



# Victor Group Holdings Limited

ANNUAL REPORT

For the year ended 30 June 2014

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## Directors' Report

The directors of Victor Group Holdings Limited ('Victor Group') present their Report together with the financial statements of the consolidated entity, being Victor Group ('the Company') and its controlled entities ('the Group') for the year ended 30 June 2014.

### *Director details*

The following persons were directors of Victor Group during or since the end of the financial year.

#### **Mr. Wayne V Reid**

##### **OBE**

Independent Chairman  
 Independent Non-Executive Director  
 Member Nomination and Remuneration  
 Committee and Audit Committee  
 Director since December 2013

Mr. Reid has served on a Federal Government advisory board, was president of Tennis Australia and the Melbourne Football Club and is a Member of the Australian Sporting Hall of Fame. He has been a Director on over 30 company boards of various companies across several continents in diverse and wide ranging industries, including insurance, pharmaceutical, retail, mining, stock-broking, construction, property development and hospitality.

#### **Other current directorships:**

Telent International Limited  
 Sunbridge Group Limited  
 Phillip Island Regional Tourism Board

#### **Previous directorships (last 3 years):**

None

#### **Interests in shares:**

None

#### **Interest in options:**

None

#### **Mr. Bin, Zhang**

Deputy Chairman  
 Chief Executive Officer  
 Chief Executive Officer of Shanghai Kesheng and founder of the business of the group  
 Director since September 2013

Mr. Zhang is an entrepreneur with over 10 years experience in the enterprise management consulting industry. He is responsible for the day operations of the Business and regularly gives lectures to clients who attend the Company's courses.

#### **Other current directorships:**

None

#### **Previous directorships (last 3 years):**

None

#### **Interests in shares:**

400,000,000 ordinary shares held by related entity  
 Daybreak Corporation Limited

#### **Interest in options**

None

**Mr. David P Batten**

Independent Non-Executive Director  
 Member Nomination and Remuneration  
 Committee and Audit Committee  
 Director since December 2013

Mr. Batten has over 25 years of experience in the financial markets with more than half of that managing and leading his peers. He specialty has been in the complex world of derivatives where he has experienced bullion, equity, commodities, foreign exchange and interest rate markets.

**Other current directorships:**

Invest Nexus Limited

**Previous directorships (last 3 years):**

None

**Interests in shares:**

None

**Interest in options:**

None

**Mr. Liu, XinJie**

Non-Executive Director  
 Director since September 2013

Mr. Liu, Xinjie is currently the Finance Manager of Achieva Capital (Shanghai) Ltd. He holds a bachelor of Science in management from Shanxi University of Science & Technology, Xi'an, the PRC.

Mr. Liu possesses extensive practical experience in corporation financial management, internal controls and capital operations.

**Other current directorships:**

None

**Previous directorships (last 3 years):**

None

**Interests in shares:**

80,000,000 ordinary shares held by related entity  
 Achieva Capital Holdings Ltd

**Interest in options:**

None

**Mr. Frederick C Kempson**

Independent Non-Executive Director  
Member Nomination and Remuneration  
Committee and Audit Committee  
Director since January 2014

Mr. Kempson is Managing Director of Kempson  
Capital Pty Limited (corporate consulting for  
domestic and international corporations and high  
net worth individuals) since 2001  
Chairman – Simple Trade Pty Ltd – since 2007  
Chairman Advisory Board – Forte Wealth Limited  
since 2013  
Director – Ocean Spray Group Inc since 2008  
Alternate Director – Octief Holdings Pty since 2013  
Mr. Kempson is an active entrepreneur and  
has broad experience in corporate advisory.

**Other current directorships:**

Alternate director Hot Rock Limited.

**Previous directorships (last 3 years):**

None

**Interests in shares:**

None

**Interest in options:**

None

**Company secretary**

Mr. Richard Hill has a Bachelor of Commerce from the University of New South Wales, is a fellow of both the Institute of Chartered Accountants in Australia. He has strong expertise in the resources sector and currently provides through his firm audit/advisory services to a number of ASX-listed Australian companies.

**Principal activities**

During the year, the principal activities of entities within the Group were:

Conduct Enterprise Management Training Program. Its consultation and advisory services offered to entrepreneurs to help them improve the management/ and strategic planning of their companies.

No significant change in the nature of these activities occurred during the financial period.

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***Review of operations and financial results*****Commentary on Full Year Results**

The Directors of Victor Group Holdings Limited ('Victor' or "the Company") and its controlled entities ('the Group') hereby present the Group's first Annual Report. Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the financial year ended 30 June 2014. It should be noted that the Group's financial reporting period is from 1 July 2013 through 30 June 2014.

The Victor Group realized an after tax profit of \$AUD4 million for the reporting financial year. The Group's cash and cash equivalents reserves remain strong at \$AUD7.14 million.

**Financial Position**

For the year ended 30 June 2014 sales revenue and net profit after tax have increased by \$9,150,028 and \$4,003,949 respectively on the prior year.

The net assets of the consolidated group have increased by \$7,780,766 from \$1,446 at 30 June 2013 to \$7,782,212 at 30 June 2014. This increase has largely resulted from the following factors:

- \$4,003,949 profits after tax attributable to members;
- \$3,912,000 raised following the listing on ASX; and
- \$136,183 decrease in foreign exchange loss reserve.

***Significant Changes in the State of Affairs***

On 7 May 2014, the Group issued 19,560,000 shares as part of its capital rising following IPO which resulted in proceeds of \$3,912,000.

There have been no other significant changes in the state of affairs of the parent entity during the financial year or prior year.

***Dividends***

No dividends have been declared and paid during the financial period. Since the year end the Directors have declared the payment of a final dividend of 0.48 cents per share, unfranked. The aggregate amount of the declared dividend is expected to be paid on 30 November 2014 out of retained earnings at 30 June 2014.

***Events arising since the end of the reporting period***

There are no other matters or circumstances that have arisen since the end of the year that have significantly affected or may significantly affect either,

- The entity's operations in future financial years;
- The results of those operations in future financial years; or
- The entity's state of affairs in future financial years.

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***Likely developments, business strategies and prospects***

The Group aims to position itself as one of the leading enterprise management consulting businesses in the People's Republic of China. For these purposes, the Group intends to pursue the following strategies,

**Expand the Group's sales and distribution network to enhance market penetration**

The Group's sales and distribution network is mainly focused on regional business development within the PRC. On a national scale, the Group sees opportunities for expansion in areas such as Beijing, Shanghai, Guangzhou, Xi'an, Chongqing, Chengdu and Wuhan, which have relatively more enterprise management consulting institutions. The future vision of the Group also includes expansion to the second or third-tier cities such as Xi'an, Zhengzhou, Changchun, Jilin, Guiyang, and main cities of Xinjiang Province and Sichuan Province.

**Customized enterprise management consulting courses**

The Group expects that increased competition within the enterprise management consulting sector in the PRC will lead to further customization of courses being offered by most providers. In the meantime, customized course offerings offer the Group a means of differentiating itself from many of its competitors.

The Group sees small and medium sized enterprises in the PRC as being increasingly interested in course offerings such as those provided by the Group. Such businesses will look to improve management skills so that they may themselves seek to expand or consolidate.

**Continue to expand the team of lecturers, instructors and consultants**

The Group has a team of professional lecturers which currently run the courses and programs offered by the Group. However, the Group expects that in the future new lecturers may be needed for expansion and for specialization where further customization of courses is provided.

The Group believes that these marketing and promotion strategies should help to further strengthen its brand awareness in its target customer markets and enhance consumer loyalty to the "Victor" brand in the PRC.

### ***Directors' meetings***

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

|                     | Board meeting |   | Audit Committee |   | Remuneration and Nomination Committee |   |
|---------------------|---------------|---|-----------------|---|---------------------------------------|---|
|                     | A             | B | A               | B | A                                     | B |
| Wayne V Reid        | 6             | 6 | 1               | 1 | 1                                     | 1 |
| Bin, Zhang          | 6             | 5 | -               | - | -                                     | - |
| David P Batten      | 6             | 6 | 1               | 1 | 1                                     | 1 |
| Liu, XinJie         | 6             | 4 | -               | - | -                                     | - |
| Frederick C Kempson | 6             | 6 | 1               | 1 | 1                                     | 1 |

Where:

Column A is the number of meetings the Director was entitled to attend

Column B is the number of meetings the Director attended

### ***Share options***

There are no options issued by Victor Group.

### ***Remuneration Report (audited)***

The Directors of Victor Group Holdings Limited ('Victor Group' or 'the Company') and controlled entities (together 'the Group') present the Remuneration Report for non-executive directors, executive directors and other key management personnel prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The Remuneration Report is set out as follows:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based remuneration
- Other information



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**a. Principles used to determine the nature and amount of remuneration**

The principles of the Group's executive strategy and supporting incentive programs and frameworks are:

- To align rewards to business outcomes that deliver value to shareholders;
- To drive a high performance culture by setting challenging objectives and rewarding high performing individuals; and
- To ensure remuneration is competitive in the relevant employment market place to support the attraction, motivation and retention of executive talent.

Victor Group has structured a remuneration framework that is market competitive and complementary to the reward strategy of the Group.

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The remuneration structure that has been adopted by the Group consists in fixed remuneration being annual salary.

The Remuneration and Nomination Committee assess the appropriateness of the nature and amount of remuneration on a periodic basis by reference to recent employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

The payment of bonuses, share options and other incentive payments are reviewed by the Remuneration and Nomination Committee annually as part of the review of executive remuneration and a recommendation is put to the Board for approval. All bonuses, options and incentives must be linked to pre-determined performance criteria.

**Use of remuneration consultants**

No remuneration consultant has been engaged by the Company.

**Short term incentive (STI)**

Victor Group performance measures involve the use of annual performance objectives, metrics, performance appraisals and continuing emphasis on living the company values.

The performance measures are set annually after consultation with the directors and executives and are specifically tailored to the areas where each executive has a level of control. The measures target areas the Board believes hold the greatest potential for expansion and profit and cover financial and non-financial measures.

The Board may, at its discretion, award bonuses for exceptional performance in relation to each person's pre-agreed KPIs.

**b. Details of remuneration**

Details of the nature and amount of each element of the remuneration of each key management personnel ('KMP') of Victor Group are shown in the table below,

**Director and other Key Management Personnel Remuneration for the year ended at 30 June 2014**

|  | Short term employee benefits |                 |                            | Post-employment benefits | Long-term benefits   | Termination benefits      | Share-based payments |            | % of remuneration that is performance based |
|--|------------------------------|-----------------|----------------------------|--------------------------|----------------------|---------------------------|----------------------|------------|---|
|  | Cash salary and fees (\$)    | Cash bonus (\$) | Non-monetary benefits (\$) | Superannuation (\$)      | Long-term bonus (\$) | Termination payments (\$) | Options (\$)         | Total (\$) |   |
| Directors  |                              |                 |                            |                          |                      |                           |                      |            |   |
| Wayne V Reid - Chairman and Independent Non-executive Director (Appointed 4 December 2013) | 32,083                       | -               | -                          | 2,968                    | -                    | -                         | -                    | 35,051     | 0%  |
| Bin, Zhang - Deputy Chairman and CEO (Appointed 11 September 2013)                         | 105,319                      | -               | -                          | 2,064                    | -                    | -                         | -                    | 107,383    | 0%  |
| David P Batten - Independent Non-Executive Director (Appointed 4 December 2013)            | 7,000                        | -               | -                          | 648                      | -                    | -                         | -                    | 7,648      | 0%  |
| Liu, Xin Jie - Non-Executive Director (Appointed 11 September 2013)                        | -                            | -               | -                          | -                        | -                    | -                         | -                    | -          | 0%  |
| Frederick C Kempson - Independent Non-Executive Director (Appointed 6 January 2014)        | 18,750                       | -               | -                          | 1,734                    | -                    | -                         | -                    | 20,484     | 0%  |

|  | Short term employee benefits |                 |                            | Post-employment benefits | Long-term benefits   | Termination benefits      | Share-based payments |                | % of remuneration that is performance based |
|--|------------------------------|-----------------|----------------------------|--------------------------|----------------------|---------------------------|----------------------|----------------|---|
|  | Cash salary and fees (\$)    | Cash bonus (\$) | Non-monetary benefits (\$) | Superannuation (\$)      | Long-term bonus (\$) | Termination payments (\$) | Options (\$)         | Total (\$)     |   |
| <b>Other key management personnel</b>  |                              |                 |                            |                          |                      |                           |                      |                |   |
| Richard L S Hill - Company Secretary and CFO (Appointed 4 December 2013)                     | 30,000                       | -               | -                          | 1,604                    | -                    | -                         | -                    | 31,604         | 0%  |
| Xia, Yuedong - Chief Operating Officer of Shanghai Kesheng (Appointed 1 August 2013)         | 12,994                       | -               | -                          | -                        | -                    | -                         | -                    | 12,994         | 0%  |
| Wang, Shuai - Director of Business Development of Shanghai Kesheng (Appointed 1 August 2013) | 12,200                       | -               | -                          | -                        | -                    | -                         | -                    | 12,200         | 0%  |
| Dong, Lei – Department Manager of Shanghai Kesheng (Appointed 1 October 2013)                | 6,472                        | -               | -                          | -                        | -                    | -                         | -                    | 6,472          | 0%  |
| Dong, Xiaoli – Financial Manager of Shanghai Kesheng (Appointed 1 August 2013)               | 7,811                        | -               | -                          | -                        | -                    | -                         | -                    | 7,811          | 0%  |
| <b>Total</b>   | <b>234,233</b>               | -               | -                          | <b>7,414</b>             | -                    | -                         | -                    | <b>241,647</b> | <b>0%</b>                                   |

There were no remunerations for key management personnel for the year ended 30 June 2013.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows,

| Name                                  | Fixed<br>Remuneration | At risk – STI | At risk-<br>Options |
|---------------------------------------|-----------------------|---------------|---------------------|
| <b>Executive directors</b>            |                       |               |                     |
| Bin, Zhang                            | 107,383               | -             | -                   |
| <b>Other key management personnel</b> |                       |               |                     |
| Richard L S Hill                      | 31,604                | -             | -                   |
| Xia, Yuedong                          | 12,994                | -             | -                   |
| Wang, Shuai                           | 12,200                | -             | -                   |
| Dong, Lei                             | 6,472                 | -             | -                   |
| Dong, Xiaoli                          | 7,811                 | -             | -                   |

**c. Service agreements**

Remuneration and other terms of employment for the Executive Directors and other key management personnel are formalized in a service agreement. The major provisions of the agreements relating to remuneration are set out below,

| Name                                  | Base salary | Term of agreement | Notice period |
|---------------------------------------|-------------|-------------------|---------------|
| <b>Executive directors</b>            |             |                   |               |
| Bin, Zhang                            | 112,158     | 3 years           | 1 month       |
| <b>Other key management personnel</b> |             |                   |               |
| Richard L S Hill <sup>(1)</sup>       | 60,000      | -                 | 1 month       |
| Xia, Yuedong                          | 16,576      | 2 years           | 1 month       |
| Wang, Shuai                           | 14,504      | 2 years           | 1 month       |
| Dong, Lei                             | 8,702       | 2 years           | 1 month       |
| Dong, Xiaoli                          | 7,252       | 2 years           | 1 month       |

(1) The term of agreement for Richard L S Hill is not fixed. He is entitled to \$30,000 per annum for his CFO role in the Group and \$30,000 per annum for his Company Secretary duties.

**d. Share-based remuneration**

**Options**

There are no options issued by Victor Group.

**e. Shareholdings**

Number of Shares held by Key Management Personnel

|                             | Opening | Received as  | Options   | Net Change  | Resigned    | Closing     |
|-----------------------------|---------|--------------|-----------|-------------|-------------|-------------|
| 30 June 2014                | Balance | Compensation | Exercised | Other       | as Director | Balance     |
| <b>Directors</b>            |         |              |           |             |             |             |
| Wayne V Reid                | -       | -            | -         | -           | -           | -           |
| Bin, Zhang <sup>(1)</sup>   | -       | -            | -         | 400,000,000 | -           | 400,000,000 |
| David P Batten              | -       | -            | -         | -           | -           | -           |
| Liu, Xin Jie <sup>(2)</sup> | -       | -            | -         | 80,000,000  | -           | 80,000,000  |
| Frederick C Kempson         | -       | -            | -         | -           | -           | -           |
| <b>Executives</b>           |         |              |           |             |             |             |
| Richard L S Hill            | -       | -            | -         | -           | -           | -           |
| Xia, Yuedong                | -       | -            | -         | -           | -           | -           |
| Wang, Shuai                 | -       | -            | -         | -           | -           | -           |
| Dong, Lei                   | -       | -            | -         | -           | -           | -           |
| Dong, Xiaoli                | -       | -            | -         | -           | -           | -           |

(1) Share held through related entity, Daybreak Corporation Limited

(2) Share held through related entity, Achieva Capital Holdings Limited

**f. Transactions/Balance at end of year for directors related party information**

|  | <b>Consolidated Group</b>            |                                 |
|--|--------------------------------------|---------------------------------|
|  | <b>2014</b>                          | <b>2013</b>                     |
|  | <b>\$</b>                            | <b>\$</b>                       |
| Expenses paid on behalf of the Group by Director Simon Zhang Bin   | 265,580                              | -                               |
| Repayment of amount due to Director Simon Zhang Bin  | 207,262                              | -                               |
| Expenses paid on behalf of the Group by Achieva Capital Investment Limited –Shareholder and entity related to Director Liu, Xinjie | 405,036                              | -                               |
| Advances received from Achieva Capital Investment Limited, a shareholder and entity related to Director Liu, Xinjie                | 402,367                              | -                               |
| Repayment of amount due to Achieva Capital Investment Limited, shareholder and an entity related to Director Liu, Xinjie           | 670,526                              | -                               |
| Provision of financial consulting services by Achieva Shanghai, an entity related to Director Liu, Xinjie                          | 11,352                               | -                               |
| <b>30 June 2014</b>  | <b>Receivable from related party</b> | <b>Payable to related party</b> |
|  | <b>\$</b>                            | <b>\$</b>                       |
| Related party payable-Achieva Capital (Shareholder and entity related to Director Liu, Xinjie)                                     | -                                    | 136,877                         |
| Related party payable-Simon Zhang  | -                                    | 58,318                          |

**g. Other information**

Hedging of securities

In accordance with the Group's general share trading policy and employee share plan rules, participants are prohibited from engaging in hedging arrangements over unvested securities issued pursuant to any employee or Director Share plan.

End of audited remuneration report.

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***Environmental legislation***

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia or in China.

***Indemnities given and insurance premiums paid to auditors and officers***

During the year, Victor Group paid a premium to insure officers of the Group. The officers of the Group covered by the insurance policy include all directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

Details of the amount of the premium paid in respect of the insurance policies are not disclosed as such disclosure is prohibited under the terms of the contract.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Group against a liability incurred as such by an officer or auditor.

***Non-audit services***

During the year, Grant Thornton, the Company's auditors, performed certain other services in addition to their statutory audit duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit and Risk Committee to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- The non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

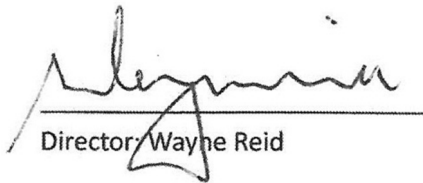
Details of the amounts paid to the auditors of the Company, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 5 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the *Corporations Act 2001* is included on page 17 of this financial report and forms part of this Director's report.

***Proceedings of behalf of the Company***

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Signed in accordance with a resolution of the Board of Directors of Victor Group Holdings Limited,

  
\_\_\_\_\_  
Director: Wayne Reid

Dated the 30th day of September 2014



Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF VICTOR GROUP HOLDINGS LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Victor Group Holdings Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S J Gray  
Partner – Audit & Assurance

Adelaide, 30 September 2014

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## Corporate Governance Statement

This Corporate Governance Statement sets out the Company's current position with the ASX Corporate Governance Council's Corporate Governance *Principles and Recommendations*. The Principles and Recommendations are not mandatory; however, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Principles and Recommendations.

The Company currently has in place a series of Corporate Governance policies can be found on the Company's website at [www.sinovictor.com](http://www.sinovictor.com).

### ***Item 1: Lay solid foundations for management and oversight***

#### **1.1 Formalize and disclose the functions reserved to the board and those delegated to management.**

The Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Executive Director.

#### **1.2 Disclose the process for evaluating the performance of senior executives.**

At the time of adoption of the Corporate Governance Policy the Company only employed 6 senior executives, being the Chief Executive Officer, the Company Secretary and 4 other senior management team members. No formal process has been adopted for evaluating performance of senior executives however the Board will monitor the performance of the Company's senior executives against meeting the Company's strategic objectives. The Company has a Remuneration Policy which establishes a Remuneration Committee to review and make decisions in relation to senior executive remuneration and incentive policies.

The Board concurs with the full implementation of this Principle and will review appropriate ways of compliance as and when further senior executives are engaged.

### ***Item 2: Structure the board to add value***

#### **2.1 A majority of the board should be independent directors.**

A majority of the Board is considered independent.

#### **2.2 The chairman should be an independent director.**

The Chairperson is an independent director.

#### **2.3 The roles of chairman and chief executive officer should not be exercised by the same individual.**

The Chairperson and Chief Executive Officer roles are held by different individuals.

#### **2.4 The board should establish a nomination committee.**

A nomination committee has been formed on 26th February 2014.

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**2.5 Process for evaluating the performance of the board, its committees and individual directors.**

The Company's Board Performance Evaluation Policy sets out the evaluation process for the Board, individual Directors, board committees and senior executives of the Company.

***Item 3: Promote ethical and responsible decision-making*****3.1 Establish a code of conduct as to:**

- a) the practices necessary to maintain confidence in the company's integrity;
- b) the practices necessary to take into account legal obligations and the reasonable expectations of their stakeholders; and
- c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Corporate Governance Policy includes a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment. A copy of the Code of Conduct has been posted on the Company's website at [www.sinovictor.com](http://www.sinovictor.com).

**3.2 Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.**

The Company has established a Diversity Policy, and the policy states that the Board will establish measurable objectives for achieving gender diversity. However, given the Company's size and stage of development, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.

A copy of the Diversity Policy has been posted on the Company's website at [www.sinovictor.com](http://www.sinovictor.com).

**3.3 Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.**

The Company has established a Diversity Policy, and the policy states that the board will establish measurable objectives for achieving gender diversity. However, given the Company's size and stage of development, the board does not think it is yet appropriate to include measurable objectives in relation to gender.

**3.4 Disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the board.**

As at 30 June 2014, the Board did not have any female members, however 35% of the Group's overall workforce are women. The following information relates to employees of the Group as at 30 June 2014:

|                     | Female    | Male      | Total     | Female %  | Male %    |
|---------------------|-----------|-----------|-----------|-----------|-----------|
| Board               | -         | 5         | 5         | -         | 100       |
| Senior management   | 2         | 3         | 5         | 40        | 60        |
| Whole Organisation: |           |           |           |           |           |
| Australia           | -         | 6         | 6         | -         | 100       |
| China               | 10        | 8         | 18        | 56        | 44        |
|                     | <b>12</b> | <b>22</b> | <b>34</b> | <b>35</b> | <b>65</b> |

***Item 4: Safeguard integrity in financial reporting***

**4.1 The board should establish an audit committee.**

An Audit Committee has been established on 26th February 2014.

**4.2 Structure the audit committee so that it consists of:**

- a) only non-executive directors;
- b) a majority of independent directors;
- c) an independent chairman, who is not chairman of the board; and at least three members.

The Audit Committee comprises a chairman and two audit committee members. All Audit Committee members are Non- Executive directors of the Company and are deem independent. The Chairman of the Audit Committee is not the Chairman of the Board.

**4.3 The audit committee should have a formal charter.**

The Corporate Governance Policy includes a formal charter for the Audit Committee, as posted on the Company's website at [www.sinovictor.com](http://www.sinovictor.com). The Audit Committee Charter also contains details on the procedures for the selection and appointment of the external auditor, and the rotation of external audit engagement partners.

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***Item 5: Make timely and balance disclosure*****5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.**

The Company has a Continuous Disclosure Policy in place designed to ensure the factual presentation of the Company's position at all times. A copy of this policy is available on the Company's website at [www.sinovictor.com](http://www.sinovictor.com).

***Item 6: Respect the rights of shareholders*****6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.**

The Company has a Shareholder Communications Policy in place which sets out the procedure to provide shareholders with relevant information which include identifying matters that may have a material effect on the price of the Company's securities, notifying them to the ASX, posting them on the Company's website and issuing media releases where required. A copy of the Shareholder Communication Policy is available on the Company's website at [www.sinovictor.com](http://www.sinovictor.com).

***Item 7: Recognize and manage risk*****7.1 Establish policies on risk oversight and management of material business risk.**

The Company's Corporate Governance Policy includes a Risk Management Policy. Under this policy the Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies for internal compliance and internal control. A copy of this policy is available on the Company's website at [www.sinovictor.com](http://www.sinovictor.com).

**7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and to report to the board on whether those risks are being managed effectively.**

Management has not reported to the Board as to the effectiveness of the Company's management of its material business risks given the early stages of the Company and its operations.

Whilst the Board recognizes the benefit of the discipline of documenting such matters, the Board has deployed its resources to other endeavors in priority to the preparation of a written report on the matter of risk given the Company has risk management procedures in place and the Board has 2 executive directors who are supported by the Company Secretary which are well versed in the day to day affairs of the Company and know what measures are in place.

**7.3 The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that declaration in accordance with section 295A of the Corporations Act is founded on the Company's risk management, internal compliance and control system is operating efficiently and effectively in all material respects.**

The Board will request that the relevant Director and Company Secretary provide such a statement at the relevant time.

***Item 8: Remunerate fairly and responsibly*****8.1 The board should establish a remuneration committee**

The Remuneration Committee comprises three Non-Executive Directors. The Remuneration Committee is responsible for the remuneration arrangements for Directors, Executive Chairman and executives of the Company.

**8.2 The remuneration committee should be structured so that it:**

- consists of a majority of independent directors,
- is chaired by an independent chair,
- has at least three members.

The Remuneration Committee has three members all of whom are considered to be independent.

**8.3 Clearly distinguish the structure of non- executive directors' remuneration from that of executives.**

Non-executive directors are to be paid a fixed directors fee. Non-executive directors do not receive performance based bonuses nor are they entitled to retirement allowances. The Company's Constitution provides that the remuneration of non-executive Directors will not be more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration has been set at an amount of \$112,001 per annum. The Board is responsible for determining the remuneration of the Chief Executive Officer and senior executives.

**Compliance with ASX Listing Rules**

The Company confirms that, as at the date of this announcement, it is in compliance with the ASX Listing Rules and, in particular, ASX Listing Rule 3.1.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
**AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2014**

|   | Note | 2014                    | 2013         |
|---|------|-------------------------|--------------|
|   |      | \$                      | \$           |
| Operating Revenue   | 2    | 9,150,028               | -            |
| Cost of sales   |      | <u>(2,678,377)</u>      | -            |
| Gross profit  |      | 6,471,651               | -            |
| Non-operating Revenue   |      | 46,391                  | -            |
| Administrative expenses   | 3    | (1,080,176)             | -            |
| Finance costs   | 3    | <u>(11,876)</u>         | -            |
| Profit/ (Loss) before income tax  |      | 5,425,990               | -            |
| Income tax expense  | 4    | <u>(1,422,041)</u>      | -            |
| <b>Profit for the Year</b>  |      | <b><u>4,003,949</u></b> | -            |
| <b>Other Comprehensive Income for the Year, Net of Tax</b>                        |      |                         |              |
| Items that may be reclassified subsequently to profit or loss:                    |      |                         |              |
| Exchange gain/(loss) differences arising on the translation of foreign operations |      | <u>(136,183)</u>        | -            |
| <b>Total Comprehensive Income for the Year</b>                                    |      | <b><u>3,867,766</u></b> | -            |
| Profit attributable to members of parent entity                                   |      | <u>4,003,949</u>        | -            |
| <b>Total Comprehensive Income for the Year</b>                                    |      | <b><u>3,867,766</u></b> | -            |
| <b>Earnings per share (on profit attributable to ordinary equity holders)</b>     |      | <b>Cents</b>            | <b>Cents</b> |
| Basic earnings per share (cents per share)  | 14   | 1.83                    | N/A          |
| Diluted earnings per share (cents per share)                                      | 14   | 1.83                    | N/A          |

These financial statements should be read in conjunction with accompanying notes

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 30 JUNE 2014**

|                                      | Note | 2014             | 2013         |
|--------------------------------------|------|------------------|--------------|
|                                      |      | \$               | \$           |
| <b>ASSETS</b>                        |      |                  |              |
| <b>CURRENT ASSETS</b>                |      |                  |              |
| Cash and cash equivalents            | 7    | 7,138,333        | 1,446        |
| Trade and other receivables          | 8    | 1,369,660        | -            |
| Other assets                         | 9    | 45,749           | -            |
| <b>TOTAL CURRENT ASSETS</b>          |      | <b>8,553,742</b> | <b>1,446</b> |
| <b>NON-CURRENT ASSETS</b>            |      |                  |              |
| Property, plant and equipment        | 10   | 234,779          | -            |
| Intangible assets                    | 11   | 8,075            | -            |
| <b>TOTAL NON-CURRENT ASSETS</b>      |      | <b>242,854</b>   | <b>-</b>     |
| <b>TOTAL ASSETS</b>                  |      | <b>8,796,596</b> | <b>1,446</b> |
| <b>CURRENT LIABILITIES</b>           |      |                  |              |
| Trade and other payables             | 12   | 432,275          | -            |
| Income tax payable                   |      | 582,109          | -            |
| <b>TOTAL CURRENT LIABILITIES</b>     |      | <b>1,014,384</b> | <b>-</b>     |
| <b>TOTAL LIABILITIES</b>             |      | <b>1,014,384</b> | <b>-</b>     |
| <b>NET ASSETS</b>                    |      | <b>7,782,212</b> | <b>1,446</b> |
| <b>EQUITY</b>                        |      |                  |              |
| Issued capital                       | 13   | 3,914,446        | 1,446        |
| Foreign exchange translation reserve | 16   | (136,183)        | -            |
| Retained earnings                    |      | 4,003,949        | -            |
| <b>TOTAL EQUITY</b>                  |      | <b>7,782,212</b> | <b>1,446</b> |

These financial statements should be read in conjunction with accompanying notes



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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR YEAR ENDED 30 JUNE 2014**

|                                | Share                   | Retained                | Foreign                 | Total                   |
|--------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                                | Capital                 | Earnings                | Exchange                |                         |
|                                | Ordinary                |                         | Translation             |                         |
|                                |                         |                         | Reserve                 |                         |
|                                | \$                      | \$                      | \$                      | \$                      |
| <b>Balance at 30 June 2013</b> | <b>1,446</b>            | -                       | -                       | <b>1,446</b>            |
| Profit for the year            | -                       | 4,003,949               | (136,183)               | 3,867,766               |
| Shares issued during the year  | <u>3,913,000</u>        | -                       | -                       | <u>3,913,000</u>        |
| <b>Balance at 30 June 2014</b> | <b><u>3,914,446</u></b> | <b><u>4,003,949</u></b> | <b><u>(136,183)</u></b> | <b><u>7,782,212</u></b> |

These financial statements should be read in conjunction with accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR YEAR ENDED 30 JUNE 2014**

|   | Note      | 2014                           | 2013                       |
|---|-----------|--------------------------------|----------------------------|
|   |           | \$                             | \$                         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |           |                                |                            |
| Receipts from customers   |           | 7,814,984                      | -                          |
| Payments to suppliers and employees                             |           | (3,112,791)                    | -                          |
| Interest received   |           | 17,475                         | -                          |
| Finance costs   |           | (2,266)                        | -                          |
| Income tax paid   |           | <u>(839,932)</u>               | -                          |
| <b>Net cash flow generated from operating activities</b>        | <b>20</b> | <b><u>3,877,470</u></b>        | <b>-</b>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |           |                                |                            |
| Purchase of property, plant and equipment                       |           | (264,572)                      | -                          |
| Purchase of intangible assets                                   |           | <u>(8,789)</u>                 | -                          |
| <b>Net cash flow used in investing activities</b>               |           | <b><u>(273,361)</u></b>        | <b>-</b>                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |           |                                |                            |
| Australia company initial capital injection                     |           | 1,000                          | -                          |
| IPO proceeds  |           | 3,912,000                      | -                          |
| Advances from related party payment                             |           | (670,526)                      | -                          |
| Repayment from related party receipt                            |           | <u>427,446</u>                 | <u>1,446</u>               |
| <b>Net cash flow generated from financing activities</b>        |           | <b><u>3,669,920</u></b>        | <b><u>1,446</u></b>        |
| Net increase in cash held                                       |           | 7,274,029                      | 1,446                      |
| Cash at beginning of financial year                             |           | 1,446                          | -                          |
| Effect of exchange rates on cash holdings in foreign currencies |           | <u>(137,142)</u>               | -                          |
| <b>Cash at end of financial year</b>                            | <b>7</b>  | <b><u><u>7,138,333</u></u></b> | <b><u><u>1,446</u></u></b> |

These financial statements should be read in conjunction with accompanying notes

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the consolidated financial statements and notes of Victor Group Holdings Limited and controlled entities ('Consolidated Group' or 'Group'), and the separate financial statements and notes of Victor Group Holdings Limited as an individual parent entity ("Parent Entity" and "Company").

Victor Group Holdings Limited was incorporated on 11 September 2013 and listed on the Australian Securities Exchange ("ASX") on 9 May 2014 and is a company limited by shares, incorporated and domiciled in Australia. The Company is a for-profit entity for the purpose of preparing the financial statements.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards ("IFRS"). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. There are new accounting standards and IFRIC interpretations that have been published that are not mandatory for current reporting periods. The Group's assessment of the impact of these new standards and interpretations is that there would be no material impact on the historical or reported pro-forma financial information.

**a. Principles of Consolidation**

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 30 June 2014. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are fully consolidated from the date on which control is transferred to the parent. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****a. Principles of Consolidation (continued)**

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

*Business Combination*

The companies in the group as disclosed in Note 21 were owned and controlled by the same shareholder (before and after the business combination) prior to the issuance of shares pursuant to the prospectus therefore the business combination represents a common control transaction.

Business combination involving entities under common control is scoped out under AASB 3: Business Combination. AASB provides no guidance on the accounting for these types of transactions; however requires an entity to develop an accounting policy. The two most common methods utilized are the purchase method and the pooling of interest-type method (predecessor values method). A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party, both before and after the business combination, and control is not transitory.

Management has determined the pooling of interest-type method to be most appropriate. The pooling of interest-type method requires the financial statements to be prepared using the predecessor book values without any step up to fair value. The difference between any consideration given and the aggregate book value of the assets and liabilities of the acquired entity are recorded as an adjustment to equity. This may be recorded in retained earnings/reserve and no additional goodwill is created by the transaction. The comparatives have been presented as if the transaction took place at the beginning of the earliest comparative period.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

*Consolidated Financial Statement Presentation*

The consolidation financial statements (post combination) can be presented using one of two methods. The first method, being the consolidated financial statements can incorporate the acquired entity's results as if both entities (acquirer and acquire) had always been combined. Alternatively the consolidated financial statements can incorporate the acquired entity's results only from the date on which the transaction occurred.

Management has determined to use option one – reporting comparatives as though the group had always been combined from the earliest reporting period.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****a. Principles of Consolidation (continued)**

The controlled entities are listed in Note 21 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended. Where controlled entities have entered the Group during the period, their operating results have been included from the date control was obtained.

All inter-company transactions and balances between Group companies, including any unrealized profits and losses on transactions, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

**b. Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

**Current tax**

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realization and settlement of the respective asset and liability will occur.

**c. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly, all other decreases are charged to the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on the re-comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retain earnings.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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

#### c. Property, Plant and Equipment (continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

#### Depreciation

The depreciable amount of all fixed assets including buildings and capitalized lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|----------------------|-------------------|
| Office equipment     | 20%               |
| Motor vehicles       | 20%               |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### d. Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases.

Finance leases are capitalized by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values, lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****e. Financial Instruments***Recognition and Initial Measurement*

Financial instruments, incorporating financial assets and financial liabilities, are recognized when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

*Effective interest rate method*

The effective interest method is a method of calculating the amortized cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets, or, where appropriate, a shorter period.

*De-recognition*

Financial assets are derecognized where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognized where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognized in profit or loss.

*Classification and Subsequent Measurement**1) Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realized and unrealized gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

*2) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost using the effective interest rate method.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****e. Financial Instruments (continued)****3) *Held to maturity investments***

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortized cost using the effective interest rate method.

**4) *Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. They are held at fair value with changes in fair value taken through the financial assets reserve directly in equity.

**5) *Financial Liabilities***

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost using the effective interest rate method.

**6) *Fair value***

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**7) *Impairment of financial assets***

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decreases can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognized directly in the financial assets reserve in other comprehensive income.



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****f. Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**g. Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**h. Provisions**

Provisions are recognized when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**i. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**j. Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognized and the amount ultimately received is interest revenue.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****j. Revenue and Other Income (continued)**

Revenue from the rendering of services is recognized when the course has been completed as this is when the stage of completion of the transaction can be reliably measured and cost incurred for the transaction can be measured reliably and is probable that economic benefits associated with the transaction will flow to the entity.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST) or value added tax (VAT).

**k. Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

**l. Goods and Services Tax (GST) and Value Added Tax (VAT)**

Revenues, expenses and assets are recognized net of the amount of GST and VAT, except where the amount of GST or VAT incurred is not recoverable from the Tax Office. In these circumstances the GST or VAT is recognized as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST and VAT.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST and VAT component of investing and financing activities, which are disclosed as operating cash flows.

**m. Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjust the figures used to determine basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****n. Comparative Figures**

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

Pursuant to a Share Transfer Agreement dated 23 December 2013, Hong Kong Victor International Enterprise Management Co., Limited and its controlled entity has become a wholly owned subsidiary of Victor Group. The acquisition has been treated as a common control transaction and therefore the comparative financial information provided has been prepared on the basis that the acquisition has occurred prior to the current prior comparative period.

The included comparatives are based on the 2013 financial information for Hong Kong Victor International Enterprise Management Co., Limited and its controlled entity.

**o. Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Key Estimates — Impairment**

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**p. Intangibles assets**

Trademarks are recognized at cost of acquisition. Trademarks have a finite life and are carried at cost less any accumulated amortization and any impairment losses. Trademarks are amortized over their useful life of 10 years.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****q. Foreign Currency Transactions and Balances***Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognized in the statement of profit or loss and other comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized directly in equity to the extent that the gain or loss is directly recognized in equity; otherwise the exchange difference is recognized in the statement of profit or loss and other comprehensive income.

*Group companies*

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of functional currency to presentation currency are transferred directly to foreign currency translation reserve in the balance sheet. These differences are recognized in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****r. New and amended standards adopted by the Group**

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

AASB 10 Consolidated Financial Statements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 10 provides a revised approach to determining which investees should be consolidated. The standard changes the requirements for determining whether an entity is consolidated by revising the definition of control and adding further guiding principles. The application of AASB 10 does not have any impact on the amounts recognized in the consolidated entity's Financial Statements.

AASB 11 Joint Arrangements which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead JCEs that meet the definition of a joint venture under AASB 11 must be accounted for using the equity method. The application of AASB 11 does not have any impact on the consolidated entity's Financial Statements.

AASB 12 Disclosure of Interests in Other Entities which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 12 includes all of the disclosures that were previously in AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interest in Joint Ventures. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. The revised standard requires a number of disclosures which are consistent with previous disclosures made by the consolidated entity and has no impact on the consolidated entity's financial position or performance.

AASB 13 Fair value measurement, which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 13 establishes a single source of guidance under accounting standards for all fair value measurements. AASB 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under AASBs when fair value is required or permitted. Fair value hierarchy have been included in the financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****r. New and amended standards adopted by the Group (continued)**

AASB 119 Employee Benefits which has been issued and is effective for accounting periods beginning on or after 1 January 2013. AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The revised standard has no material impact on the consolidated entity's financial position or performance.

AASB 2011-4 Amendment to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (AASB 124) which has been issued and is effective for accounting periods beginning on or after 1 July 2013. This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of new and revised Australian Accounting Standards and Interpretations has had no significant impact on the Group's accounting policies or the amounts reported during the financial year although it has resulted in minor changes to the Group's presentation of its financial statements.

Accounting policies have been consistently applied with those of the previous financial year, unless otherwise stated.

The annual report was authorized for issue on 30 September 2014 by the Board of Directors.

**NOTE 2: REVENUE**

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| Operating activities                          |                           |             |
| Provision of training and consulting services | 9,150,028                 | -           |
| Total Revenue                                 | 9,150,028                 | -           |

**NOTE 3: FINANCE AND ADMINISTRATIVE EXPENSES**

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| General and administrative expenses:      |                           |             |
| Salary expenses                           | 332,813                   | -           |
| Consulting expense                        | 53,987                    | -           |
| Travelling expense                        | 24,918                    | -           |
| Rental expense                            | 42,576                    | -           |
| Depreciation and amortization expense     | 31,466                    | -           |
| IPO cost                                  | 474,952                   | -           |
| Other operating expenses                  | 119,464                   | -           |
| Finance costs:                            |                           |             |
| Bank charges                              | 2,266                     | -           |
| Foreign exchange loss                     | 9,610                     | -           |
| Total finance and administrative expenses | 1,092,052                 | -           |

**NOTE 4: INCOME TAX EXPENSE**

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| <b>The components of tax expense comprise:</b>  |                           |             |
| Current tax   | 1,422,041                 | -           |
| Deferred tax  | -                         | -           |
| Current tax expense   | <u>1,422,041</u>          | <u>-</u>    |
| <b>Reconciliation of tax expense</b>  |                           |             |
| Profit before income tax  | 5,425,990                 | -           |
| Prima facie tax payable on profit before income tax at rate of 30%  | 1,627,797                 | -           |
| Adjustments of entities not taxed at 30%  | (271,299)                 | -           |
| Tax effect on non-deductible expenses   | <u>65,543</u>             | <u>-</u>    |
| Total Revenue   | <u>1,422,041</u>          | <u>-</u>    |
| The applicable weighted average effective tax rate is as follows  | 26%                       | -           |
| The Company is subject to the tax law of Australia and its operating subsidiaries are separately subject to income law of Hong Kong and People's Republic of China (PRC). |                           |             |

**NOTE 5: AUDITORS' REMUNERATION**

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| Remuneration of the auditor of the parent entity for: |                           |             |
| -Auditing or reviewing the financial report           | 100,000                   | -           |
| -Investigating accountant's report                    | 45,000                    | -           |
| -Tax report   | <u>5,000</u>              | <u>-</u>    |
| Total auditors' remuneration                          | <u>150,000</u>            | <u>-</u>    |



**NOTE 6: DIVIDEND DECLARED**

Since the year end and the Directors have declared the payment of a final dividend of 0.48 cents per share, unfranked. The aggregate amount of the declared dividend is expected to be paid on 30 November 2014 out of retained earnings at 30 June 2014. This has not been recognized as a liability at the year end.

**NOTE 7: CASH AND CASH EQUIVALENTS**

|                                 | <b>Consolidated Group</b> |              |
|---------------------------------|---------------------------|--------------|
|                                 | <b>2014</b>               | <b>2013</b>  |
|                                 | \$                        | \$           |
| Cash at bank and on hand        | 4,638,333                 | 1,446        |
| Short term deposits             | 2,500,000                 | -            |
| Total Cash and cash equivalents | <u>7,138,333</u>          | <u>1,446</u> |

**NOTE 8: TRADE AND OTHER RECEIVABLES**

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| <b>Current</b>                            |                           |             |
| Trade receivables                         | 1,363,960                 | -           |
| Other receivables                         | 5,700                     | -           |
| Total current trade and other receivables | <u>1,369,660</u>          | <u>-</u>    |

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The Group does not hold any collateral as security over any receivable balance, nor does it hold any restrictions of title.

The average credit period on the provision of services is 7 days, no interest is charged on the trade receivables.

**NOTE 8: TRADE AND OTHER RECEIVABLES (CONTINUED)**

The age of trade receivables past due but not impaired is as follows:

|                         | <b>Consolidated Group</b> |             |
|-------------------------|---------------------------|-------------|
|                         | <b>2014</b>               | <b>2013</b> |
|                         | \$                        | \$          |
| 7-30 days               | <u>1,363,960</u>          | -           |
| Total trade receivables | <u><u>1,363,960</u></u>   | -           |

**NOTE 9: OTHER ASSETS**

|  | <b>Consolidated Group</b> |             |
|--|---------------------------|-------------|
|  | <b>2014</b>               | <b>2013</b> |
|  | \$                        | \$          |
| <b>Current</b>                               |                           |             |
| Prepayment for training costs and venue hire | <u>45,749</u>             | -           |
| Total other assets                           | <u><u>45,749</u></u>      | -           |

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

|                          | <b>Consolidated Group</b> |             |
|--------------------------|---------------------------|-------------|
|                          | <b>2014</b>               | <b>2013</b> |
|                          | \$                        | \$          |
| <b>Office equipment</b>  |                           |             |
| At cost                  | 58,483                    | -           |
| Accumulated depreciation | <u>(7,572)</u>            | -           |
| Total office equipment   | <u><u>50,911</u></u>      | -           |
| <b>Motor vehicles</b>    |                           |             |
| At cost                  | 206,089                   | -           |
| Accumulated depreciation | <u>(22,221)</u>           | -           |
| Total motor vehicles     | <u><u>183,868</u></u>     | -           |

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year is as follows:

|                                | <b>Consolidated Group</b> |                       |                           |
|--------------------------------|---------------------------|-----------------------|---------------------------|
|                                | <b>Office equipment</b>   | <b>Motor vehicles</b> | <b>Consolidated Total</b> |
|                                | \$                        | \$                    | \$                        |
| <b>Balance at 1 July 2013</b>  | -                         | -                     | -                         |
| Addition                       | 58,483                    | 206,089               | 264,572                   |
| Depreciation charges           | <u>(7,572)</u>            | <u>(22,221)</u>       | <u>(29,793)</u>           |
| <b>Balance at 30 June 2014</b> | <u><u>50,911</u></u>      | <u><u>183,868</u></u> | <u><u>234,779</u></u>     |

**NOTE 11: INTANGIBLE ASSETS**

|                          | <b>Consolidated Group</b> |                 |
|--------------------------|---------------------------|-----------------|
|                          | <b>2014</b>               | <b>2013</b>     |
|                          | \$                        | \$              |
| Trademarks               | 8,789                     | -               |
| Accumulated Amortization | <u>(714)</u>              | <u>-</u>        |
| Total intangible assets  | <u><u>8,075</u></u>       | <u><u>-</u></u> |

Trademarks have a finite useful life and are carried at cost less accumulated amortization and impairment losses; amortization is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives, which have been determined to be 10 years.

**NOTE 12: TRADE AND OTHER PAYABLES**

|                                       | <b>Consolidated Group</b> |                 |
|---------------------------------------|---------------------------|-----------------|
|                                       | <b>2014</b>               | <b>2013</b>     |
|                                       | \$                        | \$              |
| <b>Current</b>                        |                           |                 |
| Trade payables                        | 114,943                   | -               |
| Wages and salaries payable            | 26,616                    | -               |
| Related party payable-Achieva Capital | 136,877                   | -               |
| Related party payable-Simon Zhang     | 58,318                    | -               |
| Other tax payable                     | <u>95,521</u>             | <u>-</u>        |
| Total trade and other payables        | <u><u>432,275</u></u>     | <u><u>-</u></u> |

**NOTE 13: ISSUED CAPITAL**

|   | Number of          | \$               |
|---|--------------------|------------------|
|   | Shares issued      |                  |
| <i>Ordinary shares</i>                                  |                    |                  |
| Shares on issue at 11 September 2013 (Incorporation)    | 1,000              | 1,000            |
| Shares issued to shareholder in HKV at 13 December 2013 | 499,999,000        | 1,446            |
| Shares issued following capital raising                 | <u>19,560,000</u>  | <u>3,912,000</u> |
| Total issued capital                                    | <u>519,560,000</u> | <u>3,914,446</u> |

The company has authorized share capital amounting to 519,560,000 ordinary shares of no par value.

Ordinary shares participate in dividends in proportion to the number of share held.

At shareholder meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTE 14: EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent 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 the dilutive potential ordinary shares into ordinary shares.

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| Net profit attributable to ordinary equity holders of the parent                      | 4,003,949                 | -           |
| Weighted average number of ordinary shares for basic earnings per share               | 218,561,297               | -           |
| Adjustments for calculation for diluted earnings per share                            | -                         | -           |
| Weighted average number of ordinary shares after adjusting for the effect of dilution | <u>218,561,297</u>        | -           |
| Basic earnings per share  | 1.83 cents                | N/A         |
| Diluted earnings per share  | 1.83 cents                | N/A         |

## NOTE 15: CAPITAL MANAGEMENT

Management controls the capital of the Group in order to maintain a good debt to equity ratio, and ensure that the company can fund its operations and continue as a going concern and to provide shareholders with adequate returns.

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

Pursuant to the current People's Republic of China Company Law, the Company is required to transfer between 5% and 20% of its profit after taxation to a statutory reserve until the surplus reserve balance reaches minimal 50% of the registered capital. For the purposes of calculating the transfer to this reserve, the profit after taxation shall be the amount determined under the People's Republic of China accounting standards. The transfer to this reserve must be made before the distribution of dividends to the shareholders.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

## NOTE 16: FOREIGN EXCHANGE TRANSLATION RESERVE

|                                      | <b>Consolidated Group</b> |                 |
|--------------------------------------|---------------------------|-----------------|
|                                      | <b>2014</b>               | <b>2013</b>     |
|                                      | \$                        | \$              |
| Foreign exchange translation reserve | <u>(136,183)</u>          | <u>-</u>        |
|                                      | <u><u>(136,183)</u></u>   | <u><u>-</u></u> |

The foreign currency translation reserve represents exchange differences arising from translation of the parent entity's wholly owned subsidiaries functional currencies (HKD and RMB) into the presentation currency of the Group (AUD).

## NOTE 17: COMMITMENTS

### Operating Commitments

Non-cancellable to operating leases contracted for but not recognized in the financial statements.

|                                  | Consolidated Group |          |
|----------------------------------|--------------------|----------|
|                                  | 2014               | 2013     |
|                                  | \$                 | \$       |
| Payable-minimum lease payments   |                    |          |
| Not later than 12 months         | 41,280             | -        |
| Between 12 months and five years | 123,840            | -        |
|                                  | <u>165,120</u>     | <u>-</u> |

A lease agreement has been signed with Shanghai Victor Enterprise Management for the rental of office premises; current period office rental expense is RMB240,000 (AUD41,280) per annum.

The consolidated group has also entered into a lease agreement with Shanghai Victor Enterprise Management for venue hire for training and consulting sessions held at a rate of RMB20,000(AUD3,440) per training session. The total lease payable is dependent upon the number of sessions held.

## NOTE 18: CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The consolidated group has no contingent liabilities or contingent assets at 30 June 2014.

## NOTE 19: SEGMENT REPORTING

The Board has considered the requirements of AASB8 operating segments and the internal reports that are reviewed by the chief operation decision maker in allocating resources and have concluded at this that there are no separately identifiable segments.

**NOTE 20: CASH FLOW INFORMATION**

Reconciliation of Net Profit after Tax to Net Cash Flow from Operations

|   | <b>Consolidated Group</b> |             |
|---|---------------------------|-------------|
|   | <b>2014</b>               | <b>2013</b> |
|   | \$                        | \$          |
| Profit after income tax   | 4,003,949                 | -           |
| Depreciation/amortization   | 31,466                    | -           |
| Payment made by related party (Achieva) on behalf the company   | 405,036                   | -           |
| <b>Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries</b> |                           |             |
| (Increase)/decrease in trade receivables  | (1,363,960)               | -           |
| (Increase)/decrease in prepayments  | (41,819)                  | -           |
| (Increase)/decrease in other receivables  | (9,630)                   | -           |
| Increase/ (decrease) in trade and other payables  | 270,319                   | -           |
| Increase/ (decrease) in income taxes payable  | 582,109                   | -           |
| <b>Cash flows from operations</b>   | <b>3,877,470</b>          | <b>-</b>    |



**NOTE 21: CONTROLLED ENTITIES**

| Controlled entities consolidated                  | Country of<br>Incorporation | Percentage<br>Owned (%) <sup>(1)</sup> |      |
|---|-----------------------------|--|------|
|   |                             | 2014                                   | 2013 |
| Parent Entity                                     |                             |  |      |
| Victor Group Holdings Limited                     | Australia                   |  |      |
| Subsidiary of Victor Group Holdings Limited       |                             |  |      |
| Hong Kong Victor International Enterprise         |                             |  |      |
| Management Co., Limited <sup>(2)</sup>            | Hong Kong                   | 100%                                   | N/A  |
|   | People's Republic           |  |      |
| Kesheng Management Consulting (Shanghai) Co., Ltd | of China                    | 100%                                   | N/A  |

(1) Percentage of voting power is in proportion to ownership

(2) Hong Kong Victor International Enterprise Management Co., Limited is the intermediate parent entity of Kesheng Management Consulting (Shanghai) Co., Ltd.

**NOTE 22: BUSINESS COMBINATION**

Pursuant to a Share Transfer Agreement dated 23 December 2013, Hong Kong Victor International Enterprise Management Co., Limited and its controlled entity become a wholly owned subsidiary of Victor Group on 23 December 2013.

Through this transaction effective control of Victor Group passed to the shareholders of Hong Kong Victor International Enterprise Management Co., Limited. The transaction is one referred to in AASB 3 Business Combinations as a common control, transaction where following the reconstruction Victor Group Holdings Limited took control of Hong Kong Victor International Enterprise Management Co., Limited with no change in underlying control.

As Victor Group Holdings Limited was incorporated specifically for the purpose of this transaction and the subsequent equity rising, the fair value of the equity instruments issued in consideration for the acquisition of Hong Kong Victor International Enterprise Management Co., Limited and its controlled entity has been estimated by reference to the net assets of the acquired entities at 23 December 2013.

The following has been extracted from the November financial information of the Hong Kong Victor International Enterprise Management Co., Limited and its controlled entity as at 23 December 2013. The assets and liabilities of Hong Kong Victor International Enterprise Management Co., Limited and its controlled entity as at 23 December 2013 were as follows:

|                                  | <b>23 December 2013</b>      |
|----------------------------------|------------------------------|
|                                  | <b>\$</b>                    |
| Cash and cash equivalents        | 758,380                      |
| Trade and other receivables      | 484,518                      |
| Property, plant and equipment    | 194,961                      |
| Intangible assets                | 8,039                        |
| Trade and other payables         | (536,739)                    |
| Current tax liabilities          | <u>(19,575)</u>              |
| <b>Total net assets acquired</b> | <b><u><u>889,584</u></u></b> |

**Accounted for as:**

|                                      |                              |
|--------------------------------------|------------------------------|
| Issued capital                       | 1,417                        |
| Foreign exchange translation reserve | 20,601                       |
| Retained earnings                    | <u>867,566</u>               |
|                                      | <b><u><u>889,584</u></u></b> |

The acquisition has been treated as a common control transaction and therefore the information provided has been prepared on the basis the acquisition has occurred prior to the current comparative period.

**NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION**

Names and positions held of consolidated and parent entity key management personnel in office at any time during the financial year are:

| <b>Directors</b>    |  | <b>Date appointed</b> |
|---------------------|--|-----------------------|
| Wayne V Reid        | Chairman and Independent Non-executive Director      | 4 December 2013       |
| Bin, Zhang          | Deputy Chairman and CEO                              | 11 September 2013     |
| David P Batten      | Independent Non-Executive Director                   | 4 December 2013       |
| Liu, Xin Jie        | Non-Executive Director                               | 11 September 2013     |
| Frederick C Kempson | Independent Non-Executive Director                   | 6 January 2014        |
| <b>Executives</b>   |  |                       |
| Richard L S Hill    | Company Secretary and CFO                            | 4 December 2013       |
| Xia, Yuedong        | Chief Operating Officer of Shanghai Kesheng          | 1 August 2013         |
| Wang, Shuai         | Director of Business Development of Shanghai Kesheng | 1 August 2013         |
| Dong, Lei           | Department Manager of Shanghai Kesheng               | 1 October 2013        |
| Dong, Xiaoli        | Financial Manager of Shanghai Kesheng                | 1 August 2013         |

**Key management personnel remuneration**

The totals of remuneration paid to the key management personnel of the Group during the year are as follows:

|                     | <b>2014</b>    | <b>2013</b> |
|---------------------|----------------|-------------|
|                     | <b>\$</b>      | <b>\$</b>   |
| Short term benefits | <u>241,647</u> | -           |

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group key management personnel for the year ended 30 June 2014 and their interest in shares and options at reporting date.

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 25: Related Party Transactions.

## NOTE 24: SUBSEQUENT EVENTS

There were no significant events have occurred subsequent to year end to the date of this report being issued.

## NOTE 25: RELATED PARTY TRANSACTIONS

The following comprises transactions with related parties:

|  | <b>Consolidated Group</b> |             |
|--|---------------------------|-------------|
|  | <b>2014</b>               | <b>2013</b> |
|  | \$                        | \$          |
| Expenses paid on behalf of the Group by Director Simon Zhang Bin   | 265,580                   | -           |
| Repayment of amount due to Director Simon Zhang Bin  | 207,262                   | -           |
| Expenses paid on behalf of the Group by Achieva Capital Investment Limited –Shareholder and entity related to Director Liu, Xinjie | 405,036                   | -           |
| Advances received from Achieva Capital Investment Limited –Shareholder and entity related to Director Liu, Xinjie                  | 402,367                   | -           |
| Repayment of amount due to Achieva Capital Investment Limited –Shareholder and an entity related to Director Liu, Xinjie           | 670,526                   | -           |
| Provision of financial consulting services by Achieva Shanghai, an entity related to Director Liu, Xinjie                          | 11,352                    | -           |

The above relate to transaction between the Group and the Group’s Directors and their related entities. Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

**NOTE 25: RELATED PARTY TRANSACTIONS (CONTINUED)**

Amounts receivable from and payable to related parties and the Group at balance date comprise the following,

| <b>30 June 2014</b>   | <b>Receivable from<br/>related party</b> | <b>Payable to<br/>related party</b> |
|---|--|-------------------------------------|
|   | <b>\$</b>                                | <b>\$</b>                           |
| Related party payable-Achieva Capital<br>(Shareholder and entity related to Director Liu, Xinjie) | -  | 136,877                             |
| Related party payable-Simon Zhang   | -  | 58,318                              |

None of related party transactions occurred in the year ended 30 June 2013.

None of the above receivable balances are impaired and related party transactions have been determined to be conducted on an arm's length basis. Related party balances comprise of related party loans and no specific terms and conditions have been attached to the transactions above.

**Key management personnel**

A list of key management personnel and their shareholdings and remuneration is disclosed in the Directors Report. No other person had the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year.

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**NOTE 26: FINANCIAL INSTRUMENT RISKS**

The company is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Company's objectives, policies for managing and measuring these risks.

The Company's overall risk management plan seeks to minimize potential adverse effects due to the unpredictability of financial markets.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below,

Specific risks

- Market risk
- Credit risk
- Liquidity risk

**Financial instruments used**

The principal categories of financial instrument used by the Company,

- Trade receivables
- Cash at bank
- Trade and other payables

**Objectives, policies and processes**

Risk managements are carried out by the Company's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies.

The Board receives monthly reports which provide details of the effectiveness of the processes and policies in place. Specific information regarding the mitigation of each financial risk to which the Company is exposed is provided below.

**a. Foreign currency risk**

The Group does not have significant balances denominated in currency other than the functional currency of the respective companies within the Group.

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**NOTE 26: FINANCIAL INSTRUMENT RISKS (CONTINUED)****b. Credit risk analysis**

Credit risk is managed on a group basis and reviewed regularly by the finance committee. It arises from exposures to customers as well as through deposits with financial institutions.

The finance committee monitors credit risk on a regular basis.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognized financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Company performs ongoing credit evaluation of its customers' financial condition and requires no collateral from its customers. The allowance for doubtful debts is based upon a review of the expected collectability of all trade and other receivables.

There are no other material amounts of collateral held as security at 30 June 2014 and 30 June 2013.

**c. Liquidity risk analysis**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

At the balance sheet date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need any further external funding.

**d. Interest rate risk**

The Group's exposure to interest rate risk relates principally to its short term deposits placed with financial institutions. For further details on interest rate risk, please refer to Note 26 (g).

**e. Customer concentration risk**

The Group's exposure to customer concentration risk relates to its dependence on major customers. The Group's top 3 customers in the financial reporting year generated more than 86% of the Group's revenues during the financial period.

**NOTE 26: FINANCIAL INSTRUMENT RISKS (CONTINUED)**
**f. Financial instrument composition and maturity analysis**

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

|                                    | Weighted Average Effective<br>Interest Rate |       | Interest Bearing<br>Maturing within<br>1 Year |          | Non-interest Bearing<br>Maturing within<br>1 Year |              | Total            |              |
|------------------------------------|---|-------|---|----------|---|--------------|------------------|--------------|
|                                    | 2014  | 2013  | 2014  | 2013     | 2014  | 2013         | 2014             | 2013         |
|                                    | %   | %     | \$  | \$       | \$  | \$           | \$               | \$           |
| <b>Financial Assets:</b>           |   |       |   |          |   |              |                  |              |
| - Cash and Cash equivalents        | 0.39%                                       | 0.39% | 4,638,333                                     | -        | -   | 1,446        | 4,638,333        | 1,446        |
| - Short term deposit               | 3.34%                                       | -     | 2,500,000                                     | -        | -   | -            | 2,500,000        | -            |
| - Trade and other receivables      | -   | -     | -   | -        | 1,369,660   | -            | 1,369,660        | -            |
| - Other assets                     | -   | -     | -   | -        | 45,749  | -            | 45,749           | -            |
| <b>Total Financial Assets</b>      | -   | -     | <b>7,138,333</b>                              | <b>-</b> | <b>1,415,409</b>                                  | <b>1,446</b> | <b>8,553,742</b> | <b>1,446</b> |
| <b>Financial Liabilities:</b>      |   |       |   |          |   |              |                  |              |
| - Trade and other payables         | -   | -     | -   | -        | 432,275   | -            | 432,275          | -            |
| <b>Total Financial Liabilities</b> | -   | -     | <b>-</b>                                      | <b>-</b> | <b>432,275</b>                                    | <b>-</b>     | <b>432,275</b>   | <b>-</b>     |
| <b>Net Financial Assets</b>        | -   | -     | <b>7,138,333</b>                              | <b>-</b> | <b>983,134</b>                                    | <b>1,446</b> | <b>8,121,467</b> | <b>1,446</b> |



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**NOTE 26: FINANCIAL INSTRUMENT RISKS (CONTINUED)**
**g. Interest rate sensitivity analysis**

The Group has performed sensitivity analysis relating to its financial instrument's exposure to interest rate at reporting date. The Group's financial instruments do not have significant exposure to price risk and foreign exchange risk.

***Interest rate sensitivity***

The Group's exposure to interest rate risks relates principally to short term deposits placed with financial institutions, short term borrowings and notes payable.

At 30 June 2014, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates.

The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 5%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

|              | Profit for the year |       | Equity  |       |
|--------------|---------------------|-------|---------|-------|
|              | \$                  |       | \$      |       |
|              | +5%                 | -5%   | +5%     | -5%   |
| 30 June 2014 | (5,079)             | 5,079 | (5,079) | 5,079 |

There is no significant impact on the profit for the year and equity due changes of interest rates for the year ended 30 June 2013.

**NOTE 27: FAIR VALUE MEASUREMENT**

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis at 30 June 2014 and 30 June 2013:

|                                   | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
|-----------------------------------|----------------|----------------|----------------|--------------|
| <b>30 June 2014</b>               | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      | <b>\$</b>    |
| <b>Financial Assets:</b>          |                |                |                |              |
| Held to maturity financial assets |                |                |                |              |
| - Short term bank deposits        | -              | -              | 2,500,000      | 2,500,000    |
| Total Financial Assets            | -              | -              | 2,500,000      | 2,500,000    |
| Total Financial Liabilities       | -              | -              | -              | -            |
| <b>30 June 2013</b>               | <b>\$</b>      | <b>\$</b>      | <b>\$</b>      | <b>\$</b>    |
| <b>Financial Assets:</b>          |                |                |                |              |
| Held to maturity financial assets |                |                |                |              |
| - Short term bank deposits        | -              | -              | -              | -            |
| Total Financial Assets            | -              | -              | -              | -            |
| Total Financial Liabilities       | -              | -              | -              | -            |

**NOTE 28: PARENT ENTITY INFORMATION**

|   | <b>2014</b>             | <b>2013</b> |
|---|-------------------------|-------------|
|   | <b>\$</b>               | <b>\$</b>   |
| <b>ASSETS</b>                           |                         |             |
| <b>CURRENT ASSETS</b>                   | <b>3,783,836</b>        | -           |
| <b>NON-CURRENT ASSETS</b>               | <b>1,446</b>            |             |
| <b>TOTAL ASSETS</b>                     | <b><u>3,785,282</u></b> | -           |
| <b>NET ASSETS</b>                       | <b><u>3,785,282</u></b> | -           |
| <b>EQUITY</b>                           |                         |             |
| Issued capital                          | 3,914,446               | -           |
| Retained earnings                       | <u>(129,164)</u>        | -           |
| <b>TOTAL EQUITY</b>                     | <b><u>3,785,282</u></b> | -           |
| <b>FINANCIAL PERFORMANCE</b>            |                         |             |
| Loss for the year                       | <u>(129,164)</u>        | -           |
| Total Comprehensive Income for the year | <u>(129,164)</u>        | -           |

The Parent entity has no contingent liabilities or contingent assets at 30 June 2014.

Victor Group Holdings Limited (Parent entity) was incorporated on the 11 September 2013.

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**NOTE 29: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS**

The accounting standards that have not been early adopted for the year ended 30 June 2014, but will be applicable to the Group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the Group.

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

***Year ended 30 June 2015:***

***AASB 1031: Materiality***

***AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting***

***AASB 2013-5, Investment Entities***

***AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments***

***AASB 2014-1, Amendments to Australian Accounting Standards***

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

***Year ended 30 June 2017: Amendments to AASB 116 and AASB 138, Clarification of acceptable methods of depreciation and amortization***

This standard will clarify that revenue based methods to calculate depreciation and amortization are not considered appropriate. This will not result in a change to the manner in which the Group's financial result is determined as no such method is currently in use.

***Year ended 30 June 2018: IFRS 15: Revenue from Contracts with Customers***

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognize revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognized when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

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**NOTE 29: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)*****Year ended 30 June 2019: AASB 9: Financial Instruments***

This standard introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted by presenting changes in credit risk in other comprehensive income (OCI) and the remaining change in the statement of profit or loss.

This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports although the Group will quantify the effect of the application of AASB 9 when the final standard, including all phases, is issued.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **Company details**

### **Registered Office**

Level 24, 44 St Georges Terrace,  
Perth WA 6000

### **Principal Place of Business**

Building 19, 1525 Minqiang Road,  
Songjiang District, Shanghai, 201612  
People's Republic of China

### **Website**

[www.sinovictor.com](http://www.sinovictor.com)

## Directors' declaration

In accordance with a resolution of the directors of Victor Group Holdings Limited, the directors of the company declare that,

1. the financial statements and notes, as set out on pages 22 to 59, are in accordance with the *Corporations Act 2001* and
  - (1) comply with Australian Accounting Standards, which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - (2) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of the directors:



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Managing Director

Bin, Zhang

Dated the 30th day of September 2014

Level 1,  
67 Greenhill Rd  
Wayville SA 5034

Correspondence to:  
GPO Box 1270  
Adelaide SA 5001

T 61 8 8372 6666  
F 61 8 8372 6677  
E [info.sa@au.gt.com](mailto:info.sa@au.gt.com)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICTOR GROUP HOLDINGS LIMITED**

### **Report on the financial report**

We have audited the accompanying financial report of Victor Group Holdings Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **Auditor's responsibility**

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

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

### **Auditor's opinion**

In our opinion:

- a the financial report of Victor Group Holdings Limited is in accordance with the Corporations Act 2001, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Victor Group Holdings Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

*Grant Thornton*

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S J Gray  
Partner – Audit & Assurance

Adelaide, 30 September 2014

## ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 18 September 2014.

### Substantial Shareholders

The number of substantial shareholders and their associates are set out below,

| Shareholder                  | Number of Shares |
|------------------------------|------------------|
| Bin, Zhang                   | 400,000,000      |
| ACHIEVA CAPITAL HOLDINGS LTD | 80,000,000       |

### Voting Rights

Ordinary shares

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote

Distribution of equity security holders

| Holdings         | Ordinary shares    |          |
|------------------|--------------------|----------|
|                  | Shares             | Options  |
| 1 - 1,000        | -                  | -        |
| 1,001 - 5,000    | -                  | -        |
| 5,001 - 10,000   | 3,730,000          | -        |
| 10,001 - 100,000 | 830,000            | -        |
| 100,001 and over | 515,000,000        | -        |
|                  | <u>519,560,000</u> | <u>-</u> |

|                                    | <b>Ordinary Shares</b> |                           |
|------------------------------------|------------------------|---------------------------|
| <b>Twenty largest shareholders</b> | <b>Number Held</b>     | <b>% of issued shares</b> |
| DAYBREAK CORPORATION LIMITED       | 400,000,000            | 76.988                    |
| ACHIEVA CAPITAL HOLDINGS LTD       | 80,000,000             | 15.398                    |
| A3 INTERNATIONAL INVESTMENTS LTD   | 20,000,000             | 3.849                     |
| TOP PROSPER INVESTMENT LIMITED     | 10,000,000             | 1.925                     |
| VANTAGE PATH HOLDINGS LIMITED      | 4,000,000              | 0.770                     |
| MAIN GAIN DEVELOPMENTS LIMITED     | 1,000,000              | 0.192                     |
| MS SUFAN DONG                      | 100,000                | 0.019                     |
| MR XIANG WANG                      | 75,000                 | 0.014                     |
| MS SHUANGXIN LI                    | 60,000                 | 0.012                     |
| MR BO SHEN                         | 55,000                 | 0.011                     |
| MR RUIJUN MIAO                     | 35,000                 | 0.007                     |
| MR COL HOSCHKE                     | 30,000                 | 0.006                     |
| MS JINGLI WANG                     | 30,000                 | 0.006                     |
| MIN ZHANG                          | 25,000                 | 0.005                     |
| MR JIM BUTCHER                     | 24,000                 | 0.005                     |
| ACCELERATOR CAPITAL PTY LTD        | 20,000                 | 0.004                     |
| MR ZHIGUO HUANG                    | 20,000                 | 0.004                     |
| MS JIHONG CUI                      | 20,000                 | 0.004                     |
| MR CANWEI ZHOU                     | 20,000                 | 0.004                     |
| MR MINGHUI QI                      | 18,000                 | 0.003                     |
| <b>Totals for Top 20</b>           | <b>515,532,000</b>     | <b>99.225</b>             |
| <b>Total Issued Capital</b>        | <b>519,560,000</b>     |                           |

#### **Unissued equity securities**

There are no Options issued by the Company.

#### **Securities exchange**

The Company is listed on the Australian Securities Exchange.