		818	1,649
Non-controlling Interest		-	(15)
TOTAL EQUITY		818	1,634

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 2019

Consolidated Group

	Issued capital	Accumulated losses	Foreign currency translation reserve	Total
	\$000	\$000	\$000	\$000
Balance at 1 January 2018	187,028	(181,565)	(41)	5,422
Comprehensive income/(loss)	-	(3,752)	-	(3,752)
Reclassification from Liabilities	-	(190)	128	(62)
Movement in reserve	-	-	41	41
Attributable to owners of the company	187,028	(185,507)	128	1,649
Non-controlling Interest	-	(15)	-	(15)
Balance at 31 December 2018	187,028	(185,522)	128	1,634
Balance at 1 January 2019	187,028	(185,522)	128	1,634
Comprehensive income/(loss)	-	(735)	-	(735)
Movement in reserve	-	-	(81)	(81)
Attributable to owners of the company	187,028	(186,257)	47	818
Non-controlling Interest	-	-	-	-
Balance at 31 December 2019	187,028	(186,257)	47	818

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 2019

	Note	Consolidated Group	
		2019 \$000	2018 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(705)	(1,323)
Interest received		1	-
Interest and other costs of finance paid		(264)	(93)
Development income received		1,056	-
Net cash used in operating activities	17	<u>88</u>	<u>(1,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(37)
Loan to other entity		(93)	-
Net cash used in investing activities		<u>(93)</u>	<u>(37)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,138)	(54)
Proceeds from Convertible Note		1,323	1,399
Net cash provided by financing activities		<u>185</u>	<u>1,345</u>
Net (decrease) increase in cash held		180	(108)
Cash and cash equivalents at beginning of year	7	22	143
Effect of exchange rates on cash holdings in foreign currencies		7	(13)
Cash and cash equivalents at end of year	7	<u><u>209</u></u>	<u><u>22</u></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 23 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.

(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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is 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.

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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 and amended accounting standards

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period. The Group had to change its accounting policies and make adjustments as a result of adopting the standard AASB 16: Leases.

The standard describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods. As a result of the changes in Group's accounting policies, there were no material impacts on the Group's financial statements for the year ended 31 December 2019.

At inception of a contract the Group assesses the contract is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, the contract that is classified as a short-term lease (ie: leases with a remaining lease term of 12 months or less) and leases are recognised as an operating expense on a straight-line basis over the term of the lease (Note 20).

NOTE 2: GOING CONCERN

The Group incurred a loss for the year ended 31 December 2019 of \$735,000 and the statement of financial position as at 31 December 2019 shows a deficiency of current assets in relation to current liabilities of \$5,654,000.

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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 4: REVENUE AND EXPENSES

	Note	Consolidated Group	
		2019 \$000	2018 \$000
Revenue			
Interest received		1	1
Development income	11	1,056	-
		<u>1,057</u>	<u>1</u>
Expenses			
Employee benefits expense includes:			
Directors' fees and superannuation		(125)	(150)
Staff salaries and other remuneration		(215)	(688)
		<u>(340)</u>	<u>(838)</u>

NOTE 5: INCOME TAX

a. The components of tax expense/(benefit) comprise:	2019	2018
	\$000	\$000
Income tax	-	-
	<u>-</u>	<u>-</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% (2018: 30%)	(221)	(1,126)
Effect of tax rates in foreign jurisdiction	-	-
Tax losses not recognised	221	1,126
	<u>-</u>	<u>-</u>

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 2019, 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:

	2019	2018
	\$000	\$000
Loss for the year attributable to members	(735)	(3,752)
	<u>(735)</u>	<u>(3,752)</u>
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
	<u>826,349,731</u>	<u>826,349,731</u>

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2019	2018
	\$000	\$000
Cash at bank and on hand	209	22

NOTE 8: TRADE AND OTHER RECEIVABLES

	2019	2018
	\$000	\$000
Other receivables	-	1

NOTE 9: OTHER CURRENT ASSETS

	2019	2018
	\$000	\$000
Prepayments	58	77
Deposits paid	4	8
Loan receivable	93	-
Other	4	-

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group			Total
	Land and Buildings	Plant and Equipment	Motor Vehicles	
Cost	\$000	\$000	\$000	\$000
Balance at 1 January 2018	1,414	69	99	1,582
Additions	378	7	-	385
Disposals	(1,115)	-	-	(1,115)
Effect of movements in exchange rates	-	2	9	11
Balance at 31 December 2018	677	78	108	863
Balance at 1 January 2019	677	78	108	863
Additions (Reclassification – Land)	1,042	-	-	1,042
Disposals	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2019	1,719	78	108	1,905
Accumulated Depreciation				
Balance at 1 January 2018	720	57	76	853
Depreciation	94	17	32	143
Disposals	(672)	-	-	(672)
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2018	142	74	108	324
Balance at 1 January 2019	142	74	108	324
Depreciation	52	2	-	54
Disposals	-	-	-	-
Effect of movements in exchange rates	(4)	-	-	(4)
Balance at 31 December 2019	190	76	108	374
Carrying amounts				
At 31 December 2018	535	4	-	539
At 31 December 2019	1,529	2	-	1,531

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 2018	317	21,500	21,817
Addition	-	1,043	1,043
Effect of movements in exchange rates	-	5	5
Balance at 31 December 2018	317	22,548	22,865
Balance at 1 January 2019	317	22,548	22,865
Reclassification (Land)	-	(1,042)	(1,042)
Effect of movements in exchange rates	-	(59)	(59)
Balance at 31 December 2019	317	21,447	21,764
Accumulated amortisation and impairment loss			
Balance at 1 January 2018	-	16,100	16,100
Provision of impairment	-	989	989
Balance at 31 December 2018	-	17,089	17,089
Balance at 1 January 2019	-	17,089	17,089
Provision of impairment	317	298	615
Balance at 31 December 2019	317	17,387	17,704
Net book value			
At 31 December 2018	317	5,459	5,776
At 31 December 2019	-	4,060	4,060

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 Singapore Pte Ltd. 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
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	16.3%
Based on margins earned by comparable developers in China.	
Revenue growth	4.4%
EBIT growth	4.4%
Present value factor	31.5%
Useful life	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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 11: INTANGIBLE ASSETS (continued)

The terms of the agreements entered into by the Company and Lian Huat Group for the purchase of the Development Rights for the Xuancheng projects includes 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.

In compliance with the Group's accounting policy, the Group commissioned an independent valuer, Censere Singapore Pte Ltd, to assess the value of the intangible assets associated with the Xuancheng development rights as at 31 December 2019. Based on impairment test reports as at 31 December 2019 by Censere Singapore Pte Ltd, the Group has recognised an impairment loss of \$298,000 for the financial year ended 31 December 2019 (2018: \$989,000) 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.

On 18 September 2019, the Company received rebate in the amount of \$RMB5,085,600 (\$A1,056,000) from the Xuancheng City Economic and Technological Development Zone Management Committee relating to the acquisition in 2017 of 40 mu (2.67 hectare) of land for industrial development within the Xuancheng Singapore Technology Park site located in Anhui Province, China. The receipt of these rebates has been treated as revenue (development income) in the statement of profit or loss and other comprehensive income for the year ended 31 December 2019 (Note 4).

In January 2018, the Company advised that it has received notice from Lu'an Development Zone Management Committee purporting to terminate the Company's Investment Agreement with 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 had previously experienced significant delays in finalising land approval issues within the master plan area in accordance with the term of its development rights causing the Lu'an project to progress slower than expected.

The Company sought legal advice in respect of this matter and there had been further negotiations with appropriate authorities to address this situation. The Company was seeking to finalise a mutually acceptable settlement with the Lu'an Government. As a result of these circumstances the Company made a full impairment of goodwill value of Lu'an Singapore Eco-Park in the financial year in the amount of \$317,000 (2018: \$787,000) until such time as the dispute in relation to this matter is resolved.

Goodwill

Goodwill is carried as cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred.
- ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
- iii) the acquisition date fair value of any previously held equity interest.

over the acquisition date fair value of any identifiable assets acquired and liabilities assumed.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

The goodwill recognised arose on the acquisition in 2015 of 100% of the issued capital of Lionhub (Lu'an) Pte Ltd (incorporated in Singapore) which owns 100% interest in Lionhub (LA) Pte Ltd (incorporated in Singapore) which own the development rights of the Lu'an project. The Company has made a full provision for the carrying value of Lu'an Singapore Eco-Park. The goodwill has been impaired in the amount of \$317,000 until such time an appropriate resolution or compensation will be resolved with Lu'an City People's Government or alternative recourse action may be pursued.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2019	2018
	\$000	\$000
Other payables	91	551
Accrued expenses	1,107	642
	1,198	1,193

NOTE 13: BORROWINGS

	2019	2018
	\$000	\$000
Loan - Lian Huat Management Services Pte Ltd (i)	709	414
Loan – Lian Huat & Company Pte Ltd (i)	69	32
Loan – Lian Keng Enterprises Pte Ltd (i)	24	3
Loan – KSL (XC) Pte Ltd (i)	-	519
Loan received through shareholder loan (ii)	1,032	1,847
Balance at end of year	1,834	2,815

(i) These borrowings are non-trade in nature, unsecured, with no fixed terms of repayment and interest free.

(ii) 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 31, 2019. The loan was intended for the funding of the Company overhead expenses. The interest rate on this loan is 5.50%. The Company was seeking further extension of the loan to 30 June 2021.

On 12 October 2019, the loan between Lionhub Group Limited and Khosland Management Pte Ltd had been repaid including interest in full.

NOTE 14: CONVERTIBLE NOTE

	2019	2018
	\$000	\$000
Convertible Note – Class A	2,790	1,467
Convertible Note – Class B	200	200
	2,990	1,667

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 year, 26,460,000 Class A Notes (2018:25,840,000) and Nil Class B Notes (2018: Nil) were issued.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 15: ISSUED CAPITAL

	Consolidated Group			
	2019	2018	2019	2018
	\$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 16: OPTIONS

As at 31 December 2019 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 2019, no shares were issued on the exercise of options.

NOTE 17: CASH FLOW INFORMATION

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

	Consolidated Group	
	2019	2018
	\$000	\$000
Loss for the year	(735)	(3,752)
Depreciation	54	143
Impairment loss on intangible assets	317	787
Provision for impairment	298	989
(Increase)/decrease in trade and other receivables	1	20
Increase/ (decrease) in trade and other payables	153	397
Net cash provided by/(used in) operating activities	88	(1,416)

NOTE 18: AUDITOR'S REMUNERATION

	2019	2018
	\$000	\$000
Remuneration of the auditor of the parent entity for:		
Auditing and review of the financial statements	28	36

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 19: 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 2019. The total remuneration paid to KMP of the Company during the year is as follows:

	Consolidated Group	
	2019	2018
	\$000	\$000
Short-term employee benefits	203	150
Post-employment benefits	6	10
	<u>209</u>	<u>160</u>

NOTE 20: OPERATING LEASES

	2019	2018
	\$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	29	51
Between one and five years	-	25
	<u>29</u>	<u>76</u>

NOTE 21: 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:

	Note	2019	2018
		\$000	\$000
Financial assets			
Cash and cash equivalents	7	209	22
Total financial assets		<u>209</u>	<u>22</u>
Financial liabilities			
Trade and other payables	12	1,198	1,193
Borrowings	13	1,834	2,815
Convertible Note	14	2,990	1,667
Total financial liabilities		<u>6,022</u>	<u>5,675</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.

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 21: FINANCIAL RISK MANAGEMENT (continued)

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.

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 2019 +/- 1% in interest rates	39	39
Year to 31 December 2018 +/- 1% in interest rates	31	31

NOTE 22: 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.

	2019 \$000	2018 \$000
Statement of financial position		
Current assets	40	62
Total assets	21,540	21,562
Current liabilities	180	132
Convertible Note – Class A	2,790	1,467
Convertible Note – Class B	200	200
Total liabilities	13,697	12,894
Equity		
Issued capital	187,028	187,028
Accumulated losses	(179,185)	(178,360)
Total equity	7,843	8,668
Statement of profit and loss and other comprehensive income		
Total comprehensive loss for the year	(825)	(681)

LIONHUB GROUP LIMITED – FINANCIAL REPORT

NOTE 23: INTEREST IN SUBSIDIARIES

	Country of incorporation	Percentage Owned*	
		2019 %	2018 %
Parent entity			
LionHub Group Limited			
Subsidiaries			
LionHub (Xuancheng) Pte Ltd ⁽ⁱ⁾	Singapore	100	100
LionHub (Lu'an) Pte Ltd ⁽ⁱⁱ⁾	Singapore	100	100
Vanda Investment Holding Pte Ltd ⁽ⁱⁱⁱ⁾	Singapore	100	100
LHB Ventures Pte Ltd	Singapore	100	100
Lionhub Pte Ltd	Singapore	100	100
Subsidiaries of LionHub (Xuancheng) Pte Ltd ⁽ⁱ⁾			
LionHub (XC) Pte Ltd	Singapore	100	100
Jade Rabbit (Xuancheng) Management Services Pte Ltd	Singapore	100	100
Xuancheng LionHub Techno Park 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
Lu'an Lionhub Property 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 24: SUBSEQUENT EVENTS

The COVID-19 pandemic has adversely impacted the Company's ability to negotiate with various regulatory authorities in China to finalise a mutually acceptable settlement in respect of the Lu'an Singapore Eco-Park and is likely to impact the timely development of the Xuancheng Singapore Techno Park.

On Friday 21 February 2020 the ASX suspended the securities of the Company from official quotation at close of business that day in accordance with Listing Rule 17.3 as the ASX had formed the view that the Company's operations were not sufficient to warrant continued quotation of its securities. The Company has been in dialogue with ASX to seek to satisfy ASX, including with respect to an expanded Business Plan. The Company intends to seek re-quotation of its securities at the earliest practicable opportunity.

Since balance date the Company has issued a further 3,500,000 Class A Convertible Notes and received the subscription monies in the amount of \$175k.

NOTE 25: 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 19.

Transactions with other related parties:

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

	Consolidated Group	
	2019	2018
	\$000	\$000
Rent paid	30	48
Loans from other related parties:		
Beginning of the year	2,862	1,436
Loan through directors related company	-	1,379
Loan and interest repaid	(1,138)	-
Interest charged	80	47
End of the year	1,804	2,862

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 31, 2019. The loan was intended for the funding of the Company overhead expenses. The interest rate on this loan is 5.50%. The Company was seeking a further extension of this loan and capitalisation of interest to 30 June 2021.

On 12 October 2019, the loan between Lionhub Group Limited and Khosland Management Pte Ltd had been repaid including interest in full.

26: CONTINGENT LIABILITIES

There are no material contingent liabilities for the year ended 31 December 2019 (2018: Nil).

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 16 to 30 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 2019 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).

At the date of giving this declaration no person performed a chief executive function or chief financial officer function. In these circumstances the directors have been given a declaration by the Chairman who has confirmed the details required by Section 295A of the *Corporations Act 2001* to the best of his knowledge and belief.

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

Choon Keng Kho
Non-Executive Chairman



31 March 2020

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 2019, 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 2019 and of its financial performance for the year then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 \$735,000 (2018: \$3,752,000) during the year ended 31 December 2019, and that the statement of financial position as at 31 December 2019 shows a deficiency in net working capital of \$5,654,000 (2018: \$5,567,000). 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 2019. 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. Apart from the above, the key audit matters are:

Key Audit Matters

How our audit addressed the key audit matters

Valuation of Development Rights

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.

Directors obtained updated external valuation of the development right as at 31 December 2019. Our audit work included:

- 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.

Going concern

Refer to Note 2 in the financial statements

We identified going concern as a key audit matter due to the Group's current year loss before tax, net current liabilities and note 24 relating to ASX announcement.

For the year ended 31 December 2019, Management performed an assessment of the Group's ability to continue as a going concern. The following procedures were performed as part of this assessment:

- Preparing cash flow projections up to March 2021;
- Review of convertible notes issued since the year end;
- Undertook a cost saving review to reduce expenses to a minimum level; and
- Developed a business plan for the future plan and direction.

Our audit procedures in relation to going concern included:

- We reviewed management's forecasts for the next 12 months from the date of signing the financial statements, including assessing the sensitivity and basis of the assumptions used;
- We reviewed the financial position and assessed a number of key ratios;
- Reviewed FY 2020 YTD results against FY20 forecast and reviewed supporting documents for the subsequent issue of convertible notes; and
- Enquired on status of the various projects and source of funding.

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

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 2019, 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.

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.



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

- 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.
- 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 9-10 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of LionHub Group Limited, for the year ended 31 December 2019, 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 Audit Pty Ltd



Faizal Ajmat
Director
Sydney
31 March 2020

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Additional Information for Listed Public Companies as at 28 April 2020

- (a) Number of LHB shareholders: 3,745
- (b) Total shares issued: 826,349,731
- (c) Percentage of total holdings by or on behalf of the 20 largest shareholders: 95.88%
- (d) Distribution schedule of the number of holders - Ordinary Shares

Range	Number of Shares Held	Total Percentage Held
1-1,000	2,753	0.10
1,001-5,000	616	0.18
5,001-10,000	129	0.12
10,001-100,000	163	0.61
100,001 and over	84	98.99

- (e) The number of holders holding less than marketable parcel: 3,667
- (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%
6	FARMMOUS PTE LTD	25,000,000	3.03%
7	CITICORP NOMINEES PTY LIMITED	13,766,193	1.67%
8	SEAH GEK SWEE FANNY & KHO CHUAN HUAT	4,860,000	0.59%
9	MR GEK HUA SAW	4,302,500	0.52%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	4,161,048	0.50%
11	JEFFREY YIH PEIR HING & MS BEI KEEN WONG	4,000,000	0.48%
12	CHUAN HUAT KHO	3,190,000	0.39%
13	KHOSLAND MANAGEMENT PTE LTD	3,131,122	0.38%
14	LUI KIT WEI	3,077,011	0.37%
15	BNP PARIBAS NOMS PTY LTD <DRP>	2,958,588	0.36%
16	MR SIMON PETER JOHNSTONE	1,800,000	0.22%
16	MR DAFA WANG	1,800,000	0.22%
17	MR TAI MIN LOH	1,506,250	0.18%
18	WEE JOO YEOW	1,500,000	0.18%
19	MS QI PING REN	1,450,000	0.18%
20	J P MORGAN NOMINEES AUSTRALIA PTY LTD	1,387,696	0.17%
	Total	792,312,940	95.88%

- (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 listed (quotation currently suspended) on the Australian Securities Exchange: ASX Code: LHB
- (j) The Company's 2019 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
Kwee Jee Lee
Kim Huat Koh
Siew Goh

Company Secretary

Andrew J. Cooke

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