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4 February 2014

The Directors
LionHub Group Limited
Level 3A, Hyde Park Tower
148 Elizabeth Street
SYDNEY NSW 2000

Dear Sirs

RE: LIONHUB GROUP LIMITED (ACN 119 999 441 ("LIONHUB" OR "THE COMPANY") MEETING OF SHAREHOLDERS PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA") RELATING TO THE PROPOSAL TO ISSUE UP TO 267,379,679 SHARES ON THE POSSIBLE CONVERSION OF A CONVERTIBLE NOTE AS NOTED BELOW AND IN RESOLUTION 2 TO THE NOTICE OF MEETING

1. Introduction

1.1 We have been requested by the Directors of LionHub to prepare an independent experts report to determine the fairness and reasonableness of the transactions referred to in Resolution 2 as detailed in the Notice of Meeting ("the Notice") and the accompanying Explanatory Memorandum to Shareholders ("EMS") that is expected to be mailed to shareholders of LionHub in February 2014 for the meeting to be held in March 2014.

1.2 Pursuant to a December 2013 Convertible Note Agreement in January 2014, the Company borrowed $500,000 from Lian Keng Enterprises Pte Ltd ("Lian Keng"), a company associated with Choon Keng Kho ("K Kho") and Patrick Kho Chuan Thye (P Kho) who are brothers ("the Kho Brothers"). It is proposed that under Resolution 2 to the Notice, Lian Keng will be allowed to convert the Convertible Note (and any accrued and unpaid interest) to shares in LionHub at $0.001873 each so that Lion Keng could be issued a maximum of 267,379,679 shares in LionHub (the "Conversion Shares").

The basic terms of the Convertible Note Agreement of December 2013 are as follows:

- Principal Sum $500,000
- Interest at 8% payable monthly, payable by cash only (and if not paid interest is paid on interest unpaid)
- Unsecured
- Payable at the end of 12 months from issue
- Funds to used by LionHub to pay for capital raising costs
- Conversion price is $0.00187 per share

Resolution 1 refers to the ratification of the issue of the allotment and issue of the unsecured convertible note issued at a face value of $500,000 to Lian Keng. We are not specifically reporting on the merits or otherwise of the matter contained in Resolution 1.

1.3 On 26 November 2013, following shareholders approval to pass nine resolutions, the Company, inter-alia agreed to the following:

- the company's existing ordinary shares be consolidated on a 1 for 10 basis, ("Consolidation"), with fractions rounded up so that post consolidation there would be 12,855,927 shares on issue pre the issue of the 212,000,000 shares to the interests of the Kho brothers and 25,000,000 shares to parties not associated with the Kho Brothers;

- the Company to allot and issue up to 212,000,000 post consolidated ordinary shares to the Kho Brothers or nominees and 25,000,000 post consolidated shares to non related parties of the Kho Brothers Overseas at an issue price of approximately $0.001873 to raise a total of $443,960 (completed and we have been advised that all 237,000,000 shares were issued to various parties unrelated to the Kho Brothers);

- the Company to issue up to 154,000,000 performance based share options to the Kho Brothers or nominees at an issue price of $0.00001 to raise a total of $1,540. The options are exercisable at $0.00002 each prior to 31 December 2014 (expiry date), provided the Kho Brothers successfully introduce a project to the Company that leads to the Company signing a Heads of Agreement adopting such a project. The performance based share options were issued on 24 December 2013. We have been advised that the 154,000,000 share options have been exercised (held by Lian Keng) and the Company has received $3,080 in cash funds from exercise of the share options in February 2014;

- the Company issue 7,706,055 post consolidation fully paid shares ("Trustee Shares") to the Trustee of the Creditors trust for nil consideration (issued 18 December 2013;

- new directors representing the Kho Brothers are to be appointed, effective from the date of the general meeting along with the resignation or removal of all of the existing directors. Messrs Nicols, Cornelsen and Ross resigned as directors and Ms (Jamie) Khoo Gee Choo, Mr Chan Kum Leong and Ms Lee Kwee Jee were appointed the new directors of LionHub on 26 November 2013;

- Approved a new Company Constitution; and

- to change the name of the Company from Arasor International Limited to LionHub Group Limited and the Constitution be amended accordingly (completed).

Upon passing of the Resolutions 1 to 9 and in terms of the Recapitalisation Proposal, the Company paid $110,000 of the funds raised to the Trustee of the Creditors Trust and $414,863 was applied to various costs including corporate and advisory fees, GST, ASX fees, costs incurred by Benelong Capital Partners Pty Ltd ("Benelong") and costs of holding the meeting of shareholders in November 2013. In December 2013, the Company borrowed $194,094 from a subsidiary of Lian Keng and this money plus interest of $1,829 (total $195,923) was repaid in January 2014 out of the proceeds of the $500,000 Convertible Note received in January 2014.

1.4 The Company was incorporated on 1 June 2006 and was admitted to the Official List of the ASX on 25 October 2006 (ASX Code "ARR" but now LHB). Arasor, as it was then known, was a developer and manufacturer of optical and wireless solutions along with components for the consumer opto-electronics. The Company's major business units were optical networking, wireless communications and consumer electronics components. The audited financial statements for the year ended 31 December 2009 showed that Arasor and its subsidiaries ("Arasor Group") incurred a loss for the year of $5,385,783 in 2009 and a loss for the year of $147,464,961 in 2008. The latest audit reviewed accounts for the half year ended 30 June 2013 discloses no assets, no liabilities and accumulated losses of $162,226,503, and net equity of $nil.

On 26th February 2009, the shares of Arasor were suspended from trading on the Official List of the ASX. On 17 May 2011, Stephen Robert Dixon and Laurence Andrew Fitzgerald were appointed Joint and Several Administrators of the Company and a proposal for the recapitalisation of the company was put forward by RAK Capital on 21 July 2011 ("Original Proposal"). The Company entered into a Deed of Company Arrangement on 17 August 2011 ("DOCA"). Pursuant to the terms of the DOCA, Stephen Robert Dixon and Laurence Andrew Fitzgerald became deed administrators of the Company ("Deed Administrators"). The Company subsequently entered into an amended Deed of Company Arrangement ("Amended DOCA") on 9 September 2011. On 9 September 2011 the creditors of the Company resolved to terminate the Amended DOCA and entered into a Creditors Trust on the same day ("Creditors Trust"). Pursuant to the terms of the Creditors Trust, Stephen Robert Dixon and Laurence Andrew Fitzgerald became Joint and Several Trustees of the Creditors Trust ("Trustees"). On 12 April 2013, the Trustees notified the ASX that the Original Proposal was not able to be completed by the proponent and a new proposal from a different investment group, represented by Benelong for the restructure and recapitalisation of the Company was submitted to the Company on or about 30 April 2013 ("Recapitalisation Proposal"). The beneficiaries of the Creditors Trust are required to agree to the amendment of the terms of the Creditors Trust in line with the submitted Recapitalisation Proposal put forward by Benelong. The Original Proposal has been terminated replacing RAK with the Promoter now being instrumental in the Recapitalisation Proposal. On 15 May 2013 the then current directors being Messrs Reginald Bancroft, Edward Li and George Sycip resigned and were replaced by Messrs Steve Nicols, Gregory Cornelsen and William Ross, being representatives of Benelong. Since then the Company has been actively seeking projects and funding that would enable the Company's shares to be requoted on the ASX and on 31 July 2013 announced that since the election of the new Board, six groups had approached the Board with the view to implementing a reverse takeover.

The amendment to the Creditors Trust incorporating the terms of the Recapitalisation Proposal was signed in October 2013. The Benelong Recapitalisation Proposal required various approvals being obtained from the shareholders of the Company. The proposals as noted in paragraph 1.3 were all approved by shareholders on 26 November 2013.

1.5 Following the Recapitalisation Proposal, the Company as at 31 December 2013 approximately $940 cash funds and liabilities totalling $312,410. In December 2013, the Company issued the Convertible Note to Lian Keng to raise a gross $500,000 (monies received January 2014). The Company is now in a position to seek opportunities to enable the reinstatement of its securities to official quotation of the ASX. This reinstatement is subject to the discretion of the ASX who may impose further conditions such as compliance with Chapters 1 and 2 of the Listing Rules of ASX. No assurances can be made as to whether or in what time frame this may occur. Refer paragraph 1.10 below for a proposed transaction that involves the Kho Brothers.

1.6 Under section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons' or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or
(b) from a starting point that is above 20% and below 90%.

Under section 611 (Item 7) of TCA, section 606 does not apply in relation to any acquisition of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or respective associates. An independent expert is required to report on fairness and reasonableness of the transaction pursuant to a section 611 (Item 7) meeting.

1.7 We have been advised that the 154,000,000 share options have been exercised by Lian Keng in February 2014 (the Company has received $3,080 in cash funds from the exercise of the share options). In the event that the maximum number of Conversion Shares are issued to Lian Keng, the movement in the issued capital and the relevant interests of the Kho Brothers (includes Lian Keng who may be issued the Conversion Shares) would be as follows:

	Shares on Issue	Relevant Interests of the Kho Brothers
Shares on issue as at 25 January 2014	257,562,294	-
Exercise of share options after 25 January 2014 (issued 4 February 2014)	154,000,000	154,000,000
Shares on issue before the issue of Conversion Shares	**411,562,294**	**154,000,000**
Potential issue of Conversion Shares		
Issue of Conversion Shares	267,379,679	267,379,679
Shares on issue post Conversion	**678,941,973**	**421,379,679**

1.8 The combined relevant interests' of the Kho Brothers as at 25 January 2014 is nil as we have been advised they are deemed to be non related parties for the shareholders owning 212,000,000 shares (substantial shareholders of LionHub).

The substantial shareholdings totalling 212,000,000 shares (not associated with the Kho Brothers) are:

Glouster Pte Ltd	30,000,000
Mount Gibson Pte Ltd	41,000,000
New Gold Pte Ltd	35,000,000
Farmmous Pte Ltd	25,000,000
Starkorp Pte Ltd	25,000,000
Londtury Pte Ltd	56,000,000
Total	**212,000,000**

1.9 It is noted that shareholders have already approved the issue of the 154,000,000 share options and allowing the Kho Brothers (or nominees) to exercise such share options. We have been informed that such share options have been exercised in February 2014 and the 154,000,000 shares have been issued. Thus prior to the issue of the Conversion Shares, the relevant interest shareholding of the Kho Brothers approximates 154,000,000 shares or approximately 37.42% of the expanded issued capital of the Company.

Assuming the issue of the maximum number of Conversion Shares to Lian Keng (267,379,679 Conversion Shares), the combined relevant interests' of the Kho Brothers would total 421,369,679 shares or approximately 62.06% of the expanded issued capital of the Company.

1.10 Potentially a further 42,500,000 shares may be issued after shareholders vote on Resolution 1 to allow the Convertible Note to be converted to Conversion Shares. On 23 January 2014, the Company announced the conditional acquisition of all of the shares in Lian Huat Xauncheng Pte Ltd ("Lian Huat") from Lian Keng a company controlled by the Kho Brothers (98% between them -49% each) who are experienced property developers in Singapore. Shareholder will be asked to approve the proposed transaction (to acquire Lian Huat) with Lian Keng and issue 42,500,000 new shares in LionHub at a shareholders meeting in April 2014.

If the proposed issue of 42,500,000 shares are approved by shareholders and issued, the Kho Brothers would have a relevant interest in approximately 64.30% of the expanded issued capital of LionHub after the issue of the Conversion Shares (approximately 43.28% if the Conversion Shares are not issued). Based on the announcement of 23 January 2014, Lian Huat and China Anhui Cheng Economic and Technology Development Board are parties to an Investment Agreement dated 6 August 2013. Under the Investment Agreement, Lian Huat is responsible for preparing a master plan to develop a Technology Park in Xuan Cheng, China. Also parcels of land, the subject of the project, are to be made available for development and sale via a bidding process. The proposed consideration at a deemed 20 cents per share is based on a valuation commissioned by LionHub. Conditions to the acquisition include approval of LionHub change in scale and nature of activities for the purpose of ASX Listing Rule 11.1.2; approval of the Share Sale Agreement and the issue of 42,500,000 LionHub shares to Lian Keng and LionHub receiving a letter from the ASX that ASX will lift the suspension from trading of LionHub shares. As noted above, shareholders may be asked to vote on the proposal in April 2014.

1.11 Therefore, an independent expert's report pursuant to the section 611 (Item 7) of TCA is required to report on the fairness and reasonableness of the transaction (conversion of the Convertible Loan to Conversion Shares) pursuant to Resolution 2. The Company has requested Stantons International Audit and Consulting Pty Ltd (trading as Stantons International Securities) to prepare an independent expert's report to assist the shareholders of LionHub in determining as to whether they vote for or against Resolution 2 as outlined in the Notice. The shareholding of Lian Keng (and the relevant shareholding interests of the Kho Brothers) will increase from approximately 37.42% to approximately 62.06% of the expanded issued capital of LionHub and thus Section 611 (Item 7) approval is required specifically on issuing shares to such parties.

1.12 Apart from this introduction, the report considers the following:

- summary of opinion
- implications of the proposals with Lian Keng on the debt conversion
- future directions of LionHub
- basis of technical valuation of LionHub
- premium for increased control
- fairness and reasonableness of the proposal under Resolution 1
- conclusion as to fairness and reasonableness
- sources of information
- Appendix A and Financial Service Guide

2. Summary of Opinion

2.1 In determining the fairness and reasonableness of the transactions pursuant to Resolution 2 we have had regard to the guidelines set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111. It states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regard to the interests of shareholders other than the proposed allottee (in this case, Lian Keng and collectively the Kho Brothers) and whether a premium for potential increased control is being paid by the allottee(s).

Although in this case the potential issue of new shares in LionHub are not takeover offers, we have considered the general principles noted above to determine our opinion in the fairness and reasonableness pertaining to the proposals under Resolution 2.

2.2 Accordingly, our report relating to Resolution 2 is concerned firstly with the fairness and reasonableness of the proposals with respect to the existing non associated shareholders of LionHub and secondly whether the price payable for a potential control includes a premium for control.

2.3 **In our opinion:**

The proposals as outlined in Resolution 2 that would allow the issue of up to 267,379,679 Conversion Shares to be issued to Lian Keng following the conversion of the $500,000 Convertible Note is on balance and on a technical basis fair and reasonable to the non associated shareholders of LionHub (not associated with Lian Keng and the Kho Brothers) as at the date of this report.

The opinions expressed above are to be read in conjunction with the more detailed analysis and comments made in this report.

3. Implications of the Proposals

3.1 The potential movement in the issued capital of the Company and the potential relevant shareholding of the Kho Brothers are outlined in paragraphs 1.7 and 1.9 of this report.

3.2 The estimated costs of the Notice for the Meeting and legal fees regarding the Convertible Note Agreement will be around $30,000.

3.3 Set out below is an unaudited statement of financial position of the Company as at 31 December 2013 together with the pro-forma balance sheet (statement of financial position) if Resolutions 1 and 2 are passed and consummated (includes the receipt of $500,000 from Lian Keng), the $1,540 from the issue of 154,000,000 share options and the receipt of $3,080 from the exercise of 154,000,000 share options and the repayment of borrowings of $195,923.

	Estimated Statement of Financial Position $	**Pro-Forma Statement of Financial Position** $
Current Assets		
Cash Assets	940	279,637
Receivables	28,156	28,156
Other current assets	15,375	15,375
Current assets	44,471	323,168
Total Assets	44,471	323,168
Liabilities		
Trade Creditors and other payables	116,487	116,487
Convertible Note (issued and converted)	-	-
Unsecured borrowings	195,923	-
Total Current Liabilities	312,410	116,847
Net Assets (Liabilities)	(267,939)	206,681
Equity		
Issued Capital	157,447,389	157,950,469
Reserves	-	1,540
Accumulated Losses	(157,715,328)	(157,745,328)
Total Equity (Deficiency)	(267,939)	206,681

Note 1

The movement in the cash assets is reconciled as follows:

Cash Assets:	
Opening Balance	940
Convertible Note Proceeds	500,000
Costs of issue	(30,000)
Issue of 154,000,000 options at $0.00001	1,540
Exercise of 154,000,000 share options at $0.00002 each	3,080
Repayment of Borrowings	(195,923)
Net cash on hand	$ 279,637

Note 2

The movement in the issued capital is reconciled as follows:

Issued Capital:	
Opening Balance	157,447,389
Issue of Conversion Shares at approximately $0.00187 each	500,000
Closing balance (estimated)	$157,930,265

Note 3

The movement in reserves is reconciled as follows:

Reserves:	
Opening Balance	-
Issue of 154,000,000 options at $0.00001	1,540
Closing balance	$1,540

In the event that the Convertible Note is not converted to shares in LionHub, LionHub will owe Lian Keng $500,000 plus any unpaid interest (a maximum of approximately $41,500). The issued capital of the Company would also be $500,000 lower than the pro-forma figure as noted above.

3.4 Additional directors may be appointed particularly if a new business is acquired. We understand that a new business is to be acquired (property development in China) (see paragraph 1.10 above relating to the conditional acquisition and issue of new shares). Shareholders' approval will be sought to acquire any new business.

3.5 Further details on the plans of LionHub are outlined in the EMS accompanying the Notice and paragraph 1.10 above.

4. Future directions of LionHub

4.1 We have been advised by a director of LionHub that:

- the short term intention is to complete the Convertible Note process;
- at the time of preparation of this report they are not aware of any other proposals currently contemplated whereby LionHub will acquire any property or assets from the Koh Brothers or where LionHub is to transfer any of its property or assets to the Koh Brothers (however Lian Keng may subscribe for shares in LionHub on any conversion of the Convertible Note and any unpaid accrued interest to Conversion Shares in LionHub and it is proposed that the Company will acquire (subject to shareholder approval in April 2014) Lian Huat from Lian Keng a company controlled by the Kho Brothers (refer paragraph 1.10 above);
- no dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow;
- the Company's plans for the near future are as outlined in the EMS; and

- the proposal by LionHub is for the Company to undertake a thorough assessment of the Company's business still remaining, if any, to ascertain if a viable business exits. If not, the new directors will seek out opportunities in other industries that will enhance shareholder value, in particular, projects with a focus on real estate developments, hotel operations and land acquisition with an emphasis in China. The Company may seek new funds and seek further new businesses in the future (see below) and subject to complying with Chapters 1 and 2 of the ASX Listing Rules may seek re-quotation of the Company's shares on the ASX. No major fund raisings have been completed and as noted above, the Company is planning to finalise the acquisition of Lian Huat as noted in paragraph 1.10 above, (subject to shareholder approval planned for April 2014).

5. Basis of Technical Valuation of LionHub

5.1 Allotment of Shares

5.1.1 In considering the proposals as outlined in Resolution 2 we have sought to determine if the potential consideration payable by the Koh Brothers (via Lian Keng) is fair and reasonable to the existing non-associated shareholders of LionHub.

5.1.2 In arriving at our conclusion on fairness, we considered whether the transactions with Lian Keng are "fair" by comparing:

(a) the fair market value of a LionHub share pre-transaction on a control basis; versus
(b) the fair market value of a LionHub share post-transaction on a minority basis, taking into account the value of the Convertible Note converted and the associated dilution resulting from the issue of new shares under the transaction with Lian Keng.

Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Arasor shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining the current technical value of a LionHub share are:

- capitalised maintainable earnings/discounted cash flow
- takeover bid - the price which an alternative acquirer might be willing to offer
- adjusted net asset backing and windup value
- market value price of Arasor shares

5.2 Capitalised maintainable earnings/discounted cash flows

5.2.1 As noted above, LionHub has no cash and limited business undertakings. Due to LionHub's current state of affairs, the lack of a profit history arising from business undertakings and the immediate lack of a reliable future cash flow from a business activity, we have considered these methods of valuation not to be relevant for the purposes of this report (also refer 3.3 above).

5.3 Takeover bid

5.3.1 We have been advised by a director of LionHub that she does not believe that there would be any existing shareholder or proposed shareholder that has an interest in taking over the Company by way of a formal takeover bid. However, we note that under the recapitalisation process recently completed and after the exercise of 154,000,000 share options, the Kho Brothers collectively have a relevant voting interest of approximately 37.42% of the capital of the Company and following any issue of 267,369, 379 Conversion Shares, the relevant interests of the Kho Brothers may approximate 62.06%. The Company may seek new funds and new businesses in the future and subject to complying with Chapters 1 and 2 of the ASX Listing Rules may seek re-quotation of the Company's shares on the ASX. No major fund raising or new business acquisitions have yet been finalised (conditional acquisition of Lian Huat is proposed) and if undertaken, it may result in the relevant shareholding interest of the Kho Brothers to alter. The Convertible Note Agreement notes that the funds from the

Convertible Note are to be used to fund working capital for possible property developments in China. However, some of the funds have been used to repay Borrowings.

5.4 Net asset backing and windup value

5.4.1 As noted above prior to the recapitalisation process, LionHub had no cash, or other assets and minimal business activities and the then Promoter considered that on a windup basis, the return to shareholders would be nil (refer paragraph 3.3 of this report). We have also been advised by the directors that no offers have been made to purchase the Company as a shell company and no value has been attributed to the Company as a shell company. However, following the recent recapitalisation and exercise of share options, the Kho Brothers (via Lian Keng in which they own a collective 98% of) ended up with a combined relevant interest in the Company of approximately 62.06%.

5.4.2 Purely based on the unaudited statement of financial position as at31 December 2013 of a recapitalised LionHub prior to the issue of the $500,000 Convertible Note, the net liabilities are disclosed at approximately $(267,939) which is equivalent to approximately $nil per share (257,562,294 shares on issue as at 25 January 2014). **Post the receipt of the $500,000 from the convertible note and the receipt of $1,540 and $3,080 from the issue and exercise of 154,000,000 share options, the net liability position would approximate $263,319 or approximately $nil per share ($0.00064 negative) (411,562,294 shares on issue).**

5.4.3 The Company has no non-current assets except for ownership of a web site and we have ascribed nil value to the web site. LionHub has no business activities and is actively seeking new business activities with the possibility of property development in China.

5.5 Market price of LionHub shares

5.5.1 As the Company is suspended from the ASX, we do not believe it is appropriate to value the LionHub share based on prior quoted prices of LionHub shares on the ASX.

Conclusion on value of a LionHub share

5.6 After taking into account the matters referred to in the preceding paragraphs, we are of the view that the current theoretical value of a LionHub share (prior to the issue and any conversion of the Convertible Note) is approximately a negative $(0.000604) - refer paragraph 5.4.2 above. As disclosed above the Company has no material assets, other than for a small amount of cash with minimal business activities) but still owes monies to various parties totalling approximately $312,410 (some, but not all of this may have been repaid out of the proceeds of the Convertible Note funds of $500,000 received in January 2014).

6. Premium for Control (Increased Control)

6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it control of the Company.

6.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders' control more than 20% of the issued capital. In this case, the Kho Brothers relevant interest in the share capital of LionHub approximates 37.42% but could increase to approximately 62.10% after the issue of 267,379,679 Conversion Shares. In take-over offers, it is often the case that a premium for control falls in the normal range of 15% to 40% and it is often accepted that a 20% premium for control should be payable. The actual premium may be more or less. In this case, we assume a reasonable premium for increased control should be 20%.

6.3 The LionHub Conversion Shares that may be issued to Lian Keng (associated with the Kho Brothers), the subject of Resolution 2), are deemed to be theoretically worth nil (a negative $0.00064). After certain transaction costs, a net cash balance of approximately $279,637 will remain in the Company (after the raising of the $500,000 referred to above and allowing for $30,000 of costs as noted above), however liabilities still totalled $616,847 (including the $500,000 Convertible Note) and $116,847 if the Convertible Note is converted to share equity in LionHub. In our opinion, it is possible that Lian Keng and (the Kho Brothers) are paying a premium for control, in that the conversion price of the Convertible Note is $0.00187. The non-associated shareholders (Lian Keng and the Kho Brothers) of LionHub would benefit as the cash funds of LionHub increases (refer above). The new funds may assist the Company to be in a position to seek new funds and new businesses in the future and depending on whether it is required to comply with Chapters 1 and 2 of the ASX Listing Rules will seek re-quotation of the Company's shares on the ASX. No major fund raising or new business acquisitions have yet been finalised but there may be future property development in China (refer paragraph 1.10 above for the conditional acquisition of Lian Huat) that will require financing in the future, probably by a capital raising or a series of capital raisings.

6.4 Our preferred methodology is to value LionHub and a LionHub share on a technical book net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical book asset value (negative funds) determined under paragraph 5.4.3 as this already represents the fair value of the Company or a share in the Company on a pre-proposal with the Kho Brothers (via Lian Keng) control basis.

6.5 We set out below the comparison of the book value of a LionHub share on a control basis compared to the issue price for the Conversion Shares.

Pre Transaction with Lian Keng

	Para.	Preferred ($)
Estimated fair value of a LionHub Share	5.4.2	(0.000604) or **NIL**
Issue price of the Conversion Shares (rounded)		0.001870
Excess between Issue Price and fair book value of nil		0.001870

	Book Values $
Book value of assets (liabilities) pre proposal with Lian Ken (see paragraph 5.4.2 above)	(263,319)
Value of Convertible Note converted	500,000
Costs of issue	(30,000)
Total net assets	206,681
Number of shares on issue	678,941,973
Net asset value per share	$0.000304
Minority interest discount	16.67%
Minority value per share post proposals (cents)	**$0.000253**
Increase/(Shortfall) in value to a Minority Shareholder	**$0.000253**

(Assumed a nil value prior to the conversion of the convertible loan) - actual was a negative $(0.000604).

6.6 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed above.

6.7 As noted above the fair market value of a LionHub share **Post-Transaction on a minority basis**, taking into account the debt converted and the associated dilution resulting from the issue of new shares under the transaction with Lian Keng approximates $0.000253.

6.8 On a pre proposals control basis, the value of a LionHub share is NIL (approximately a negative $0.000604). The Conversion Shares, if issued will be at $0.00187 per share. Based on the preferred pre-proposal value of $nil per share, a premium for increased control is being paid by Lian Keng (the Kho Brothers).

7. Fairness of the Proposals

7.1 In arriving at our conclusion on fairness in relation to Resolution 2, we considered whether the transaction with Lian Keng is "fair" by comparing:

(a) the fair market value of a LionHub share pre-transaction on a control basis; versus
(b) the fair market value of a LionHub share post-transaction on a minority basis, taking into account the value of the Convertible Note converted and the associated dilution resulting from the issue of new shares under the transaction with Lian Keng

7.2 The preferred value (based on book values as noted above) of a LionHub share **pre the proposed transaction with Lian Keng on a control basis is $nil (a negative $0.000604)**

7.3 The Conversion Shares. If issued, will to be issued at $0.00187 each, the difference being $0.00187 per share and on a minority interest basis post the transaction with Lain Keng, the value of a minority interest approximates $0.000253 using the asset backing methodology. As the preferred pre-proposal fair value of a LionHub share is $nil, on this basis, the potential issue of the Conversion Shares is technically fair to the non associated shareholders.

7.4 Conclusion as to fairness

After taking into account the matters referred to in 7 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolution 2 are on balance and on a technical basis fair to the non-associated shareholders of LionHub as at the date of this report.

We have set out below some of the advantages, disadvantages and other factors pertaining to the proposals, pursuant to the Resolution 2.

8. Reasonableness of the Proposals

<u>Advantages</u>

8.1 The passing and consummation of Resolution 2 in conjunction with the completion of the issue of the Convertible Note result in a net cash injection of approximately $470,000 into the Company and having a company with cash funds to meet trade creditors and borrowings as at 31 December 2013 compared with the current position whereby the Company has net liabilities of approximately $(267,938).

8.2 If Resolution 2 is passed together with the completion of the Convertible Note process, the Company's chances to seek re-quotation of its shares on the ASX are enhanced in that without the new recapitalisation, it is likely that the Company could be dissolved and struck off. By obtaining re-quotation of the Company's shares, the existing shareholders are offered liquidity to sell their shares on the ASX. However, in the short term the re-quotation of the Company's shares on ASX is unlikely as the Company may need to meet Chapters 1 and 2 of the ASX Listing Rules (see paragraph 6.3 above). The Company would need to find a new business (it is planned to acquire all of the shares in Lain Huat as noted in paragraph 1.10 above) and raise additional funds so that it could meet the Listing Rules.

8.3 If the proposal per Resolution 2 is consummated, the net cash asset backing of a LionHub share increases from $nil (a negative $000604) to approximately $0.000304 (refer paragraph 6.5 above) (assumes $500,000 Convertible Note is converted to ordinary shares in LionHub).

Disadvantages

8.4 A significant increased shareholding in the Company is being given to the Kho Brothers (via Lian Keng) in that they combined would increase their relevant interest in the share capital of LionHub from approximately 37.42% to approximately 62.06% of the expanded issued capital of the Company. However, we note that LionHub will be partly recapitalised with approximately $279,637 in net cash (but have 31 December 2103 liabilities totalling $116,487 plus further liabilities incurred post 31 December 2013, will have no convertible note debt if the Convertible Note is converted to ordinary shares in LionHub and will have the opportunity to consider the acquisition of other assets or businesses. The existing shareholders are diluted to approximately 37.94% of which 212,000,000 shares in the name of six shareholders (refer paragraph 1.8 above) would represent approximately 31.22%. Further dilutions may occur if new shares are issued to parties associated with the Kho Brothers or other parties.

8.5 LionHub would only have approximately net cash of $163,150 after the issue of the Convertible Note and paying out $312,410 of 31 December 2013 liabilities. Further fundraisings would be required to be undertaken in the near future. If further shares are issued, the percentage share holding of the existing shareholders of Lion (but also probably Lian Keng and the Kho Brothers) may be diluted down even further

Other Factors

8.6 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable. If the acquisition of Lian Huat occurs (see paragraph 1.10 above for the conditional acquisition of Lian Huat), there is no guarantee of commercial success.

8.7 Interest is payable on the Convertible Note at 8% and the minimum interest payable over the 12 month period of the Convertible Note is $40,000 (assumes no conversion prior to the 12 month period and interest is paid on a monthly basis). If interest accumulates on a monthly basis, the maximum interest payable in one years' time would approximate $41,500.

8.8 If the Convertible Note is not converted, LionHub will owe Lian Keng $500,000 (plus any unpaid interest) and in the absence of a capital raising, the Company may not be able to repay the Convertible Note sum and thus may fall into some sort of Administration. The Convertible Note agreement notes that the $500,000 raised is to be used for temporary working capital (LionHub will seek new share equity in 2014 so that LionHub is recapitalised sufficiently so may pursue property development opportunities in China and elsewhere).

9. Conclusion as to Reasonableness

9.1 After taking into account the matters referred to in 8 above and elsewhere in this report, we are of the opinion that the proposals as outlined in Resolution 2 are on balance reasonable to the non-associated shareholders of LionHub as at the date of this report.

10. Sources of Information

10.1 In making our assessment as to whether the proposals pursuant to Resolution 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of LionHub which is relevant in the current circumstances. In addition, we have held discussions with a Director of LionHub about the present state of affairs of LionHub. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the representative of the Directors and publicly filed information on the financial position of the Company lodged via the ASX website.

10.2 Information we have received includes, but is not limited to:

- drafts of the February 2014 Notice of General Meeting of Shareholders of LionHub (and draft of the EMS attached);
- discussions with a representative of the Directors of LionHub
- shareholding details of LionHub as at 25 January 2014;
- announcements, if any, made by LionHub to the ASX from 1 January 2013 to 4 February 2014;
- unaudited financial statements of LionHub for the year ended 31 December 2013;
- the Convertible Note Agreement of December 2013;
- the audited financial report of Arasor (as it was then called) for the 12 months ended 31 December 2012 and unaudited financial statements to 30 June 2013 (disclosed no assets);
- the Creditors Trust Deed of 9 September 2011; and
- the recapitalisation proposal by Benelong.

10.3 Our report includes Appendix A and Financial Services Guide, attached to this report.

Yours faithfully
STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)

J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd trading as Stantons International Securities dated 4 February 2014, relating to Resolution 2 outlined in the Notice of Meeting of Shareholders and the accompanying EMS to be distributed to shareholders of LionHub in February 2014.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with LionHub other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transactions detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed $8,500 (excluding GST). The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd or any directors of Stantons International Securities Pty Ltd and Stantons International Audit and Consulting Pty Ltd do not hold any securities in LionHub. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice. Stantons International Securities when it was a division of Stantons International Audit and Consulting Pty Ltd has prepared an independent expert reports for LionHub (than called Arasor) in September 2013 relating to the recapitalisation of LionHub that was completed in December 2013 (shareholders approved the recapitalisation proposals on 26 November 2013).

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Investment Advisers Licence (No 448697) under the Corporations Act relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities Pty Ltd trading as Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuations and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of the Directors of LionHub in order to assist the shareholders of LionHub to assess the merits of the proposal (Resolution 2 to which this report relates. This report has been prepared for the benefit of the LionHub shareholders and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act 2001 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of LionHub. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of LionHub or any of its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposal set out in Resolution 2 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 2.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by LionHub, its officers and other parties (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), LionHub has agreed:

(a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which LionHub may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by LionHub; and
(b) to indemnify Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from LionHub or any of its officers providing Stantons International Securities any false or misleading information or in the failure of LionHub and its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to the Directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

Stantons International Securities

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FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 4 February 2014

1. Stantons International Securities (ABN 42 128 908 289 and AFSL Licence No 448697) ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated entities receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SIS, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

SIS is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (trading as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

Telephone: 08 9481 3188
Facsimile: 09 9321 1204

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399