Victor Group Holdings Limited

and its controlled entities

ABN 21 165 378 834

HALF-YEAR FINANCIAL REPORT

For the half-year ended 31 December 2017

Contents

Appendix 4D

1. Company details

Company name: Victor Group Holdings Limited ("the Company")

ABN: 21 165 378 834

Reporting period: Half year ended 31 December 2017

Previous corresponding period: Half year ended 31 December 2016

2. Results for announcement to the market

Consolidated	6 months to 31 December 2017	6months to 31 December 2016	Movement	% Movement
	$	$	$	
Revenue for continuing Activities	460,866	5,284,648	(4,823,782)	(91%)
Net profit (loss) after tax	(313,490)	361,440	(674,930)	(186%)
Net profit (loss) after tax attributable to members	(313,490)	361,440	(674,930)	(186%)
Net tangible assets per security (cents)	(0.10)	1.31	(1.41)	(108%)

This Appendix 4D is to be read in conjunction with the Annual Report for the year ended 30 June 2017.

The Directors do not propose to pay any dividend for the half year ended 31 December 2017.

Key financial highlights

- Decrease in revenues from continuing activities of 91% is following the decline in the traditional face-to-face consulting business and revenue from the Infrastructure as a Service (IaaS) offering compared to the prior period. This is due to there being no new IaaS contracts that were entered into in the second half of the year and transitioning to online consulting from the traditional face-to-face consulting business as the market for traditional face-to-face consulting has declined. However, the Group is venturing into the cloud-based education market and will provide online stream of consulting management and delivery of information management consulting services to its clients. This venture is formed as a part of growing the Group's IaaS offering.
- Net profit after tax declined by 186% as a result of sharp decrease in overall revenue for the Group. Management is aiming to expand its cloud-based education services, which will have significant growth potential.
- Net tangible liabilities have fallen to $0.51million.

3. Net tangible assets per security

	31 December 2017	31 December 2016
Net tangible assets per security (cents)	(0.10)	1.31

4. Details of entities over which control has been gained or lost

4.1 Control gained over entities.

Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd., of which 66.67% ownership was acquired on 30 September 2017.

4.2 Control lost over entities.

N/A

5. Dividends

Individual dividends per security

	Date dividend Is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Interim dividend:				
Current year	-	-	-	-
Previous year	-	-	-	-

6. Dividend reinvestments plans

6.1 The dividend or distribution plans shown below are in operation.

N/A

6.2 The last date(s) for receipt of election notices for the dividend or distribution plans.

N/A

7. Details of associates and joint entities

N/A

8. Accounting Standards

The half-year financial report is a general-purpose financial which has been prepared in accordance with requirement of the *Corporation Act 2001*, Australian Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with international accounting standards.

Date this 28th day of February 2018

William Hu

Chairman

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 half-year ended 31 December 2017.

Director details

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

- Mr. William Hu — Non-Executive Director
- Mr. Hoifung (Alvin) Lam — Executive Director & Chief Executive Officer
- Mr. Aik Siang (Alex) Goh — Non-Executive Director

On 7th October 2017, Mr. Shao, Qian (Chief Executive Officer) resigned from the Board of the Victor Group.

On 7th October 2017, Mr. Hoifung (Alvin) Lam was appointed as a Chief Executive Office for the Victor Group.

Review of operations and financial results

Financial

Sales revenue for the half year ended 31 December 2017 decreased by 91% to $0.46m compared to $5.28m reported in the previous corresponding period. The decrease in revenue was due to sharp decreases in traditional business and no new contracts that were entered into in the second half of the year for the IaaS offering compared to the prior period.

The Group has a new service offering in 2017, which is the cloud-based education services. Leveraging on the existing IaaS offering, this service will serve as a platform providing training, consulting, online courses and specializations through channels such as virtual classrooms as to allow its users to readily have access to online learning tools. The project will be based in Zhangjiakou City and be especially beneficial for the economic development of that area.

The directors are optimistic that the cloud-based education service will make major breakthroughs in Zhangjiakou City as the project is being supported by the local government in Zhangjiakou. The directors have great faith that this opportunity will not only help to improve the literacy of the people living in Zhangjiakou but also generate significant growth for the Group.

The operating result of the Group has suffered a loss of $0.31m (2016: profit of $0.36m). The Group is continuing its transit to the cloud education services offering. Profitability is expected to improve in the future when the operations of the new business scale is commenced.

Directors' Report

Audit's independence Declaration

A copy of the Auditor's independence Declaration as required under s307C of the *Corporations Act 2001* for the half year ended 31 December 2017 is set out on page 7 of this financial report.

Signed in accordance with a resolution of the Board of Directors.

William Hu
Chairman

28 February 2018

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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 review of Victor Group Holdings Limited for the half-year ended 31 December 2017. 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 review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Group	
		December 2017	**December 2016**
Operating Revenue	7	460,866	5,284,648
Cost of sales		(300,887)	(3,110,128)
Gross profit		**159,979**	**2,174,520**
Non-operating Revenue		471	3,539
Salary expenses		(242,127)	(361,014)
Depreciation and amortization expense		(374,420)	(216,414)
Consulting expense		-	(112,689)
Travelling expense		(12,618)	(12,818)
Rental expense paid to related party		-	(29,495)
Meeting expense for promotional courses		-	(7,237)
Marketing expense		(8,999)	(7,035)
Audit expense		(46,500)	(45,000)
Data centre expense		-	(584,343)
Other operating expenses		(157,501)	(155,581)
Finance costs		(10,168)	(5,459)
(Loss)/Profit before income tax		**(691,883)**	**640,974**
Income tax income/(expense)		378,393	(279,534)
(Loss)/Profit for the period		**(313,490)**	**361,440**
Other Comprehensive Income for the period, Net of Tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange gain/(loss) differences arising on the translation of foreign operations		251,331	(78,257)
Total Comprehensive Income for the period attributable to Members		**(62,159)**	**283,183**
(Loss)/Profit for the year attributable to:			
Non-controlling interest		**(200)**	**-**
Owners of the Parent		**(313,290)**	**361,440**
		(313,490)	**361,440**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME (CONT)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Note	Consolidated Group	
		December 2017	**December 2016**
Total comprehensive income attributable to:			
Non-controlling interest		**(406)**	**-**
Owners of the Parent		**(61,753)**	**283,183**
		(62,159)	**283,183**
Earnings per share (on profit attributable to ordinary equity holders)		**Cents**	**Cents**
Basic earnings per share (cents per share)	14	(0.06)	0.07
Diluted earnings per share (cents per share)	14	(0.06)	0.07

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITON

AS AT 31 DECEMBER 2017

		Consolidated Group	
	Note	31 December 2017	30 June 2017
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	1,283,450	354,951
Trade and other receivables		3,230,007	3,566,500
Other assets	10	2,415,982	1,459,099
TOTAL CURRENT ASSETS		**6,929,439**	**5,380,550**
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,623,599	3,647,198
Intangible assets	12	10,061,650	4,786,721
Investment in associate	18	58,301	485,843
TOTAL NON-CURRENT ASSETS		**13,743,550**	**8,919,762**
TOTAL ASSETS		**20,672,989**	**14,300,312**
CURRENT LIABILITIES			
Trade and other payables	13	10,836,756	3,583,725
Income tax payable		290,244	687,268
TOTAL CURRENT LIABILITIES		**11,127,000**	**4,270,993**
NON-CURRENT LIABILITIES			
Trade and other payables		-	459,475
TOTAL NON-CURRENT LIABILITIES		**-**	**459,475**
TOTAL LIABILITIES		**11,127,000**	**4,730,468**
NET ASSETS		**9,545,989**	**9,569,844**

CONSOLIDATED STATEMENT OF FINANCIAL POSITON (CONT)

AS AT 31 DECEMBER 2017

		Consolidated Group	
	Note	**31 December 2017**	**30 June 2017**
EQUITY			
Issued capital		3,914,446	3,914,446
Foreign exchange translation reserve		434,381	182,844
Statutory reserve		287,975	287,975
Retained earnings		4,871,289	5,184,579
Total equity attributable to Members		**9,508,091**	**9,569,844**
Non-controlling interest		37,898	**-**
TOTAL EQUITY		**9,545,989**	**9,569,844**

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR HALF-YEAR ENDED 31 DECEMBER 2017

	Share Capital Ordinary	Non-controlling interests	Retained Earnings	Foreign Exchange Translation Reserve	Statutory Reserve	Total
	$	$	$	$	$	$
Balance at 1 July 2016	**3,914,446**	**-**	**4,502,279**	**648,777**	**132,081**	**9,197,583**
Profit for the period	-	-	361,440	-	-	361,440
Other comprehensive income	-	-	-	(78,257)	-	(78,257)
Total comprehensive income for the period	**-**	**-**	**361,440**	**(78,257)**	**-**	**283,183**
Dividends paid	-	-	-	-	-	-
Balance at 31 December 2016	**3,914,446**	**-**	**4,863,719**	**570,520**	**132,081**	**9,480,766**
Balance at 1 July 2017	**3,914,446**	**-**	**5,184,579**	**182,844**	**287,975**	**9,569,844**
Loss for the period	-	(200)	(313,290)	-	-	(313,490)
Non-controlling interests on acquisition of subsidiary	-	38,304	-	-	-	38,304
Other comprehensive (expense)/income	-	(206)	-	251,537	-	251,331
Total comprehensive income for the period	**-**	**37,898**	**(313,290)**	**251,537**	**-**	**(23,855)**
Dividends paid	-	-	-	-	-	-
Balance at 31 December 2017	**3,914,446**	**37,898**	**4,871,289**	**434,381**	**287,975**	**9,545,989**

These financial statements should be read in conjunction with accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR HALF-YEAR ENDED 31 December 2017

	Note	Consolidated Group	
		Dec-17	Dec-16
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		759,105	5,990,623
Payments to suppliers and employees		(1,021,512)	(4,542,831)
Interest received		471	771
Finance costs		(1,112)	(1,409)
Income tax paid		(36,177)	(445,445)
Government subsidy received		-	2,768
Net cash flow (used by) / provided by generated from operating activities		**(299,225)**	**1,004,477**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	-
Purchase of intangible assets		(5,417,343)	(919,398)
Proceeds from non-controlling interest		37,898	-
Proceeds from acquiree		200	-
Net cash flow used in investing activities		**(5,379,245)**	**(919,398)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from related party		254,722	301,132
Increase in borrowings		6,338,291	-
Net cash flow generated from financing activities		**6,593,013**	**301,132**
Net increase in cash held		914,543	386,211
Cash at beginning of financial period		354,951	562,594
Effect of exchange rates on cash holdings in foreign currencies		13,956	2,807
Cash at end of financial period		**1,283,450**	**951,612**

These financial statements should be read in conjunction with accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. Nature of operations

Victor Group Holdings Limited and 'subsidiaries' (the Group) principal activities were offering consultation and advisory services to entrepreneurs to help them improve the management and strategic planning of their companies.

There were no significant changes in the nature or the consolidated Group's principle activities during the half-year ended 31 December 2017.

The Group currently operates in one geographical segment, being the People's Republic of China.

2. General information and basis of preparation

Victor Group Holdings Limited is a profit-oriented entity limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX).

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 December 2017 and are presented in Australian dollars ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and *AASB 134 Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2017 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 28 February 2018.

3. Change in accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2017.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

There have been no new or revised accounting standards or interpretations which are effective from the periods beginning on or after 1 July 2017 and impact the half-year financial results.

(a) Going concern basis of accounting

In preparing the financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern.

The Group incurred a loss for the year of $313,490 and the Group's current liabilities exceeded its current assets by $4,197,561.

The directors have concluded there are reasonable grounds to believe the Group is a going concern and will be able to continue to pay its debts as and when they become due and payable due to the following:

- the sharp decrease in revenue from the traditional face to face education and decrease in revenue from the Infrastructure as a Service (IaaS) offering. However, the directors are optimistic that the cloud-based consulting operation will bring in significant revenues for the Infrastructure as a Service (IaaS) and the cloud-based education segment in the foreseeable future;

- the Board assesses the Group's funding requirements on a continual basis in light of its business objectives. The Group has sufficient access to capital to fund the operations in the foreseeable future;

- the Group confirms it expects to be able to continue its operations and meet its business objectives. The Group will continue to transition from a traditional face to face consulting business to providing cloud-based consulting services. This includes the establishment of Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd. in December 2017. The new entity has secured a cloud-based education and training consulting service contract but is awaiting finalization of the agreements. There has also been a substantial improvement in the operations with large cash inflow from the conversion of account receivables in February 2018. Moreover, an other creditor of the Group with a payable balance of $6.3 million, has confirmed that it will also not call upon the repayment of debt within the next 12 months.

If the Group is unable to achieve its forecast trading result or not raise funds of a level or timing as required, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish it liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

4. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

5. Significant events and transactions

No other significant events or transactions during the period under review other than those disclosed in the interim financial statements.

6. New and amended accounting standards issued but not yet effective

During the period, a number of Standards and Interpretations were in issued but not yet effective. The Group is yet to assess the full impact of these standards. However, the standards are unlikely to have a significant effect on the Groups financial results.

7. Operating Revenue

During the 6 month period ended 31 December 2017, revenue from the top two customers amounted to $460,866 (100 % of total operating revenue).

External customers with revenue greater than 10% of the total revenue is disclosed as follow:

Customer	Revenue	%
A	77,919	17%
B	382,947	83%
Total	**460,866**	**100%**

8. Segment reporting

Following the completion of the data centre acquisition in the last financial year, an additional segment was established and reviewed by the chief operating decision maker (the Board) in allocating resources.

As at 31 December 2017, the Group has three (3) operating segments: face to face consulting services, Infrastructure as a Service (IaaS) and cloud-based education services. In identifying its operating segments, management generally follows the Group's service lines, which represent the main products and services provided by the Group.

The activities undertaken by the face to face consulting segment includes the sale, cost and expense of management consulting service. Infrastructure as a Service (IaaS) is a form of cloud computing that provides virtualised computing resources over the Internet. In an IaaS model, a third-party provider hosts hardware, software, servers, storage and other infrastructure components on behalf of its users. IaaS providers also host users' applications and handle tasks including system maintenance, backup and resiliency planning. Leveraging on the existing infrastructure owned by the Group, it has opened a new segment in cloud-based education services. This service will serve as a platform providing training, consulting, online courses and specializations through channels such as virtual classrooms as to allow its users to readily have access to online learning tools.

Revenue, expenses, assets and liabilities of the parent entity (Victor Group Holdings Ltd) as a holding company are not allocated to operating segments as they are not considered part of the core operations of any segment:

Segment information for the reporting period is as follows:

31 December 2017

	Face-to-face Consulting Service	Infrastructure as a Service (IaaS)	Cloud-Based Education	Total
	$	$	$	$
Revenue	-	460,866	-	460,866
Cost of sales	-	(300,887)	-	(300,887)
Government Support				
Interest revenue	71	359	40	470
Salary expense	(157,753)	(71,175)	-	(228,928)
Depreciation and amortisation	(76,524)	(297,896)	-	(374,420)
Advertising expense	-	-	-	-
Meeting expense	(8,999)	-	-	(8,999)
Other expenses	(44,875)	(41,085)	(769)	(86,729)
Income tax expense	-	378,393	-	378,393
Segment operating results	**(288,080)**	**128,575**	**(729)**	**(160,234)**
Un-allocated				**(153,256)**
Total				**(313,490)**
Segment assets	3,182,146	17,375,393	115,450	20,672,689
Segment liabilities	715,271	10,411,729	-	11,127,000

31 December 2016	Face-to-face Consulting Service	Infrastructure as a Service (IaaS)	Total
Revenue	728,629	4,556,019	5,284,648
Cost of sales	(228,112)	(2,882,016)	(3,110,128)
Government Support	2,768	-	2,768
Interest revenue	74	400	474
Salary expense	(324,904)	(67,575)	(392,479)
Depreciation and amortisation	(77,846)	(138,568)	(216,414)
Advertising expense	(7,035)	-	(7,035)
Meeting expense	(7,237)	-	(7,237)
Data centre expense	-	(584,343)	(584,343)
Other expenses	(92,512)	(4,538)	(97,050)
Income tax expense	-	(279,534)	(279,534)
Segment operating results	(6,175)	599,845	593,670
Un-allocated			(232,230)
Total			361,440
Segment assets	4,892,902	5,912,330	10,805,232
Segment liabilities	409,121	915,345	1,324,466

9. Cash and cash equivalents

	Consolidated Group	
	31-Dec-17	**30-Jun-17**
	$	$
Cash on hand	6,455	5,856
Cash at bank	1,276,995	349,095
Total cash	**1,283,450**	**354,951**

Cash at bank and on hand balances as at 31 December 2017 includes Chinese Renminbi denominated equivalent balances of $1.2 million (2016: $0.3 million) which are held with reputable financial institutions in the People's Republic of China in current accounts.

The Renminbi is not freely convertible into foreign currencies. Under the PRC (People's Republic of China) Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies through banks that are authorised to conduct foreign exchange business.

The exchange rate of RMB is determined by the government of the PRC and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

10. Other Assets

	Consolidated Group	
	31-Dec-17	30-Jun-17
	$	$
Prepayment paid for a second Cloud-platform – refer to note 16	1,476,502	1,459,099
Prepayment for other expenses	939,480	-
Total prepayments	**2,415,982**	**1,459,099**

11. Property, plant and equipment

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 6 months period ended 31 December 2017 is as follows:

	Consolidated Group			
	Office equipment	Motor vehicles	Buildings	Consolidated Total
	$	$	$	$
Balance at 1 July 2017	791,644	95,534	2,760,020	3,647,198
Depreciation charges	(52,028)	(25,900)	(36,669)	(114,597)
Net exchange differences	19,250	1,961	69,787	90,998
Balance at 31 December 2017	**758,866**	**71,595**	**2,793,138**	**3,623,599**

	Office equipment	Motor vehicles	Buildings	Consolidated Total
	$	$	$	$
Balance at 1 July 2016	942,697	154,813	2,983,878	4,081,388
Depreciation charges	(52,927)	(26,347)	(37,303)	(116,577)
Net exchange differences	(11,439)	(2,175)	(34,022)	(47,636)
Balance at 31 December 2016	**878,331**	**126,291**	**2,912,553**	**3,917,175**

12. Intangible Assets

	Software	Trademarks	Copyrights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2017	5,146,464	12,267	1,920	5,160,651
Addition, separately acquired	5,417,343	-	-	5,417,343
Net exchange differences	131,392	313	49	131,754
Balance at 31 December 2017	**10,695,199**	**12,580**	**1,969**	**10,709,748**
Amortisation and impairment				
Balance at 1 July 2017	**(369,377)**	**(4,121)**	**(432)**	**(373,930)**
Amortisation	(259,107)	(581)	(135)	(259,823)
Net exchange differences	(14,216)	(116)	(13)	(14,345)
Balance at 31 December 2017	**(642,700)**	**(4,818)**	**(580)**	**(648,098)**
Carrying amount 31 December 2017	**10,052,499**	**7,762**	**1,389**	**10,061,650**

	Software	Trademarks	Copyrights	Total
	$	$	$	$
Gross carrying amount				
Balance at 1 July 2016	1,861,592	12,921	2,022	1,876,535
Addition, separately acquired	919,398	-	-	919,398
Net exchange differences	(5,400)	(145)	(23)	(5,568)
Balance at 31 December 2016	**2,775,590**	**12,776**	**1,999**	**2,790,365**
Amortisation and impairment				
Balance at 1 July 2016	(16,114)	(3,046)	(253)	(19,413)
Amortisation	(99,110)	(629)	(98)	(99,837)
Net exchange differences	(1,483)	23	1	(1,459)
Balance at 31 December 2016	**(116,707)**	**(3,652)**	**(350)**	**(120,709)**
Carrying amount 31 December 2016	**2,658,883**	**9,124**	**1,649**	**2,669,656**

Additions during the current period represent software purchased to deliver IaaS services.

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

13. Trade and other payables

	Consolidated Group	
	31-Dec-17	30-Jun-17
	$	$
Trade payables	628,996	2,854,677
Employee payables	38,458	42,078
Payable to Related Party	658,364	393,786
Other payables(1)	9,503,796	286,286
Dividend Payable	1,393	1,393
Other tax payable	5,749	5,505
Total cash	**10,836,756**	**3,583,725**

1. Included in other payables is a payable of $6.3 million from Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd. This company has confirmed that it will also not call upon the repayment of debt within the next 12 months.

14. Earnings per share

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company (Victor Group) as the numerator, i.e. no adjustments to profits were necessary during the six months period to 31 December 2017 and 2016.

The number of ordinary shares used in the calculation of the divided earnings per share is the same as the number used in the calculation of basic earnings per share, as there are no options on issue.

	Consolidated Group	
	6 Months to 31 Dec 2017	6 Months to 31 Dec 2016
	$	$
(Loss)/Profit used to calculate basic and dilutive EPS	(313,490)	361,440
Weighted average number of ordinary shares for basic earnings per share	519,560,000	519,560,000
Adjustments for calculation for diluted earnings per share	-	-
Weighted average number of ordinary shares adjusted for the effect of dilution	519,560,000	519,560,000
Basic earnings per share	**(0.06) cents**	**0.07cents**
Diluted earnings per share	**(0.06) cents**	**0.07cents**

15. Dividends

No dividends have been paid or provided by the group during the second half of 2017 (30 June 2017: Nil).

16. Contingent liabilities

The Group has no contingent liabilities as at 31 December 2017 (30 June 2017: Nil).

17. Commitments

Operating Commitments

The consolidated group has no operating commitments at 31 December 2017.

Other Commitments

During the period ended 30 June 2017, the Company through its wholly owned subsidiary, Yiya Investment Management (Shanghai) Co., Ltd entered into a MOU for the purchase of an additional data centre with a purchase price of RMB 15 million ($3 million). A refundable deposit of RMB 7.5 million ($1.5 million) has been paid to secure the deal (refer to Note 10) and the finalisation of the transaction is subject to director and shareholder approval. As there has not been any progress with the purchase of this data centre, the deposit of RMB 7.5 million ($1.5 million) has been refunded in February 2018.

18. Controlled Entities

Controlled entities consolidated	Country of Incorporation	Percentage owned (%) [1]	
Subsidiary of Victor Group Holdings Limited		**Dec-17**	**Jun-17**
Hong Kong Victor International Enterprise Management Co., Limited [2]	Hong Kong	100%	100%
Kesheng Management Consulting (Shanghai) Co., Limited[3]	China	100%	100%
Qisheng Management Consulting (Shanghai) Co., Limited	China	100%	100%
Synergy One Holdings Limited[4]	Cayman	100%	100%
Pride Green Limited[5]	BVI	100%	100%
True Prosper Group Limited[5]	BVI	100%	100%
Great Prospect Corporation Limited[6]	Hong Kong	100%	100%
Yiya Investment Management (Shanghai) Co., Limited [7]	China	100%	100%
Jiangsu Wenhan Information Technology Co., Limited[8]	China	100%	100%
Concord Orient Limited[2]	BVI	100%	100%
Tech Source Limited[9]	Hong Kong	100%	100%
Yunjiao (ZJK) Technology Co., Ltd[10]	China	100%	100%
Henan Huifeng Fund Management Co., Ltd [11]	China	25%	-

Taizhou Zhongke Zhiyun Investment Management Co., Ltd(12)	China	30%	-
Taizhou Zhouke Zhiyun Internet Industry Investment Fund (Limited Liability Partnership) (14)	China	1%	-
Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd(13)	China	67%	-

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

(2) Victor Group Holding Limited is the parent entity of Synergy One Holdings Limited and Hong Kong Victor International Enterprise Management Co., Limited and Concord Orient Limited.

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

(4) Kesheng Management Consulting (Shanghai) Co., Limited is the intermediate parent entity of Qisheng Management Consulting (Shanghai) Co., Limited.

(5) Synergy One Holdings Limited is the intermediate parent entity of Pride Green Limited and True Prosper Group Limited.

(6) True Prosper Group Limited is the intermediate parent entity of Great Prospect Corporation Limited.

(7) Great Prospect Corporation Limited is the intermediate parent entity of Yiya Investment Management (shanghai) Co. Limited.

(8) Yiya Investment Management (shanghai) Co., Limited is the intermediate parent entity of Jiangsu Wenhan Information Technology Co., Limited.

(9) Concord Orient Limited is the intermediate parent entity of Tech Source Limited.

(10) Tech Source Limited is the intermediate parent entity of Yunjiao (ZJK) Technology Co., Ltd.

(11) Henan Huifeng Fund Management Co., Ltd. was incorporated on 10 May 2017 with registered capital of RMB 10 million. Yiya Investment Management (Shanghai) Co., Limited is the intermediate parent of Henan Huifeng Fund Management Co., Ltd., as it holds 25% of ownership in this entity.

(12) Taizhou Zhongke Zhiyun Investment Management Co., Ltd was incorporated on 26 Sep 2017 with a registered capital of RMB 10 Million. Yiya Investment Management (Shanghai) Co., Limited is the intermediate parent of Taizhou Zhongke Zhiyun Investment Management Co., Ltd as it holds 30% of ownership in this entity.

(13) Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd was incorporated on 30 Sep 2017 with registered capital of RMB 6 million. Yunjiao (ZJK) Technology Co., Ltd. is the intermediate parent of Taizhou Zhongke Zhiyun Investment Management Co., Ltd as it holds 66.67% of ownership in this entity.

(14) Taizhou Zhongke Zhiyun Internet Industry Investment Fund (Limited Liability Parnership) was established in September 2017, with the intermediate parent being Taizhou Zhongke Zhiyun Investment Management Co., Ltd. by holding 0.9901% of ownership in this entity.

19. Events after the reporting date

In February 2018, the ownership in Zhangjiakou Zhitou Yunjiao Information Technology Co., Ltd. changed from 67% to 40% but significant influences have been maintained as board of Directors of the entity were nominated by the Group.

In the period ended 30 June 2017, the Group through its wholly owned subsidiary, Yiya Investment Management (Shanghai) Co., Ltd entered into a MOU for the purchase of an additional data centre with a purchase price of RMB 15 million ($3 million). A refundable deposit of RMB 7.5 million ($1.5 million) has been paid to secure the deal (refer to Note 10) however, as there has not been any progress with the purchase of this data centre, the deposit of RMB 7.5 million ($1.5 million) has been refunded in February 2018.

Other than the above, there are no events subsequent to 31 December 2017 that have a material impact on the financial statements as presented.

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 8 to 23, are in accordance with the *Corporations Act 2001*, including

    (1) complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

    (2) giving a true and fair view of its financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

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.

Signed in accordance with a resolution of the directors:

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Chairman

William Hu

Dated the 28th day of February 2018

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Independent Auditor's Review Report
To the Members of Victor Group Holdings Limited

Report on the Half Year Financial Report

Conclusion

We have reviewed the accompanying half year financial report of Victor Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, and 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 half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Victor Group Holdings Limited does not give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial reporting*.

Directors Responsibility for the Half Year Financial Report

The Directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Victor Group Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Ian Kemp

I S Kemp
Partner – Audit & Assurance

Adelaide, 28 February 2018

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