



LionHub Group Limited

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Mr. George Tharian
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

10 May 2019

Dear George

Appendix 4C Query

We refer to the ASX Appendix 4C Query dated 7 May 2019 and respond as follows:

1. The Company expects that it will continue to have negative operating cash flows for the time being while it resolves outstanding issues in respect of both its Xuancheng Singapore Technology Park and the Lu'an Singapore Eco-Park in the Anhui Province of China.

The Company has continued to negotiate with the Xuancheng City Economic and Technological Development Zone Management Committee for the disbursement of a rebate relating to the acquisition of 40 mu (2.67 hectare) of land within the Xuancheng Singapore Technology Park site for industrial development in joint venture with KSL (XC) Pte Ltd. The Company has also made representations to government and consular officials in both China and Singapore in relation to the non-payment of rebates due to the Company. The original rebate application was made on 10 July 2017 and negotiations are still ongoing. The rebate will not be released to the Company until such time as a final agreement has been resolved.

The Company has also continued to negotiate with Lu'an Government officials in respect of the termination notice received by the Company regarding the Lu'an Singapore Eco-Park (refer the Company's announcement "Lu'An Singapore Eco-Park – Notice of Termination of Investment Agreement Received" dated 9 January 2018). An official protest was made to the Lu'an Government in December 2017 and a formal filing was made to the Hefei court in March 2018. The Company is seeking to resolve a mutually acceptable settlement with the Lu'an Government. The Company hopes to finalise these negotiations in the short to medium term prior to the court decision.

On 15 March 2019 the National People's Congress in China adopted a new Foreign Investment Law which will be effective from 1 January 2020. The objective of the new law is to promote transparency and professionalism in dealings with foreign enterprises and to ensure that local authorities exercise appropriate influence with regard to administering submissions and compliance. As a result, local authorities are required to ensure that dealings with foreign enterprises are executed without delay and without unreasonable obstacles being imposed on business transactions. The Company believes that the business environment in China is improving and anticipates that the principles enunciated in the new law will assist the Company in its ongoing efforts to resolve the issues at its projects in Xuancheng and Lu'an.

2. LionHub announced on 8 August 2017, that it would be conducting a private placement of Convertible Notes to sophisticated investors initially to raise up to A\$3.5 million. The proposed

Notes terms were summarised in the Company's announcement headed "Private Placement of Convertible Notes" dated 8 August 2017.

Since that date the Company has raised a total of \$1,935,000 by way of Convertible Notes. Of this amount, interests associated with LHB's Chairman, Mr CK Kho, have subscribed \$1,410,000 for Convertible Notes, including \$85,000 subscribed since the end of the March 2019 quarter on 17 April 2019. The Company envisages that a shareholder meeting will be held in due course to consider the convertibility of these Notes.

The Company anticipates that it may receive additional funds from the issue of additional Convertible Notes in the short to medium term.

As outlined above the Company anticipates that it will in due course receive a rebate in respect of land purchased for the Xuancheng Singapore Technology Park and hopes that a settlement will be achieved in respect of the Lu'an Singapore Eco-Park. If these matters are resolved in the Company's favour they will enhance the Company's ability to fund its ongoing operations.

3. The Company expects to be able to continue its operations and to meet its business objectives on the basis of the funding outlined above becoming available for further land acquisition or development and in the expectation that the issues identified above will be resolved in a timely manner. To date the negotiation process has not advanced as quickly as the Company would have hoped.
4. The Company believes that it is in compliance with ASX Listing Rule 3.1 and there is no information that should be given to the ASX about its financial condition that has not already been released to the market.
5. The Company's responses to the ASX Appendix 4C Query dated 7 May 2019 have been authorised and approved by the Company's Chairman who has been delegated authority from the Board to respond to the ASX on disclosure matters.

The Company's financial condition is adequate to warrant continued quotation of its securities and its continued listing as required by listing rule 12.2. The Company believes that it is reasonable to expect that it will be able to raise additional funding as and when required to fund ongoing operations.

Please do not hesitate to contact me if you require any additional information.

Yours sincerely



Andrew J. Cooke
Company Secretary

For further information:

Andrew J. Cooke, Company Secretary andrewcooke@lionhub.com.au

Further information (including recent announcements and investor presentations) is available at the Company's web site: www.lionhub.com.au



7 May 2019

Reference: ODIN01521

Mr Andrew Cooke
Company Secretary
LionHub Group Limited
Level 3A, Hyde Park Tower
148 Elizabeth Street
Sydney NSW 2000

By email:

Dear Mr Cooke

LionHub Group Limited ('LHB'): Appendix 4C Query

ASX refers to LHB's Appendix 4C quarterly report for the period ended 31 March 2019 lodged with the ASX Market Announcements Platform and released on 30 April 2019 (the 'Appendix 4C').

ASX notes that LHB has reported:

- negative net operating cash flows for the quarter of \$160,000;
- cash at the end of the quarter of \$70,000; and
- estimated cash outflows for the next quarter of \$204,000.

It is possible to conclude, based on the information in the Appendix 4C, that if LHB were to continue to expend cash at the rate indicated by the Appendix 4C, LHB may not have sufficient cash to continue funding its operations.

Request for Information

In view of that, ASX asks LHB to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market under Listing Rule 18.7A:

1. Does LHB expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has LHB taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does LHB expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that LHB is complying with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition under that rule that has not already been released to the market.
5. Please confirm that LHB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of LHB with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that LHB considers may be relevant to ASX forming an opinion on whether LHB is complying with Listing Rule 12.2 that a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 10 May 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in LHB's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, LHB's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to LHB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that LHB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in LHB's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

George Tharian
Adviser, Listings Compliance (Sydney)