



LionHub Group Limited

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APPENDIX 4E – PRELIMINARY FINAL REPORT YEAR ENDED 31 DECEMBER 2019

Attached is our Appendix 4E – Preliminary Final Report for the Year Ended 31 December 2019.

Authorised by the Audit Committee.

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For further information:

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

www.lionhub.com.au

Appendix 4 E

Preliminary Final Report

Name of entity : **LIONHUB GROUP LIMITED**
 ABN : **29 119 999 441**

1. DETAILS OF THE REPORTING PERIOD

Reporting period (“current period”) : 1 January 2019 – 31 December 2019
 Previous corresponding period : 1 January 2018 – 31 December 2018

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	2019 \$'000	2018 \$'000	Amount change \$'000	Change %
Revenue from ordinary activities	1,057	1	1,056	1,056%
Profit/(Loss) from ordinary activities after tax attributable to members	(735)	(3,738)	3,003	(80%)
Profit/(Loss) for the period attributable to members	(735)	(3,737)	3,002	(80%)

Dividend	Amount per share (cents)	Franked amount per share (cents)
Final	-	-
Interim	-	-

Record date for determining entitlements to dividends: N/A

Explanation of revenue

The Company's revenue for the financial year ended 31 December 2019 amounted to \$1.01m. Revenue increase in relation to development income received from the Xuancheng City Economic and Technological Development Zone Management Committee relating to the acquisition in 2017 of 40 mu (2.67 hectare) of land for industrial development within the Xuancheng Singapore Technology Park site located in Anhui Province, China; and interest income earned on fixed deposits.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET (Cont)

Explanation of losses from ordinary activities after tax attributable to members

Losses from ordinary activities after tax attributable to members amounted to \$735k as compared with \$3,737k in the previous corresponding period. The losses for the year of \$735k comprised mainly of expenses relating to staff costs, directors' fees, professional fees and other operating expenses. The losses also included goodwill impairment of \$317k and an impairment charge of \$298k against the Group's intangible assets following an updated independent impairment valuation of the Xuancheng project.

In the previous corresponding period, the loss of \$3,737k comprised mainly of expenses relating to the similar operating expenses such as staff costs, directors' fees, marketing and promotion expenses, professional fees, and other operating expenses. It also included an impairment charge of A\$989k in Xuancheng project and an impairment charge of A\$787k in Development Rights for the Lu'an project.

Explanation of net losses

Please refer to above.

Explanation of dividends

No dividends have been paid, declared or recommended since the end of the preceding financial year.

3. CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Consolidated Group	
		2019	2018
		\$'000	\$'000
Revenue			
Other income	3a	1,057	1
Expense			
Depreciation		(54)	(143)
Entertainment		(6)	(29)
Employee benefits		(340)	(838)
Exchange gain/(loss)		-	23
Filing and Share register fees		(32)	(36)
Impairment loss on intangible assets		(317)	(989)
Provision for impairment		(298)	(787)
Legal fees		(25)	(32)
Marketing & promotion expenses		(9)	(5)
Professional fees		(125)	(154)
Rental		(36)	(52)
Travelling expenses		(23)	(52)
Other expenses		(527)	(659)
Losses before income tax		(735)	(3,752)
Income tax expense	3b	-	-
Losses for the year		(735)	(3,752)
Other comprehensive income:			
Exchange differences on translation of financial statements of foreign subsidiaries		-	-
Total comprehensive income for the year		(735)	(3,752)
Loss attributable to:			
- Owners of the company		(735)	(3,737)
- Non-controlling interest		-	(15)
Total comprehensive loss attributable to:			
- Owners of the parent		(735)	(3,737)
- Non-controlling interest		-	(15)
Earnings per share			
Basic losses per share (cents)	3c	(0.09)	(0.45)
Diluted losses per share (cents per share)		(0.09)	(0.45)

3a. Other Income

	Consolidated Group	
	2019 \$000	2018 \$000
Interest received	1	1
Development income	1,056	-
	<u>1,057</u>	<u>1</u>

3b. Income Tax

i. The components of tax expense/(benefit) include :

Income tax in prior year	-	-
	<u>-</u>	<u>-</u>

ii. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax benefit on losses from ordinary activities before income tax at 30% (2018: 30%)	(349)	(1,126)
Effect of tax rates in foreign jurisdiction	-	-
Tax losses not recognised	349	1,126
Income tax in prior year	-	-
	<u>-</u>	<u>-</u>

3c. Earnings Per Share

Basic loss per share amounts are calculated by dividing net losses for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(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. The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	Consolidated Group	
	2019 \$000	2018 \$000
Loss for the year attributable to owners of company	(735)	(3,737)
Weighted average number of ordinary shares for basic earnings per share	826,349,731	826,349,731
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>826,349,731</u>	<u>826,349,731</u>

4. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Consolidated Group	
		2019 \$000	2018 \$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4a	209	22
Trade and other receivables	4b	-	1
Other current assets	4c	159	85
TOTAL CURRENT ASSETS		368	108
NON-CURRENT ASSETS			
Property, plant and equipment	4d	1,531	539
Intangible assets and goodwill	4e	4,060	5,776
Development expenditure		881	886
Deferred tax assets		-	-
TOTAL NON-CURRENT ASSETS		6,472	7,201
TOTAL ASSETS		6,840	7,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4f	1,198	1,193
Borrowings	4g	1,834	2,815
Convertible note	4g	2,990	1,667
TOTAL CURRENT LIABILITIES		6,022	5,675
TOTAL LIABILITIES		6,022	5,675
NET ASSETS		818	1,634
EQUITY			
Issued capital	4h	187,028	187,028
Reserves		47	128
Accumulated losses	6	(186,257)	(185,507)
Equity attributable to owners of the company		818	1,649
Non-Controlling Interest	6	-	(15)
TOTAL EQUITY		818	1,634

4a. Cash and Cash Equivalents

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

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank and on hand	209	22
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4b. Trade and Other Receivables

	Consolidated Group	
	2019	2018
	\$000	\$000
Current		
Other receivables	-	1

4c. Other Current Assets

	Consolidated Group	
	2019	2018
	\$000	\$000
Prepayments	58	77
Deposits paid	4	8
Loan receivable	93	-
Other	4	-
	159	85

4d. Property, Plant and Equipment

	Land and Buildings	Plant and Equipment	Motor Vehicles	Total
Cost	\$000	\$000	\$000	\$000
Balance at 1 January 2018	1,414	69	99	1,582
Additions	378	7	-	385
Disposals	(1,115)	-	-	(1,115)
Effect of movements in exchange rates	-	2	9	11
Balance at 31 December 2018	<u>677</u>	<u>78</u>	<u>108</u>	<u>863</u>
Balance at 1 January 2019	677	78	108	863
Additions (Reclassification - Land)	1,042	-	-	1,042
Disposals	-	-	-	-
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2019	<u>1,719</u>	<u>78</u>	<u>108</u>	<u>1,905</u>
Accumulated Depreciation				
Balance at 1 January 2018	720	57	76	853
Depreciation	276	17	32	325
Disposals	(854)	-	-	(854)
Effect of movements in exchange rates	-	-	-	-
Balance at 31 December 2018	<u>142</u>	<u>74</u>	<u>108</u>	<u>324</u>
Balance at 1 January 2019	142	74	108	324
Depreciation	52	2	-	54
Disposals	-	-	-	-
Effect of movements in exchange rates	(4)	-	-	(4)
Balance at 31 December 2019	<u>190</u>	<u>76</u>	<u>108</u>	<u>374</u>
Carrying amounts				
At 31 December 2018	<u>535</u>	<u>4</u>	<u>-</u>	<u>539</u>
At 31 December 2019	<u>1,529</u>	<u>2</u>	<u>-</u>	<u>1,531</u>

4e. Intangible Assets and goodwill

	Goodwill	Development Rights	Total
	\$000	\$000	\$000
Fair value			
Balance at 1 January 2018	317	21,500	21,817
Additions	-	1,043	1,043
Effect of movements in exchange rates	-	5	5
Balance at 31 December 2018	317	22,548	22,865
Balance at 1 January 2019	317	22,548	22,865
Reclassification (Land)		(1,042)	(1,042)
Effect of movements in exchange rates	-	(59)	(59)
Balance at 31 December 2019	317	21,447	21,764
Accumulated amortisation and impairment losses			
Balance at 1 January 2018	-	16,100	16,100
Impairment losses for Xuancheng Project	-	989	989
Balance at 31 December 2018	-	17,089	17,089
Balance at 1 January 2019	-	17,089	17,089
Impairment losses	317	298	615
Balance at 31 December 2019	317	17,387	17,704
Carrying amounts			
At 31 December 2018	317	5,459	5,776
At 31 December 2019	-	4,060	4,060

Development Rights

The development rights were acquired as part of an asset acquisition. They are recognised at their fair value at the date of acquisition.

Goodwill

Goodwill arose on the acquisition of a subsidiary in 2015, is fully impaired.

4f. Trade and Other Payables

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

4g. Amounts due to ultimate parent and its subsidiaries

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

- (i) These borrowings are non-trade in nature, unsecured, with no fixed terms of repayment and interest free.
- (ii) The borrowing through Shareholder Loan represents working capital funding from Lian Huat Management Services Pte Ltd for Lionhub Group Ltd.

	Consolidated Group	
	2019	2018
	\$000	\$000
Convertible note – Class A	2,790	1,467
Convertible note – Class B	200	200
Convertible notes at end of financial year	2,990	1,667

4h. Issued Capital

	2019	2018
	No.	No.
Balance at beginning of year	826,349,731	826,349,731
Balance at end of financial year	826,349,731	826,349,731

	2019	2018
	\$000	\$000
Fully paid ordinary shares at the beginning of the year	187,028	187,028
Fully paid ordinary shares at end of the year	187,028	187,028

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 Company 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.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Group	
		2019	2018
		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to employees		(206)	(700)
Payments to other administration costs		(763)	(1,122)
Interest received		1	1
Income tax paid		-	4
Development income received		1,056	-
Net cash provided by/(used in) operating activities		88	(1,817)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		-	(385)
Loan to other entity		(93)	-
Net cash provided by/(used in) investing activities		(93)	(385)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(1,138)	-
Proceeds from loans and borrowings		1,323	2,082
Net cash provided by financing activities		185	2,082
Net increase/(decrease) in cash held		180	(120)
Cash and cash equivalents at beginning of financial year	4a	22	143
Effect of exchange rates on cash holdings in foreign currencies		7	(1)
Cash and cash equivalents at end of financial year	4a	209	22

6. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

7. DIVIDEND REINVESTMENT PLANS

The dividend reinvestment plans shown below are in operation: None

Last date for receipt of election notices
for the dividend reinvestment plan: N/A

8. NET TANGIBLE ASSETS PER SECURITY

	2019	2018
Net tangible assets per share (cents)	0.10	0.05

9. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Nil

10. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

N/A

11. RESULTS FOR THE PERIOD

11.1. The Earnings per security and the nature of any dilution aspects

Refer to **Note 3c** in page 5.

11.2. Returns to Shareholders including distributions and buy backs

The company had no on-market buy back in operation during the reporting period and the previous corresponding period.

11.3. Significant features of operating performance

Refer to **Note 2** in page 1 and page 2.

11.4 Trends in performance

Refer to **Note 2** in page 1 and page 2.

11.5 Events subsequent to Report Date

Nil

12. Whether the report is based on + accounts which have been audited or subject to review, are in the process of being audited or reviewed or have not yet been audited or reviewed.

This report is based on accounts that are in the process of being audited.

Authorised by the Audit Committee