

**LIONHUB GROUP LIMITED**

**ABN 29 119 999 441**

**FINANCIAL REPORT  
FOR THE YEAR ENDED  
31 DECEMBER 2015**

This Financial Report was authorised for issue by the Directors on 30 March 2016. The Company has the power to amend and re-issue the financial report.

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

## TABLE OF CONTENTS

	Page
Directors' report	1
Auditor's independence declaration	8
Consolidated statement of profit or loss and other comprehensive income	9
Consolidated statement of financial position	10
Consolidated statement of changes in equity	11
Consolidated statement of cash flows	12
Notes to the financial statements	13
Note 1: Statement of significant accounting policies	13
Note 2: Going concern	17
Note 3: Segment information	17
Note 4: Revenue and expenses	17
Note 5: Income tax	18
Note 6: Loss per share	18
Note 7: Cash and cash equivalents	19
Note 8: Trade and other receivables	19
Note 9: Other current assets	19
Note 10: Property, plant and equipment	20
Note 11: Intangible assets	21
Note 12: Trade and other payables	22
Note 13: Borrowings	23
Note 14: Issued capital	24
Note 15: Foreign currency translation reserve	25
Note 16: Cash flow information	25
Note 17: Auditor's remuneration	26
Note 18: Financial risk management	26
Note 19: Interest of Key Management Personnel ("KMP")	27
Note 20: Interest in subsidiaries	28
Note 21: Acquisition of subsidiaries	29
Note 22: Parent information	29
Note 23: Subsequent events	30
Note 24: Related parties	30
Note 25: Operating leases	31
Directors' declaration	32
Independent auditor's report to the members	33

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

## DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2015.

### 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 work in Singapore and Australia.

Mr Kho is Chair of the Remuneration and Nomination Committee.

#### **Mr Geoffrey Ellison McIntyre** (Non-Executive Deputy Chair) Appointed 15 May 2014

Mr McIntyre has over 60 years' experience in the banking sector in both Australia and Singapore. In 1995, Mr McIntyre was appointed to the position of Honorary Trade Representative Australia and continues his contact with Singapore in a number of ways. He was appointed a director of the Bank of China Aust. Ltd. in 2005, Chairman in 2006 and retired in 2010. Mr McIntyre is a Fellow of the Australian Institute of Company Directors, a Life Member of the former Australian Institute of Bankers, a Fellow of the Financial Services Institute of Australasia ("FINSIA"), and a graduate of the Australian Administrative Staff College.

In the 2002 Singapore National Day Honours he was awarded the Public Service Medal ("PSM") by the President of Singapore for his services in promoting Australian/Singapore relations. In the 2005 Australian National Day Honours he was made a Member ("AM") in the General Division of the Order of Australia for service to business and finance through the banking sector, to the promotion of international relations and to the community. In October 2008, he was made the Inaugural Life Member of the Overseas Bankers Association of Australia.

Mr McIntyre is a member 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 CFO of a China-Based Info technology Company.

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

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

## DIRECTORS' REPORT (CONTD)

**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.

## Company Secretary

**Ms Eryn Kestel** (Resigned 1 March 2016)

Ms Kestel holds a Bachelor of Business Degree, majoring in Accounting and is a Certified Practising Accountant. She has an established career in accounting and business gained through 20 years of experience and holds the position of company secretary for several ASX listed entities. Her areas of competency are secretarial and high level administration matters.

**Mr. Andrew J. Cooke** LLB, FAICS (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.

The Directors met 3 times during the year. All Board meetings were main meetings and there were no meetings held to consider specific business.

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	3	3	-	-	1	1
Mr Geoffrey McIntyre	3	3	-	-	1	1
Ms Kwee Jee Lee	3	3	2	2	1	1
Mr Patrick Chuan Thye Kho	3	3	-	-	-	-
Ms Jamie Gee Choo Khoo	3	3	2	2	-	-
Mr Kim Huat Koh	3	3	2	2	-	-

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

## DIRECTORS' REPORT (CONTD)

### 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
Mr Geoffrey McIntyre	53,750	7,500
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 (2014: \$Nil). No recommendation for future payment of dividends has been made at the date of this report.

### REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES

The Group's reported net loss amounted to \$3,483,000 (2014: Loss of \$1,337,000).

LionHub Group Limited is a publicly listed real estate development company focusing on technology park development in China. The Company's portfolio provides Australian investors with an early mover advantage in the mainland Chinese property sector.

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

LionHub's focus is to provide an avenue for investors to exploit the potential offered by technology park developments in China, with the Company's first project being the Singapore Xuancheng Technology Park in Anhui Province.

Anhui Province is located in central China, with a large population of 60 million in an area of 139,600 km<sup>2</sup>. It lies in the hinterland of Yangtze Delta, with great economic development potential. Within the province, the Xuancheng Economic Trade and Development Zone has been designated by the Chinese government as an official national industrial transfer zone. Despite the fact that as the 2015 financial year progressed and the general uncertainty in the global economy and equity markets continued together with negative sentiments, Lionhub made significant progress with the Xuancheng Technology Park and acquired the rights to another technology park during the year.

On 30 March 2015, the Company announced that the Master Plan for the Xuancheng Technology Park had been approved. The approval of the Master Plan was a significant step forward for LionHub's main project in China and the approval will now allow the project to move to the detailed planning phase followed by the construction phase.

On 27 May 2015, the Company held its first Annual General Meeting since relisting in June 2014. All 5 Resolutions put to the Shareholders were strongly supported, which was an encouraging sign for the Board from the Shareholders.

The second half of the 2015 financial year was characterised by a considered and positive move of securing an agreement to develop another technology park and capital raising initiatives.

In November 2014, LionHub entered into a legally binding agreement with its substantial shareholder Lian Keng to acquire a 100% working interest to develop the master plan and to construct and develop a second technology park on land known as Lu' An Singapore Creative Ecological and Industrial Park.

Shareholders subsequently approved the acquisition together with the issue of consideration shares to Lian Keng in August 2015.

# **LIONHUB GROUP LIMITED – FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

**DIRECTORS' REPORT (CONTD)**

**REVIEW OF OPERATIONS AND PRINCIPAL ACTIVITIES (CONTD)**

On 16 October 2015, the Company announced that it was proceeding with a pro rata Renounceable Rights Issue Offer, which was strongly supported by Shareholders and as at the closing date, 30 November 2015, all Shares available under the Offer were taken up through a combination of Entitlement Applications and an Underwriting Agreement with Khosland Management Pte Ltd, an entity associated with Mr Choon Keng Kho.

A total of 10,201,849 fully paid Ordinary Shares and 20,403,698 December 2020 Listed Options were issued under the Rights Issue to raise a total of \$1,377,250 on 4 December 2015. 1,500,000 of those Listed Options issued under the Prospectus, for Brokering services, have been voluntarily escrowed for a 24 month period from the date of issue.

## **SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

The significant changes in the state of affairs of the Company that occurred during the financial year are noted in the Review of Operations above.

## **SIGNIFICANT EVENTS AFTER THE REPORTING DATE**

On 15 January 2016, the Company signed a Shareholder Agreement with KSL (XC) Pte Ltd ("KSL") setting out the broad terms of a 50/50 Joint Venture to be entered into by KSL and Vanda (XC) Pte Ltd ("Vanda"), a wholly-owned subsidiary of LionHub.

The purpose of the Joint Venture to be named KSL (XC) Metal Industries Pte Ltd is to acquire a part of the land at the Company's flagship project, the Xuancheng Singapore Techno Park, for development, with each party to contribute S\$500,000 (approximately A\$480,000) to begin with.

KSL, a company incorporated in Singapore, is a leading specialist in the design, engineering, fabrication and installation of quality aluminium building facade systems. The industrial group currently has one manufacturing facility in Singapore and two in the greater Shanghai area in China.

## **LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

For likely developments in the operation of the Group refer to the Review of Operations.

## **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 2015, 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 2015

## DIRECTORS' REPORT (CONTD)

### 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 has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the Directors' Report have been rounded to the nearest \$1,000.

### 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 Performance

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 having only been re-quoted on the ASX during the previous financial year after having gone through a Deed of Company Arrangement ("DOCA") after a period of Administration. As the Company re-establishes itself and begins to achieve its aims, it will revisit linking a proportion of remuneration to overall Company performance for its Key Management Personnel.

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 years. Where financial records are not available from the time that the Company was in Administration, 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.

	2011	2012	2013	2014	2015
	\$	\$	\$	\$	\$
Revenue	28,396,000	n/a	n/a	63,000	62,000
Net profit/(loss)	28,396,000	n/a	(649,000)	(1,337,000)	(3,483,000)
Share price at year-end	n/a	n/a	n/a	0.17	0.14
Dividends paid	n/a	n/a	n/a	-	-

#### 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.

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT (CONTD)

REMUNERATION REPORT – AUDITED (CONTD)

Key Management Personnel	Position held as at 31 December 2014 and any change during the year	Contract detail (duration & termination)
Mr Choon Keng Kho	Chair (Non-Executive)	No fixed term
Mr Geoffrey Ellison McIntyre	Deputy 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 2015

		Short-term benefits Salary, fees & leave	Post-employment benefits Superannuation and Central Provident Fund	Total
		\$000	\$000	\$000
<b>Group Key Management Personnel</b>				
Mr Choon Keng Kho	2015	70	-	70
	2014	18	-	18
Mr Geoffrey Ellison McIntyre	2015	62	6	68
	2014	44	4	48
Ms Kwee Jee Lee	2015	45	4	49
	2014	35	3	38
Mr Patrick Chuan Thye Kho	2015	30	-	30
	2014	8	-	8
Ms Jamie Gee Choo Khoo	2015	35	3	38
	2014	45	4	49
Mr Kim Huat Koh	2015	35	-	35
	2014	21	-	21
Mr Charles Chow Cher Lim	2015	300	10	310
	2014	156	7	163
<b>Total Key Management Personnel</b>	<b>2015</b>	<b>577</b>	<b>23</b>	<b>600</b>
	<b>2014</b>	<b>327</b>	<b>18</b>	<b>345</b>

## Options granted as part of remuneration

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



# LIONHUB GROUP LIMITED – FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

## DIRECTORS' REPORT (CONTD)

### NON-AUDIT SERVICES


The Group has not engaged the services of its auditors, HLB Mann Judd Assurance (NSW) 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 2015 has been received and can be found on page 8 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

Sydney  
30 MAR 2016

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of LionHub Group Limited for the year ended 31 December 2015 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in relation to LionHub Group Limited and the entities it controlled during the year.



**D K Swindells**  
Director

**Sydney, NSW**  
**30 March 2016**

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

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

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated Group	
		2015 \$000	2014 \$000
<b>Revenue</b>			
Other revenue	4	62	63
<b>Expenses</b>			
Depreciation		(321)	(8)
Employee benefits expense		(1,100)	(583)
Exchange gain/(loss)		32	(71)
Filing fees		(62)	(38)
Impairment loss on intangible assets	11	(1,000)	-
Legal fees		(19)	(81)
Marketing & promotion expenses		(300)	(50)
Professional fees		(146)	(254)
Travelling expenses		(144)	(86)
Other expenses		(473)	(233)
<b>Loss before income tax</b>	4	(3,471)	(1,341)
Income tax	5	(12)	4
<b>Loss for the year</b>		(3,483)	(1,337)
<b>Other comprehensive income:</b>			
Exchange differences on translation of financial statements of foreign subsidiaries		(22)	62
<b>Total comprehensive loss for the year</b>		(3,505)	(1,275)
<b>Loss per share</b>			
<b>From continuing operations:</b>			
Basic loss per share (cents)	6	(0.45)	(0.21)
Diluted loss per share (cents)	6	(0.45)	(0.21)

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Consolidated Group	
		2015 \$000	2014 \$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	2,888	4,764
Trade and other receivables	8	3	3
Other current assets	9	32	10
<b>TOTAL CURRENT ASSETS</b>		<b>2,923</b>	<b>4,777</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	1,122	564
Intangible assets	11	20,817	8,500
Development expenditure		1,538	-
Deferred tax assets		4	4
<b>TOTAL NON-CURRENT ASSETS</b>		<b>23,481</b>	<b>9,068</b>
<b>TOTAL ASSETS</b>		<b>26,404</b>	<b>13,845</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,457	77
Borrowings	13	414	1
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,871</b>	<b>78</b>
<b>TOTAL LIABILITIES</b>		<b>1,871</b>	<b>78</b>
<b>NET ASSETS</b>		<b>24,533</b>	<b>13,767</b>
<b>EQUITY</b>			
Issued capital	14	187,028	172,757
Foreign currency translation reserve	15	40	62
Accumulated losses		(162,535)	(159,052)
<b>TOTAL EQUITY</b>		<b>24,533</b>	<b>13,767</b>

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 2015

Consolidated Group

	Issued capital	Foreign currency translation reserves	Accumulated losses	Total
	\$000	\$000	\$000	\$000
<b>Balance at 1 January 2014</b>	157,447	-	(157,715)	(268)
<i>Comprehensive income</i>				
Loss for the year	-	-	(1,337)	(1,337)
Other comprehensive income	-	62	-	62
<b>Total comprehensive income/(expense)</b>	-	62	(1,337)	(1,275)
<i>Transactions with owners</i>				
Shares issued during the year	16,189	-	-	16,189
Capital raising costs	(879)	-	-	(879)
<b>Total transactions with owners</b>	15,310	-	-	15,310
<b>Balance at 31 December 2014</b>	172,757	62	(159,052)	13,767
<b>Balance at 1 January 2015</b>	172,757	62	(159,052)	13,767
<i>Comprehensive income</i>				
Loss for the year	-	-	(3,483)	(3,483)
Other comprehensive income	-	(22)	-	(22)
<b>Total comprehensive income/(expense)</b>	-	(22)	(3,483)	(3,505)
<i>Transactions with owners</i>				
Shares issued during the year	14,377	-	-	14,377
Capital raising costs	(106)	-	-	(106)
<b>Total transactions with owners</b>	14,271	-	-	14,271
<b>Balance at 31 December 2015</b>	187,028	40	(162,535)	24,533

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 2015

	Note	Consolidated Group	
		2015 \$000	2014 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(2,132)	(1,048)
Interest received		62	63
Income tax paid		(12)	-
Other receipts		480	-
<b>Net cash used in operating activities</b>	16	(1,602)	(985)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(161)	(574)
Acquisition of subsidiary, net of cash acquired	21	29	-
Development expenditure		(728)	-
<b>Net cash used in investing activities</b>		(860)	(574)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,377	7,577
Capital raising costs		(106)	(879)
Receipt from a director related company		339	-
Payment on behalf of a directors related company		(390)	-
Proceeds from borrowings		-	153
Repayment of borrowings		(631)	(546)
<b>Net cash provided by financing activities</b>		589	6,305
Net (decrease) increase in cash held		(1,873)	4,746
Cash and cash equivalents at beginning of year	7	4,764	1
Effect of exchange rates on cash holdings in foreign currencies		(3)	17
<b>Cash and cash equivalents at end of year</b>	7	2,888	4,764

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 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 20 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### **(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 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### **(g) 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:

<b>Class of Fixed Asset</b>	<b>Useful Life</b>
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.

#### **(h) 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.

#### **(i) Development Costs**

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

#### **(j) 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.

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### **(k) 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.

#### **(l) Revenue recognition**

Revenue is recognised to the extent that it is probable that the 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.

#### **(m) 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.

#### **(n) 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.

#### **(o) 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.

#### **(p) 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.

#### **(q) 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.

#### **(r) Comparatives**

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

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTD)

#### (s) 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.

#### (t) Rounding of amounts

The Group has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report have been rounded to the nearest \$1,000.

#### (u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2015 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.

### NOTE 2: GOING CONCERN

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 programmes. 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	
	2015 \$000	2014 \$000
<b>Revenue</b>		
Interest received	62	63
<b>Expenses</b>		
Employee benefits expense includes:		
Directors' fees and superannuation	290	182
Staff salaries and other remuneration	810	401
Interest expense on financial liabilities	5	2

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 5: INCOME TAX

	<b>Consolidated Group</b>	
<b>a. The components of tax expense/(benefit) comprise:</b>	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Income tax in prior year	12	-
Deferred tax assets	-	(4)
	12	(4)
<b>b. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense/(benefit) as follows:</b>		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2014: 30%)	(1,041)	(402)
Effect of tax rates in foreign jurisdiction	278	-
Other permanent differences	-	96
Tax losses not recognised	763	302
Income tax of prior year	12	-
	12	(4)

### 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. At 31 December 2015, 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:

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Loss for the year attributable to members	(3,483)	(1,337)
	No.	No.
Weighted average number of ordinary shares for basic earnings per share	780,069,000	645,885,487
Effect of dilution	-	-
Share options	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	780,069,000	645,885,487

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 7: CASH AND CASH EQUIVALENTS

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Cash at bank and on hand	2,888	4,764

### NOTE 8: TRADE AND OTHER RECEIVABLES

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Other receivables	3	3

### NOTE 9: OTHER CURRENT ASSETS

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Prepayments	18	1
Deposits paid	11	8
Inventory	3	1
	32	10

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group			Total
	Buildings	Plant and Equipment	Motor Vehicles	
<b>Cost</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Balance at 1 January 2014	-	-	-	-
Additions	481	46	47	574
Disposals	-	(2)	-	(2)
Balance at 31 December 2014	481	44	47	572
Balance at 1 January 2015	481	44	47	572
Acquisition through business combination	671	5	57	733
Additions	145	16	-	161
Effect of movements in exchange rates	14	4	2	20
Balance at 31 December 2015	1,311	69	106	1,486
<b>Accumulated Depreciation</b>				
Balance at 1 January 2014	-	-	-	-
Depreciation	-	6	2	8
Balance at 31 December 2014	-	6	2	8
Balance at 1 January 2015	-	6	2	8
Acquisition through business combination	30	2	16	48
Depreciation	284	19	18	321
Effect of movements in exchange rates	(9)	(2)	(2)	(13)
Balance at 31 December 2015	305	25	34	364
<b>Carrying amounts</b>				
At 31 December 2014	481	38	45	564
At 31 December 2015	1,006	44	72	1,122

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 11: INTANGIBLE ASSETS

	Consolidated Group		
	Goodwill	Development Rights	Total
	\$000	\$000	\$000
<b>Cost (including fair value at acquisition date)</b>			
Balance at 1 January 2014	-	-	-
Acquisition	-	8,500	8,500
Balance at 31 December 2014	-	-	-
	-	8,500	8,500
Balance at 1 January 2015	-	8,500	8,500
Acquisition through business combination	317	13,000	13,317
Balance at 31 December 2015	317	21,500	21,817
<b>Accumulated amortisation and impairment loss</b>			
Balance at 1 January 2014	-	-	-
Amortisation charge	-	-	-
Impairment loss	-	-	-
Balance at 31 December 2014	-	-	-
Balance at 1 January 2015	-	-	-
Amortisation charge	-	-	-
Impairment loss	-	1,000	1,000
Balance at 31 December 2015	-	1,000	1,000
<b>Net book value</b>			
At 31 December 2014	-	8,500	8,500
At 31 December 2015	317	20,500	20,817

#### 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.

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

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 11: INTANGIBLE ASSETS (CONTD)

In compliance with the Group's accounting policy, the Group commissioned an independent valuer, Censere Holdings Limited, to assess the value of the intangible asset associated with the Xuancheng development rights as at 31 December 2015. Based on an impairment test report produced on 18 February 2016 by Censere Holdings Limited, the Group has recognised an impairment loss of \$1,000,000 for the financial year ended 31 December 2015.

#### Sensitivity analysis

The value of the development rights is sensitive to revenues, EBIT margins, working capital requirements and discount rates:

	Effect of change on value
2015	\$000
Increase revenue by 10%	1,524
Decrease revenue by 10%	(2,621)
Increase EBIT margin by 10%	7,347
Decrease EBIT margin by 10%	(8,361)
Increase cost of working capital by 0.5%	(1,606)
Decrease cost of working capital by 0.5%	684
Increase the discount rate by 2%	(1,095)
Decrease the discount rate 2%	622

Development rights are to be amortised over the life of the projects, based on the projected revenues.

Increases in the value of the Group's intangible assets above cost cannot be recognised in the statement of financial position.

#### Goodwill

The goodwill recognised arose on the acquisition of a subsidiary during the current financial year (Note 21).

### NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated Group	
	2015	2014
	\$000	\$000
Other payables	498	19
Accrued expenses	959	58
	<u>1,457</u>	<u>77</u>



# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 13: BORROWINGS

	Consolidated Group	
	2015	2014
	\$000	\$000
Balance at beginning of year	1	196
Loan repaid – Accord Pacific Holdings Pty Ltd	-	(196)
Loan received – Lian Huat Management Services Pte Ltd	419	1
Loan received through business combination	625	-
Loan repaid – Lian Huat Management Services Pte Ltd	(631)	-
Balance at end of year	<u>414</u>	<u>1</u>

The borrowings from Accord Pacific Holdings Pty Ltd (a company related to Lian Keng Enterprises Pte Ltd (“Lian Keng”)) were unsecured, had no fixed terms of repayment and bore interest at 4.105% per annum.

The borrowings from Lian Huat Management Services Pte Ltd (a company related to Lian Keng) are unsecured, have no fixed terms of repayment and bear no interest.

The borrowings acquired through business combination represent working capital funding from Lian Huat Management Services Pte Ltd for the Lu’an project. The loans are non-trade in nature, unsecured, with no fixed terms of repayment and bear interest ranging from 1.6719% to 2.5757% per annum.

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 14: ISSUED CAPITAL

	Consolidated Group			
	2015 \$000	2014 \$000	2015 No.	2014 No.
Balance at beginning of year	172,757	157,447	757,056,973	257,562,294
4 February 2014 – Exercise of performance options	-	3	-	154,000,000
27 March 2014 – Conversion of convertible note	-	500	-	267,379,679
5 June 2014 – Acquisition of controlled entities	-	8,500	-	42,500,000
5 June 2014 – New share issue	-	7,073	-	35,365,000
Adjustment for 2013 costs of offer charged directly to share capital	-	63	-	-
3 July 2014 – New shares issue	-	50	-	250,000
18 August 2015 – Acquisition of controlled entities	13,000	-	59,090,909	-
4 December 2015 – Rights issue shares	1,377	-	10,201,849	-
Balance at end of year	187,134	173,636	826,349,731	757,056,973
Less: Costs of offers	(106)	(879)	-	-
	187,028	172,757	826,349,731	757,056,973

On 4 February 2014, 154,000,000 shares were issued as a result of the exercise of the 154,000,000 performance based options issued on 24 January 2014.

On 27 March 2014, 267,379,679 shares were issued to Lian Keng, as a result of the conversion of the Convertible Note. This increased Lian Keng's total number of shares to 421,379,679, giving it a voting power of 62.06%.

On 5 June 2014, the Company issued 77,865,000 shares as follows:

- 35,365,000 shares under the Replacement Prospectus dated 1 May 2014 for the purpose of satisfying the ASX requirements of Chapters 1 and 2 for re-listing following a change to the nature of the Company's activities as approved by Shareholders at the 15 May 2014 General Meeting. The shares had an issue price of \$0.20 each and raised \$7,073,000; and
- 42,500,000 shares under the Share Sale Agreement between the Company and Lian Keng. Lian Keng agreed to sell and the Company agreed to purchase Lian Keng's one sole share in Lian Huat (Xuancheng) Pte Ltd, which holds the right to develop the proposed Xuancheng Singapore Technology Park in Anhui Province, China for a consideration of \$8,500,000 satisfied by the issue of these 42,500,000 fully paid Ordinary Shares.

On 3 July 2014, the Company issued 250,000 shares under the agreement whereby D2MX Pty Ltd would act as Lead Broker to the Offer under the Prospectus and assist in the raising of capital for the Company. Under the D2MX Mandate, D2MX were to be paid a success fee of \$50,000 worth of shares, based upon a successful listing on the ASX. The issue price of each share was \$0.20.

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

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 14: ISSUED CAPITAL (CONTD)

On 7 December 2015, the Company issued 10,201,848 shares at \$0.135 per share for a total consideration of approximately \$1,377,249 through the Renounceable Rights Issue. Each share has two attaching Listed Options which are exercisable at \$0.22, and expire on 4 December 2020. The funds raised will be used for land acquisition for development or sale and for general working capital purposes. The entire amount raised was allocated to issued shares due to the significant difference between the share price at date of the share issue and the option exercise price.

#### **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: FOREIGN CURRENCY TRANSLATION RESERVE

	Consolidated Group	
	2015	2014
	\$000	\$000
Balance at beginning of year	62	-
Exchange differences on translation of foreign operations	(22)	62
Balance at end of financial year	40	62

#### **Nature and purpose of reserve**

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

### NOTE 16: CASH FLOW INFORMATION

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

	Consolidated Group	
	2015	2014
	\$000	\$000
Loss for the year	(3,483)	(1,337)
Depreciation	321	8
Impairment loss on intangible assets	1,000	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity		
Decrease in trade and other receivables	-	25
(Increase)/decrease in other current assets	(22)	5
Increase in trade and other payables	582	314
Net cash used in operating activities	(1,602)	(985)

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 17: AUDITOR'S REMUNERATION

	Consolidated Group	
	2015	2014
	\$000	\$000
Remuneration of the auditor for the parent entity for:		
Auditing and review of the financial statements	41	25

### NOTE 18: 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	Consolidated Group	
		2015	2014
		\$000	\$000
<b>Financial assets</b>			
Cash and cash equivalents	7	2,888	4,764
<b>Total financial assets</b>		<b>2,888</b>	<b>4,764</b>
<b>Financial liabilities</b>			
Trade and other payables	12	1,457	77
Borrowings	13	414	1
<b>Total financial liabilities</b>		<b>1,871</b>	<b>78</b>

#### *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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 18: FINANCIAL RISK MANAGEMENT (CONTD)

#### **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.

	<b>Profit</b>	<b>Equity</b>
	<b>\$000</b>	<b>\$000</b>
<b>Year to 31 December 2015</b>		
+/- 1% in interest rates	28	28
<b>Year to 31 December 2014</b>		
+/- 1% in interest rates	47	47

### 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 2015.

The total remuneration paid to KMP of the Company during the year is as follows:

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Short-term employee benefits	577	327
Post-employment benefits	23	18
	<hr/> <hr/>	<hr/> <hr/>
	600	345

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 20: INTEREST IN SUBSIDIARIES

	Country of incorporation	Percentage Owned*	
		2015 %	2014 %
<b>Parent entity</b>			
LionHub Group Limited			
<b>Subsidiaries</b>			
Lionhub (Xuancheng) Pte Ltd <sup>(i)</sup> (formerly known as Lian Huat (Xuancheng Pte Ltd)	Singapore	100	100
Lionhub (Lu'an) Pte Ltd <sup>(ii)</sup> (formerly known as Lian Huat (Lu'an) Pte Ltd	Singapore	100	-
Vanda Investment Holding Pte Ltd <sup>(iii)</sup> (formerly known as LionHub JV1 Pte Ltd)	Singapore	100	-
<b>Subsidiaries of Lionhub (Xuancheng) Pte Ltd <sup>(i)</sup></b>			
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
<b>Subsidiaries of Lionhub (Lu'an) Pte Ltd <sup>(ii)</sup></b>			
Lionhub (LA) Pte Ltd	Singapore	100	-
Lu'an Lionhub Eco Park Ltd	China	100	-
<b>Subsidiaries of Vanda Investment Holding Pte Ltd <sup>(iii)</sup></b>			
Vanda (XC) Pte Ltd	Singapore	100	-
KSL (XC) Metal Industries Pte Ltd	Singapore	100	-

\* Percentage of voting power is in proportion to ownership.

<sup>(i)</sup> 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.

<sup>(ii)</sup> 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. Refer to Note 21 for further details on acquisition of subsidiaries.

<sup>(iii)</sup> 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 21: ACQUISITION OF SUBSIDIARIES

On 18 August 2015, the Company acquired 100% of the issued capital of Lionhub (Lu'an) Pte Ltd (formerly known as Lian Huat (Lu'an) Pte Ltd), a company incorporated in Singapore, which owns a 100% interest in Lionhub (LA) Pte Ltd (formerly known as Lian Huat (LA) Pte Ltd), a company incorporated in Singapore which owns the development rights of the Lu'an Singapore Creative Ecological and Industrial Park ('Lu'an Project'). Details of the acquisition are as follows:

<b>Assets</b>	<b>\$000</b>
Development rights	13,000
Goodwill	317
Property, plant and equipment	685
Development expenditure	430
Other deposits and prepayment	-*
Cash and cash equivalents	29
<b>Liabilities</b>	
Other payables	(435)
Loans and borrowings	(1,026)
<b>Net assets acquired</b>	<u>13,000</u>
Less: Share consideration - 59,090,909 ordinary shares at \$0.22	(13,000)
Less: Cash and cash equivalents	(29)
<b>Net cash (inflow) from acquisition</b>	<u>(29)</u>

\*Less than \$1,000

The acquisition was from a company related to Directors Mr Choon Keng Kho and Mr Patrick Chuan Thye Kho.

### 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.

<b>Statement of financial position</b>	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Current assets	1,390	3,285
Total assets	<u>27,809</u>	<u>14,411</u>
Current liabilities	106	40
Total liabilities	<u>106</u>	<u>40</u>
Equity		
Issued capital	187,028	172,757
Accumulated losses	(159,325)	(158,386)
Total equity	<u>27,703</u>	<u>14,371</u>
<b>Statement of profit and loss and other comprehensive income</b>		
Total comprehensive loss for the year	<u>(939)</u>	<u>(671)</u>

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 23: SUBSEQUENT EVENTS

On 15 January 2016, the Company signed a Shareholder Agreement with KSL (XC) Pte Ltd (“KSL”) setting out the broad terms of a 50/50 Joint Venture to be entered into by KSL and Vanda (XC) Pte Ltd (“Vanda”), a wholly-owned subsidiary of LionHub.

The purpose of the Joint Venture to be named KSL (XC) Metal Industries Pte Ltd is to acquire a part of the land at the Company’s flagship project, the Xuancheng Singapore Techno Park, for development, with each party to contribute S\$500,000 (approximately A\$480,000) to begin with.

KSL, a company incorporated in Singapore, is a leading specialist in the design, engineering, fabrication and installation of quality aluminium building facade systems. The industrial group currently has one manufacturing facility in Singapore and two in the greater Shanghai area in China.

### 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, 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.

	<b>Consolidated Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$000</b>	<b>\$000</b>
Rent paid	78	53
<i>Loans from other related parties:</i>		
Beginning of the year	1	196
Loans advanced	1,044	272
Loan repayments made	(631)	(468)
Interest charged	-	1
End of the year	414	1

Refer also Note 21.



# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### NOTE 25: OPERATING LEASES

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

Between one and five years

Consolidated Group	
2015	2014
\$000	\$000
53	44
32	22
<hr/> 85	<hr/> 66

# LIONHUB GROUP LIMITED – FINANCIAL REPORT

## DIRECTORS' DECLARATION

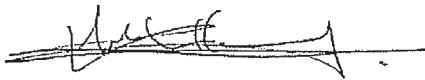
In the opinion of the directors of LionHub Group Limited:

- 1 the financial statements and notes of the consolidated entity as set out on pages 9 to 31 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 2015 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  
30 MAR 2016

**INDEPENDENT AUDITOR'S REPORT**

To the members of LionHub Group Limited:

**Report on the Financial Report**

We have audited the accompanying financial report of LionHub Group Limited ("the company"), which comprises the consolidated statement of financial position as at 31 December 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

***Directors' Responsibility 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 Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial statements comply with International Financial Reporting Standards.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

***Independence***

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

**HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215**

Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190

Email: [mailbox@hlbnsw.com.au](mailto:mailbox@hlbnsw.com.au) | Website: [www.hlb.com.au](http://www.hlb.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

LIONHUB GROUP LIMITED

ACN 29 119 999 441

**INDEPENDENT AUDITOR'S REPORT (CONTD)**

***Opinion***

In our opinion:

- (a) the financial report of LionHub Group Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(a).

**Material Uncertainty Regarding Continuation as a Going Concern:**

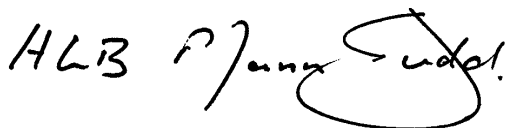
Without modifying our audit opinion noted above, we draw attention to Note 2 in the financial report which indicates that the ability of the Group to continue as a going concern depends on its ability to raise funds through arranging for the sale of land in its property development areas, and/or raise equity and/or debt funding. This, along with other matters set out in Note 2, indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in pages 5 to 6 of the directors' report for the year ended 31 December 2015. 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.

***Opinion***

In our opinion, the Remuneration Report of LionHub Group Limited for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
Chartered Accountants

**Sydney NSW**  
30 March 2016



**D K Swindells**  
Director