

Appendix 4D
Half year report

Name of entity : **Lionhub Group Limited**

1. Details of the reporting period

Current period : 1 January 2019 – 30 June 2019
Previous corresponding period : 1 January 2018 – 30 June 2018

2. Results for announcement to the market

	Half-year ended 30-Jun-19 \$'000	Half-year ended 30-Jun-18 \$'000	Amount change \$'000	Change %
Revenue from ordinary activities	3	1	2	200%
Loss from continuing operations after tax attributable to members	(631)	(991)	360	36%
Loss from discontinued activities after tax attributable to members	-	-	-	0%
Loss for the period attributable to members	(631)	(991)	360	36%

3. Net tangible assets per security

	30-Jun-19	30-Jun-18
Net tangible assets per share (cents)	-0.12	-0.16

4. Brief explanation of the results

Please refer to the Directors' Report in the attached half-yearly financial report.

5. Control gained or lost over entities during the period

There were no gained or lost entities during the period ended 30 June 2019.

6. Details of dividends/distributions paid, declared or recommended by the company during the period.

NA

7. Details of associates and joint venture entities

N/A

8. Accounting Standards used by foreign entities

N/A

9. Qualification of audit/review

This report is based on accounts which have been reviewed.
Refer to the half-yearly financial report attached.

LIONHUB GROUP LIMITED

ABN 29 119 999 441

HALF-YEAR FINANCIAL REPORT

30 JUNE 2019

LIONHUB GROUP LIMITED

CONTENTS

	Page
Directors' report	1
Auditor's independence declaration	2
Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the financial statements	7
Directors' declaration	12
Independent auditor's review report to the members	13

LIOHHUB GROUP LIMITED

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated Group, consisting of Lionhub Group Limited and its controlled entities ("the Group"), for the half-year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

DIRECTORS

The names of the Company's directors who held office during or since the end of the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

CURRENT DIRECTORS

Mr. Choon Keng Kho (Non-Executive Chairman)
Ms. Kwee Jee Lee (Non-Executive Director)
Mr. Patrick Chuan Thye Kho (Non-Executive Director), Resigned 7 March 2019
Mr. Kim Huat Koh (Non-Executive Director)
Ms. Siew Goh (Non-Executive Director)

REVIEW OF OPERATIONS

Losses from ordinary activities after tax attributable to members amounting to \$631k as compared with \$991k in the previous corresponding period. The losses for the half year of \$631k mainly comprised of expenses relating to staff costs, legal and professional fees as well as other operating expenses.

In the previous corresponding period, the loss of \$991k comprised mainly of the operating expenses for its Singapore, China and Sydney offices.

ROUNDING AMOUNTS

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191 and accordingly certain amounts in the half -year financial report and the Directors' Report have been rounded to the nearest \$1,000.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, DFK Laurence Varnay Audit Pty Ltd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. The Independence Declaration is set out on page 2 and forms part of this Directors report for the half-year ended 30 June 2019.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.



Choon Keng Kho
Non-Executive Chairman
1 September 2019

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

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 30 June 2019, there have been:

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

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

DFK Laurence Varnay Audit Pty Ltd



Faizal Ajmat
Director
Sydney
Date: 1 September 2019

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LIONHUB GROUP LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2019

		Consolidated Group	
	<u>Note</u>	Half-year ended <u>30-Jun-19</u> \$'000	Half-year ended <u>30-Jun-18</u> \$'000
Revenue			
Other income		3	1
Expense			
Depreciation		(45)	(89)
Entertainment		-	(18)
Employee benefits		(207)	(469)
Exchange gain/(loss)		(8)	(4)
Filing and Share register fees		(25)	(14)
Marketing & promotion expenses		-	(5)
Legal and Professional fees		(93)	(101)
Rental expenses		(21)	(25)
Travelling expenses		(24)	(31)
Other expenses		(211)	(236)
Loss before income tax		<u>(631)</u>	<u>(991)</u>
Income tax expense		-	-
Loss for the year		<u>(631)</u>	<u>(991)</u>
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries		26	(42)
Total comprehensive loss for the year		<u>(605)</u>	<u>(1,033)</u>
Loss attributable to:			
- Owners of the parent entity		<u>(631)</u>	<u>(991)</u>
Total comprehensive loss attributable to:			
- Owners of the parent entity		<u>(605)</u>	<u>(1,033)</u>
Earnings per share			
Basic losses per share (cents)	2	<u>(0.08)</u>	<u>(0.12)</u>
Diluted losses per share (cents per share)	2	<u>(0.08)</u>	<u>(0.12)</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Consolidated Group	
	<u>Note</u>	<u>30-Jun-19</u>	<u>31-Dec-18</u>
		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		24	22
Trade and other receivables		-	1
Other current assets		120	85
TOTAL CURRENT ASSETS		144	108
NON-CURRENT ASSETS			
Property, plant and equipment		494	539
Development in progress		886	886
Intangible assets	3	5,776	5,776
TOTAL NON-CURRENT ASSETS		7,156	7,201
TOTAL ASSETS		7,300	7,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		1,276	1,193
Borrowings	4	2,875	2,815
Convertible notes	5	2,120	1,667
TOTAL CURRENT LIABILITIES		6,271	5,675
TOTAL LIABILITIES		6,271	5,675
NET ASSETS		1,029	1,634
EQUITY			
Issued capital	6	187,028	187,028
Reserves		154	128
Accumulated losses		(186,138)	(185,507)
Equity attributable to owners of the company		1,044	1,649
Non-controlling interest		(15)	(15)
TOTAL EQUITY		1,029	1,634

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 30 JUNE 2019**

Consolidated Group

	Share capital \$'000	Accumulated losses \$'000	Foreign currency translation reserves \$'000	Non- controlling interest \$'000	Total \$'000
Balance as at 1 January 2019	187,028	(185,507)	128	(15)	1,634
Total comprehensive loss	-	(631)	26	-	(605)
Balance as at 30 June 2019	187,028	(186,138)	154	(15)	1,029
Balance as at 1 January 2018	187,028	(181,565)	(41)	-	5,422
Total comprehensive loss	-	(991)	(42)	-	(1,033)
Balance as at 30 June 2018	187,028	(182,556)	(83)	-	4,389

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

	Consolidated Group	
	Half-year ended	Half-year ended
Note	<u>30-Jun-19</u>	<u>30-Jun-18</u>
	\$'000	\$'000
CASH FLOWS FROM OPERATION ACTIVITIES		
Payments to suppliers and employees	(382)	(417)
Interest received	3	(44)
Net cash used in operating activities	<u>(379)</u>	<u>(461)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	-	(4)
Net cash used in investing activities	<u>-</u>	<u>(4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts/(payment on behalf)/from related companies	385	(54)
Net cash (used in)/provided by financing activities	<u>385</u>	<u>(54)</u>
Net increase/ (decrease) in cash held	6	(519)
Cash and cash equivalents at beginning of period	22	714
Effects of exchange rates on cash holdings in foreign currencies	(4)	7
Cash and cash equivalents at end of period	<u>24</u>	<u>202</u>

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

Note 1: Statement of Significant Accounting Policies

Statement of compliance

These half-year consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 "Interim Financial Reporting", Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"). Compliance with AASB 134 ensures compliance with IAS 34 "interim Financial Reporting".

This half-year financial report is intended to provide users with an update on the annual financial report of Lionhub Group Limited and its controlled entities ("the Group"). As such, it does not contain all of the notes of type normally included in an annual financial report. It is therefore recommended that this half-year financial report be read in conjunction with the annual financial report of the Group for the financial year ended 31 December 2018, together with any other public announcements made during the half-year in accordance with the continuous disclosures requirements arising under the Corporations Act 2001 and the ASX Listings Rules.

Basis of preparation

The half-year financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The Group has applied the relief available to it in ASIC Corporations (Rounding in Financial/Directors' Reports) instrument 2016/191 and accordingly certain amounts in the financial report have been rounded to the nearest \$1,000.

Going concern

The financial report has been prepared on a going concern basis. The Group's business model is such that it plans to fund the development of its technology parks by raising finance through debt and/or equity as and when needed for the development. In this respect the Group may arrange for the sale of land in its development areas or develop the property for subsequent sale which require development financing. If the Group is unable to sell the land, or raise financing for the development of the property, there is 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.

Accounting policies and methods of computation

The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 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.

Significant accounting judgements and key estimates

The preparation of the half-year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and expense. Actual results may differ from these estimates.

LIONHUB GROUP LIMITED

Note 2: Earnings per share

Basic earnings/(loss) per share is calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share entity is calculated by dividing the net profit/(loss) attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares. At 30 June 2019, there were no dilutive potential ordinary shares on issue.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	Consolidated Group	
	Half-year ended	Half-year ended
	<u>30-Jun-19</u>	<u>30-Jun-18</u>
	\$'000	\$'000
Profit/(loss) for the period attributable to members	(631)	(991)
Weighted average number of ordinary shares used in calculation of basic and diluted earnings per shares	826,349,731	826,349,731

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. The Options are considered to be anti-dilutive.

There were no options or other potentially dilutive instruments are as at 30 June 2019.

Note 3: Intangible assets

	Consolidated Group	
	<u>30-Jun-19</u>	<u>31-Dec-18</u>
	\$'000	\$'000
Goodwill	317	317
Development rights	5,459	5,459
	<u>5,776</u>	<u>5,776</u>

LIONHUB GROUP LIMITED

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 Earnings 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 agreement entered into by the Company and Lian Huat Group for the purchase of the development rights for the both Xuancheng and Lu'an projects include a provision that if the Company or any of their related body corporate is not the successful bidder for the land parcels under the Investment Agreement, Lionhub has the right to cancel the purchase of the development rights. The right to cancel the purchase will lapse if Lionhub is a successful bidder on at least one land parcel or the unsuccessful bids are directly caused by Lionhub. If this were to occur, it would result in Lionhub cancelling shares issued as consideration for the acquisitions.

In compliance with the Group's accounting policy, the Group commissioned an independent valuer, Censere Holdings Limited, to assess the value of the intangible assets associated with the Xuancheng development rights as at 31 December 2018. Based on impairment tests report dated 20/3/2019 by Censere Holdings Limited, the Group has recognised an impairment loss of \$989,000 for the financial year ended 31 December 2018 in relation to the Xuancheng development. The Board has adopted the same report dated 20/3/2019 for the purposes of 30 June 2019 Half-Year Review.

Development rights are to be amortised over the life of projects, based on the projected revenues, commencing when the development starts. As the developments have not yet started, no amortisation has been recorded for the year.

In January 2018, the Company advised that it had received notice from Lu'an Development Zone Management Committee purporting to terminate the Company's Investment Agreement with Lu'an City People's Government and its related entities in respect of the Lu'an Singapore Eco-Park which is located in Anhui Province, China. The Company had previously experienced significant delays in finalising land approval issues within the master plan area in accordance with the term of its development rights causing the Lu'an project to progress slower than expected.

An official protest was made to the Lu'an Government and a formal filing was made to the Hefei court in March 2018. The Company has continued to negotiate with Lu'an Government officials in respect of the termination notice. 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 finalization of the court proceedings.

The directors of the company previously (in the financial year ended 31 December 2017) resolved to make a full provision for the carrying value of Lu'an Development Rights and accordingly no value is attributed to the Lu'an project in these financial statements.

LIONHUB GROUP LIMITED

Note 4: Borrowings

Transactions with other related parties:

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

	Consolidated Group	
	<u>30-Jun-19</u>	<u>31-Dec-18</u>
	\$'000	\$'000
Rent paid	21	52
Beginning of the period	2,815	1,436
Loan received from related companies	38	1,379
Interest charged	22	-
End of period	<u>2,875</u>	<u>2,815</u>

The loans received through business combination represents 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 are non-interest bearing.

- (i) Unsecured Shareholder loan as of 30 June 2019 was S\$945,000 (approximately A\$996,000) at the interest rate of 6% per annum.
- (ii) Unsecured Shareholder loan as of 30 June 2019 was S\$590,000 (approximately A\$622,000) at interest rate at SIBOR plus 1.4%.

Note 5: Convertible notes

	Consolidated Group	
	<u>30-Jun-19</u>	<u>31-Dec-18</u>
	\$'000	\$'000
Convertible Note – Class A	1,920	1,467
Convertible Note – Class B	200	200
	<u>2,120</u>	<u>1,667</u>

LIONHUB GROUP LIMITED

Note 6: Issued capital

	<u>30-Jun-19</u> No.	<u>31-Dec-18</u> No.
Balance at beginning and end of period	<u>826,349,731</u>	<u>826,349,731</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Fully paid ordinary shares participate on 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 to ensure that the company can fund its operations as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

Note 7: Events Subsequent to Reporting Date

On 3 July 2019 the Company issued 4,000,000 Class A Convertible Notes with proceeds received amounting to \$200,000.

On 6 August 2019 the Company issued 3,600,000 Class A Convertible Notes with proceeds received amounting to \$180,000.

LIONHUB GROUP LIMITED

DIRECTORS' DECLARATION

In the opinion of the Directors' of Lionhub Group Limited ("the Group")

1. The attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including
 - (a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (b) giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the board of directors made pursuant to s.303(5) of the Corporations Act 2001.



Choon Keng Kho
Non-Executive Chairman

Sydney, NSW
1 September 2019

Independent Auditor's Review Report to the shareholders of LionHub Group Limited

Report on the half year Financial Report

Conclusion

We have reviewed the accompanying Half-year Financial Report of LionHub Group Limited (the company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income for the half-year ended 30 June 2019, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year Financial Report of LionHub Group Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the Financial Report, which indicates that the Group incurred a net loss of \$631,000 during the half year ended 30 June 2019, and that the statement of financial position as at 30 June 2019 shows a deficiency in net working capital of \$6,127,000. As stated in Note 1, in keeping with the Company's business model the ability of the Group to continue as a going concern depends on its ability to raise funds through arranging for the sale of land in its property development areas, and/or future successful raising of necessary funding through debt and/or equity. These events or conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Directors' Responsibility for the Half-year Financial Report

The Directors of the Company are responsible for

- the preparation of the Half-year 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 Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

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Auditor's Responsibility for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year financial report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagement ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the Half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of *LionHub Group Limited*, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year Financial Report consists of making enquires, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

DFK Laurence Varnay Audit Pty Ltd



Faizal Ajmat
Director
Sydney
Date 1 September 2019

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