

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Victor Group Holdings Limited

ABN

21 165 378 834

Quarter ended ("current quarter")

30/09/2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	389	389
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(267)	(267)
(c) advertising and marketing	(17)	(17)
(d) leased assets		
(e) staff costs	(8)	(8)
(f) administration and corporate costs	(162)	(162)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives	708	708
1.8 Other (BAS and Withholding tax paid)	(1)	(1)
1.9 Net cash from / (used in) operating activities	642	642
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment		
(d) investments		
(e) intellectual property		
(f) other non-current assets	(872)	(872)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Loan to subsidiaries)		
2.6	Net cash from / (used in) investing activities	(872)	(872)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	165	165
3.6	Repayment of borrowings	(236)	(236)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(71)	(71)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	688	688
4.2	Net cash from / (used in) operating activities (item 1.9 above)	642	642
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(872)	(872)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(71)	(71)
4.5	Effect of movement in exchange rates on cash held	(5)	(5)
4.6	Cash and cash equivalents at end of period	382	382

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	382	688
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	382	688

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	642
8.2	Cash and cash equivalents at quarter end (item 4.6)	382
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	382
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer:	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:31th Oct 2022.....

Authorised by:The Board.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

APPENDIX 4C AND REPORT ON QUARTERLY ACTIVITIES

Sydney, Australia, 31th October 2022: Victor Group Holdings (ASX:VIG) (“VIG” or “the Company”), releases its cash flow report for the September 2022 quarter (Appendix 4C) and provides an update on the key areas of activity during the quarter ended 30 September 2022.

Principal Activities

VIG and its controlled entities (the “Group”) provides:

- SaaS, IaaS & PaaS services to customers;
- Education cloud platforms that bring together best-in-class resources and applications from strategic partners such as education service and e-learning content providers; and
- A wide range of e-learning solutions for educational institutions, students and parents.

Key areas of activity during the quarter:

- SaaS & PaaS service in PRC – VIG operates its cloud services and software development in PRC through its subsidiary, Shenghan. During the quarter, Shenghan collected \$389K in trade receivables. The cash inflow was mainly contributed by the sales of inventory software in the last quarter. Compared with the last quarter, the scale of cash flow decreased as the inventory software was sold out and the company transferred its business focus to SaaS and cloud platform operation, which would have longer credit terms and slower receivable turnover. The cash and cash equivalents position of Shenghan at the end of this quarter was \$382K. The Group believes the SaaS & PaaS business will keep contributing to the positive operating cash flow in the next quarter.

The company entered a contract to purchase a new-generation integrated data server in the last quarter which included AUD \$432K hardware (fixed asset) and AUD \$3.4 million operation system and application software (intangible asset). The payment for the server was estimated to be allocated within 5 months from June and AUD \$872K was paid in this quarter. The new data server is used to develop the new cloud education and data management projects.

- E-learning and cloud education – the company did not collect cash flow from E-learning and cloud education business whilst the company entered AUD \$1.2 million in new sales during the quarter. The new policy and regulation of K12 education provide the company with more opportunities to promote its E-learning content. The

management believes there will be further development in these areas, as the PRC government aims to reduce the burden on students.

- A summary of revenue and expenditure (cash basis) incurred in respect of the Company's business activities is as follows:

Activities	Revenue \$A'000	Expenditure \$A'000
Day to Day Operation & Administration	-	(187)
SaaS & PaaS Services	389	(267)
Purchase of integrated data server	-	(872)
VAT refund	708	-

- The company continue to explore acquisition opportunities of businesses in the Australian education and internet industry which will have a synergistic effect with VIG's existing business or cloud platform related business.

Comment on Appendix 4C

The positive net operating cash in this quarter was contributed from its SaaS & PaaS business. The company received an AUD \$708K VAT refund in this quarter, and this kind of tax incentive will continue until the year end. The company made AUD \$872K capital expenditure to pay for the data server which was ordered in June. The data server is estimated to be settled in November. The management believes the cash flow of the group will remain healthy and stable in the next quarter.

Related Party Payments

There were no related party payments in September 2022 report

ENDS

For further information, please contact:

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The release of this announcement was authorised by Jun Wu, Company Secretary.

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